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COLLEGE OF BUSINESS AND ECONOMICS

**ENHANCING GLOBAL MARKET COMPETITIVENESS OF ETHIOPIAN COFFEE
EXPORTERS: EXPLORING INTERNATIONAL BRANDING AND VALUE
ADDITION STRATEGIES & CONSUMER COSMOPOLITANISM**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ADDIS
ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA) IN
MANAGEMENT**

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ADDIS ABABA, ETHIOPIA

Declaration

I, the undersigned, declare that this study entitled "*Enhancing Global Market Competitiveness of Ethiopian Coffee Exporters: Exploring International Branding and Value Addition Strategies & Consumer Cosmopolitanism*" is my original work and has not been presented for a degree in any other university, and that all sources of material used for the study have been duly acknowledged.

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June 9, 2026

Date of submission



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ADDIS ABABA UNIVERSITY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF PROJECT MANAGEMENT

**Enhancing Global Market Competitiveness of Ethiopian Coffee
Exporters: Exploring International Branding and Value Addition
Strategies & Consumer Cosmopolitanism**

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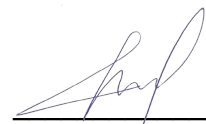
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ABSTRACT

This study examines export competitiveness among Ethiopian coffee firms. It focuses on branding, value addition, and cosmopolitan consumers. The study uses a qualitative approach. Researchers conducted semi-structured interviews with seven Ethiopian coffee firms, selected through purposive sampling. They analyzed the data using thematic analysis. All seven firms use geographical and cultural branding to differentiate their products. Weak geographical indication protection and brand dilution limit the impact of this strategy. Firms add value through methods like anaerobic fermentation, carbonic maceration, and roasting at origin. Tariff escalation and foreign exchange rules block further downstream value addition. Global demand is shifting toward knowledge-based, ethically sourced, and locally rooted products. This shift creates opportunities for firms with strong traceability systems and supply chain governance. Firms face several institutional barriers. These include weak regulation from the Ethiopian Coffee and Tea Authority, forex retention rules, and uneven compliance demands under the EU Deforestation Regulation. Together, these barriers limit firm competitiveness. Firms need to invest in supply chain governance, through vertical integration or closer partnerships with suppliers. This study adds to research on global value chains, agricultural export competitiveness, and institutional economics in developing countries.

Keywords: *Consumer cosmopolitanism, Ethiopian coffee, export competitiveness; origin branding, global value chains, institutional barriers*

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CHAPTER ONE: INTRODUCTION

1.1. Background of the study

Gereffi and Korzeniewicz (1994) established the global commodity chain framework, which examines how production, trade, and consumption connect across national boundaries. This framework provided the theoretical foundation for subsequent research on coffee trade structures. Talbot (1997) applied this framework to the instant coffee trade between Latin America and consuming countries. His analysis demonstrated that roasting and processing firms based in consuming countries captured the majority of value generated within the chain, while producing countries remained confined to supplying raw beans at low margins. Talbot (2004) extended this analysis by situating the coffee commodity chain within the global futures market and the New York C-price mechanism. He argued this pricing structure disciplines coffee-producing countries into a price-taker position, subject to market forces beyond their control.

The coffee trade is seen as an exemplary case of an unfair commodity chain, where value addition is seen to be centered in the consuming countries, rather than in the producing countries. Daviron and Ponte (2005) were among the first to theorize on the asymmetry in the coffee commodity chain through their seminal work on the 'global coffee paradox.' They demonstrated how the prices of specialty coffees in the consuming countries were increasing, but the prices of coffee in the producing countries were as volatile as ever. They also showed that the bulk of the value addition in the coffee commodity chain was centered in the consuming countries and not in the producing countries. Talbot (2004) placed the coffee commodity chain within the framework of the global commodity futures market and the New York C-price, which he argued served to discipline coffee-producing countries into their role as 'price-takers' and hence placed them in a subordinate role to the forces of the market that they had no control over.

Subsequent research has highlighted value addition and differentiation as the major routes for developing countries to break free from the shackles of the commodities trap. According to Ponte (2002), upgrading in the value chain of coffee commodities, including grading, certification, processing, roasting, and packaging, holds promise for the developing nations to capture a greater share of the value added at the retail level. This assertion has been supported by a large volume of literature on geographical indications (GIs). Giovannucci et al. (2012) have conducted a study on the Colombian coffee sector, where the success of the Juan Valdez brand, launched by the

National Federation of Coffee Growers, has been highlighted as a prime example of brand building that has helped the country break free from the shackles of the commodities trap by successfully upgrading the value chain of coffee commodities and enhancing the value captured by the country at the retail level.

The body of literature that examines coffee production in Africa has consistently shown a paradox in which coffee is of high agronomic quality but of low economic returns. Akiyama et al. (2003) found in their study that structural adjustment in sub-Saharan Africa, which started after liberalization, failed to address the absence of state-led coffee boards, thereby leaving coffee farmers in Uganda, Tanzania, and Congo to face middlemen and low prices offered in the international market. It is also a common theme in the literature that coffee trade is limited between African countries. The African Union (2022) reported that almost all coffee is exported outside Africa. This is because coffee typically exported in its raw form as green coffee. This situation does not allow coffee from contributing to economic growth and employment creation through a unified coffee industry.

Against this backdrop, a limited but enlightening body of literature exists on successful transformation experiences on the African continent. Boudreaux and Ahluwalia (2010), for example, conducted an in-depth analysis of the rehabilitation of coffee production in Rwanda after the genocide and highlighted the importance of targeted public investments in centralized washing stations and quality management to reposition Rwanda from an undifferentiated coffee-producing country to a high-quality fully washed coffee production unit with a significant price premium on international markets. The analysis also emphasized the importance of a non-spontaneous process to achieve such a successful coffee transformation strategy. The Kenyan coffee auctioning system, which enables the identification and purchase of rare coffee micro-lots by coffee buyers, is also highlighted as an important structural mechanism to facilitate coffee differentiation and build a country's international reputation as a high-quality coffee-producing unit.

Ethiopia holds a unique position in the coffee literature, both lauded for its unparalleled genetic diversity and origin story, and hindered by its export structure that only captures a fraction of its coffee's ultimate retail value. On the question of branding, the dispute between Ethiopia and Starbucks in 2005-2007 is again an interesting case in point: while the Ethiopian Intellectual Property Office estimated that trademarking the Sidamo, Harrar, and Yirgacheffe brands could

potentially generate an additional \$88 million in revenues annually (Oxfam America, 2006), Starbucks and the National Coffee Association argued that trademarking could potentially introduce legal complexities that might actually harm the interests of coffee farmers in the long run, a view that was vindicated when it was seen that the licensing agreements negotiated after the dispute actually generated little revenue for exporters (WIPO, 2010).

In their study, Labouisse et al. (2008) demonstrated Ethiopia's extraordinary status as the center of origin and primary diversity reservoir of *Coffea arabica*, boasting thousands of wild and semi-wild landraces that cannot be found anywhere else. Ethiopia's legally protected Geographical Indications of Yirgacheffe, Sidamo, and Harrar are arguably considered to be among the most compelling origin narratives in specialty coffee. However, the Ethiopian Coffee and Tea Authority (ECTA, 2023) asserts that coffee is responsible for sustaining 15 million livelihoods and generating one-third of Ethiopia's export earnings. Despite its economic significance and Ethiopia's lauded coffee origins, Minten et al. (2019) calculated that over 90 percent of Ethiopia's coffee is exported as unroasted, unbranded green coffee beans. This means that a significant portion of the value generated through coffee's processing and retail is not retained in Ethiopia. This is a primary concern that this study aims to be addressed in this study.

Ethiopian domestic policies have affected the trajectory of the coffee industry in complex and often contradictory ways. Minten et al. (2019) conducted a critical evaluation of the Ethiopian Commodity Exchange (ECX), launched in 2008. While recognizing the exchange's achievements in providing price transparency and reduction of post-harvest loss, the authors argued that the exchange's original design, which anonymized the origin of lots for the majority of traded coffee, inadvertently undermined the importance of origin traceability for specialty coffee. This conclusion has also been validated through the findings of Tamru et al. (2018) that the three major constraints for most exporters from Ethiopia in participating in roasting, packaging, and branding of their products were capital, technology, and infrastructure. Recent studies have similarly indicated that since 2017, regulations have been amended to ease restrictions on exports to some extent, making direct trade possible (ECTA, 2023); however, the structural constraints are relatively high. In addition, Gebremedhin and Jaleta (2020) have indicated that yet another constraint arises from the fact that there are millions of coffee plantations in Ethiopia where the average size of land allocated to growing coffee is less than half a hectare. Hence, it may be concluded that there exists a substantial amount of literature which indicates that there is a

problem within the coffee industry of Ethiopia in terms of utilizing their inherent advantage regarding coffee.

On the demand side, a growing body of literature on marketing and consumer behavior has identified consumer cosmopolitanism as a major influencer on the willingness to pay a premium price for origin-specific products. In their work on consumer cosmopolitanism, Cleveland et al. (2009) proposed a consumer orientation to products characterized by openness to cultural differences, appreciation of the authenticity of origin, and a willingness to pay premium prices for products with distinctive origin narratives, which is similar to the self-identified consumer segment of specialty coffee. More recent research has extended the application of the consumer cosmopolitanism framework to the African region, where Getnet and Demmissie (2021) identified the importance of Ethiopian exporters' ability to develop a brand narrative on biodiversity, traditional farming practices, and cultural heritage to successfully penetrate the premium market in Europe and North America, compared to competing solely on the basis of price. Complementing this, Degefa et al. (2022) investigated the role of social media and digital storytelling platforms in allowing Ethiopian smallholder cooperatives to communicate their origin stories directly to the final consumer and demonstrate the impact of digital branding investments on obtaining a price premium for their coffee, even from small-scale exporters. The above findings suggest that the external market environment is a structural opportunity for Ethiopian coffee producers, as it is currently not fully exploited, and that the fit between Ethiopian coffee's heritage attributes and cosmopolitan consumer preferences is the key commercial opportunity to be explored in the current research.

Collectively, the literature discussed in the preceding paragraphs reveals that the structural disadvantage in which coffee-producing countries find themselves is not inherent or fixed in character; however, for coffee-producing countries such as Ethiopia to transcend this disadvantage, strategies in value addition and quality differentiation, as well as brand development and origin narratives (Daviron & Ponte, 2005; Ponte, 2002; Giovannucci et al., 2012), need to be developed and implemented. Although various researchers, such as Boudreaux and Ahluwalia (2008), as well as Getnet and Demmissie (2021), have made initial inroads in the identification and analysis of individual success stories for coffee-producing countries such as Ethiopia, the extent to which Ethiopian coffee exporters can strategically utilize the cosmopolitan character of coffee consumers as a means of developing and sustaining competitive advantage in

the global coffee market remains underdeveloped and in need of further analysis and research. This study aims to bridge the theoretical gap in the intersection between global value chain theory, origin branding, and cosmopolitanism.

1.2. Statement of the problem

The basic problem confronting coffee exporters from Ethiopia has been thoroughly diagnosed from a macro perspective. Daviron and Ponte (2005) showed conclusively that the commodity trap confronting coffee-producing countries is a structural issue: downstream actors in coffee-importing countries capture economic value while coffee-producing countries are locked into a commodity trap. However, important and unresolved contradictions in the earlier literature mean that no clear prescription is possible on how Ethiopian coffee exporters might adapt.

From a macro perspective, the proof on institutional reform is self-contradictory: Tolesa & Tolesa (2025) and Ambaw et al. (2025) showed conclusively that the ECX was a resounding success in terms of export volume and price discovery. Nevertheless, Fikre (2020), the Specialty Coffee Association of America, and other critical actors in the coffee industry showed conclusively that the ECX's bulk commodity model actively destroyed traceability and single-origin branding opportunities for coffee exporters, particularly in its early years of operation (2008-2015). The self-contradictory proof on the ECX as a constraint on and/or a facilitator of coffee exporters from Ethiopia is a direct motivation for the current analysis from a micro perspective.

At the value addition stage, the works of Tamru and Minten (2023) show that a significant international price premium exists for washed coffee, and that a significant proportion of this premium is passed on to producers. At the same time, however, the proportion of washed coffee in Ethiopia's export portfolio is not increasing and is effectively stagnating, indicating a failure on the part of both firms and producers to exploit a known and quantified price premium.

Coffee production in Africa shows a clear pattern. Coffee carries high agronomic quality but generates low economic returns for farmers. Akiyama et al. (2003) found structural adjustment in sub-Saharan Africa, which began after liberalization, failed to replace state-led coffee boards. This left coffee farmers in Uganda, Tanzania, and Congo to face middlemen and low international prices. Minten et al. (2019) calculated Ethiopia exports over 90 percent of its coffee as unroasted, unbranded green beans. Ethiopia retains only a small share of the value generated through processing and retail. Gebremedhin and Jaleta (2020) found millions of Ethiopian coffee farms

average less than half a hectare each. This small farm size limits the bargaining power of individual farmers in the market.

The existing body of literature on Ethiopia does not address how micro-level export firms respond to these contradictions. What decisions do firms make regarding investments in branding, levels of value addition, certifications, and so on? How do firms respond to these contradictions? What are the micro-level firm-specific capabilities that allow firms to obtain price premiums, while others fail to achieve these premiums? This is a micro-level research gap that is addressed by this study.

1.3. Research Questions

1. What type of branding strategies are currently employed by Ethiopian coffee exporters to compete globally?
2. What problems do Ethiopian coffee exporters face when trying to brand and add value to their coffee?
3. How do Ethiopian coffee exporters leverage the idea of cosmopolitan consumers in their marketing?

1.4. Research Objectives

1.4.1. General Objective

The general objective of the study is to explore international branding and value-addition strategies and consumer cosmopolitanism in the case of Ethiopian coffee exporters.

1.4.2. Specific Objectives

1. To explore the brandings strategies utilized by Ethiopian coffee exporters to compete globally.
2. To explore the main problems Ethiopian coffee exporters face.
3. To explore how Ethiopian coffee exporters leverage the idea of cosmopolitan consumers in their marketing.

1.5. Significance of the Study

Theoretical Contribution

This study contributes to theory through the application and extension of global value chain theory, specifically the coffee paradox proposed by Daviron and Ponte (2005), and the model of value chain upgrading proposed by Ponte (2002), to the African developing country context, where empirical research is scarce. It also contributes to theory through the innovative application of the consumer cosmopolitanism model proposed by Cleveland et al. (2009), albeit from the supply side, to examine the ways in which exporters in a developing country value chain position their strategies to meet the demands of the cosmopolitan consumer.

Contribution to Future Researchers

The conceptual framework that has been developed in the study, which links value chain upgrading, origin branding, and cosmopolitanism, can provide a transferable conceptual scaffold for other researchers interested in investigating other value chains, such as the tea, cocoa, or spice industries in other developing countries. The study also opens up several avenues for further research that can be conducted in the future. The study has also provided a qualitative research model that can be replicated in other areas where access to reliable quantitative data is limited.

Practical Contribution to Exporters

For coffee exporters in Ethiopia, the study provides evidence-based recommendations on which branding and value addition strategies can build price premiums and how cosmopolitan consumers can be used to promote Ethiopian coffee in premium markets in the EU, US, and Japan. For policymakers and the Ethiopian Coffee and Tea Authority (ECTA), the study offers empirical support to understand the institutional, financial, and regulatory barriers to coffee exporters' branding efforts and inform policy interventions to promote coffee exports, change specialty coffee trade policies, and direct investments in coffee processing and coffee marketing capabilities.

1.6. Scope of the Study

Geographical Scope

The scope of the study is restricted to a particular geographical area within Ethiopia, which includes coffee-exporting companies operating within Addis Ababa since most of the coffee exporters are operating within the city, as well as companies that have operational links to the

major coffee-producing regions such as Yirgacheffe, Sidamo, and Harrar, which are used to provide key attributes for coffee value addition and branding.

Thematic Scope

The thematic boundaries of the study are limited to the business export strategies of Ethiopian coffee exporters in terms of their international branding and value addition activities along the post-harvest coffee value chain, and their focus on cosmopolitan consumer segments in international markets. The thematic boundaries of the study exclude agricultural production practices and consumer purchase behavior in importing countries as a focus of analysis. The thematic boundaries of the study are also limited to the exporting firm as a strategic actor in the international coffee chain and its responsibility for value capture in the coffee chain.

Time Scope

In terms of time scope, this study is a cross-sectional study and data were collected at a point in time.

1.7. Organization of the study

The research work is divided into five chapters. In the first chapter, the introductory part of the research work is contained, which includes the background of the research work, the statement of the problem, research objectives, the significance of the research work, and the scope of the research work. In the second chapter, the literature review of the research work is contained, which includes global value chain theory, international branding/value addition theory, geographical indications/origin branding, consumer cosmopolitanism, and the conceptual framework of the research work. In the third chapter, the research methodology of the research work is contained, which includes the research approach, data collection methods, sampling procedure, and analysis. In the fourth chapter, the results and discussion of the research work are contained, which includes the interpretation of the results in relation to the research objectives and the literature review. In the fifth chapter, the conclusion of the research work is contained, which includes a summary of the research work, the conclusion, recommendations, limitations of the research work, and future research directions.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1. Introduction

Within the framework of this chapter, the literature that will be used as the conceptual framework of the study will be presented and critically reviewed. The review will extend its boundaries, moving beyond a conceptual review to synthesize the literature, thereby gaining established and up-to-date knowledge, and most importantly, the research will attempt to fill a gap in that knowledge.

2.2. Theoretical Framework

The study is informed by three complementary theoretical perspectives: the Global Value Chain Theory, the Resource-Based View Theory, and the Institutional Theory. These three theories were carefully chosen because, taken individually, each one provides insight into a different dimension of the research problem, the structural location of Ethiopian exporters in the global market, the internal strategic resources of Ethiopian exporters, and the institutional constraints on the decisions of Ethiopian exporters, and, taken collectively, they offer a holistic framework for analyzing the potential strategies that Ethiopian coffee exporters may adopt to build international competitive branding and value addition strategies. The rationale behind the choice of each of the three theories and their specific applicability to the research problem is explained below.

2.2.1. Global Value Chain (GVC) Theory

Global Value Chain Theory is identified as the major theoretical framework for analysis because it specifically addresses the key question: why Ethiopian coffee exporters, despite producing a coffee product that is acclaimed throughout the globe, only manage to capture a marginal share of its final value. Global Value Chain Theory is also important because it is capable of offering the concepts that can be used to trace the creation and appropriation of value along the chain from the coffee farms to the coffee roasters and retailers, and to identify the value chain governance that grants access to higher value to specific actors in the chain (Gereffi et al., 2005).

More concretely, the concept of upgrading, as defined by the GVC framework, with an emphasis on functional upgrading to higher-value chain activities like branding, roasting, and direct marketing, rather than just sticking to the export of raw coffee beans, is particularly relevant to the branding and value addition strategies under investigation in this paper. The GVC theory also

provides an understanding of the key institutional constraint identified for the Ethiopian coffee industry. The Ethiopian Commodity Exchange, by creating an anonymous system of exchange, has essentially created an institutional constraint to the building of brands and direct marketing relationships, as identified by Minten et al. (2018). The GVC theory provides the key lens through which the relevant external market structure within which the Ethiopian exporters have to operate is understood.

2.2.2. The Resource-Based View (RBV)

Whereas GVC theory provides the structural context, it does not address the question of why some firms within the same context are successful in upgrading, while others are not. The Resource-Based View of the firm (RBV) was therefore chosen as the theory to complement GVC theory at the firm level, as it focuses on the firm's capabilities rather than the market structure, the very aspect on which successful brand builders differ from exporting commodity sellers. The theory of RBV suggests that competitive advantage is sustained by resources that are valuable, scarce, difficult to imitate, and impossible to substitute (Barney, 1991), making it highly relevant to a study of how exporters use the assets of their origin to build competitive brands.

The applicability of the RBV to the Ethiopian coffee sector is particularly compelling because of the presence of a specific set of origin resources that are, by definition, rare and inimitable: Ethiopia's status as the birthplace of Arabica coffee, its unparalleled diversity of heirloom varieties, its legally protected geographical indications (e.g., Yirgacheffe, Sidamo, Harrar), and its rich origin story (Labouisse et al., 2008). The focus of the RBV is to direct current research to investigate the extent to which exporters are able to leverage their latent resource advantages to build dynamic capabilities, which are specifically identified as the organizational skills to build specific branding competencies and direct buyer relations (Teece et al., 1997). The focus on capability development is particularly relevant to Specific Objectives 1 and 2 of the current research, which investigate the types of branding strategies used and their efficacy.

2.2.3. Institutional Theory

Institutional Theory is chosen to address the gap left by GVC theory and RBV, given that the latter two do not take into consideration the impact of the wider regulatory, normative, and cultural context, which often limits strategic action by firms. North (1990) and Scott (1995) have clearly demonstrated that the rules of the game are set by institutions, both formal and informal, in which

economic actors engage. This is vital to understand the low speed at which strategic change is occurring in Ethiopian coffee exporters, notwithstanding the resource advantages identified by the RBV.

Two specific mechanisms from Institutional Theory are particularly relevant to the current research. First, the concept of institutional isomorphism as outlined by DiMaggio and Powell (1983) is particularly relevant to explaining why exporters are subject to significant normative pressure to conform to the existing model of bulk green bean export, as opposed to risking investment in untested branding strategies, which is particularly relevant to the adoption of value addition strategies as outlined in Specific Objective 3. Second, the concept of institutional voids as outlined by Khanna and Palepu (1997), referring to the absence of specialized market intermediaries such as branding consultancies, quality certification services, and trade finance services, is particularly relevant to explaining the cost disadvantage that Ethiopian exporters face in seeking to upgrade their export strategies. Institutional Theory is particularly relevant to explaining why resource advantages do not automatically translate to successful branding outcomes in the Ethiopian context.

The choice of these three theories is a deliberate choice to apply a multi-level analytical approach. The GVC Theory is a macro-level theory that explains the global structural opportunities and challenges that shape Ethiopia's place in the world coffee chain. The RBV is a firm-level theory that explains how individual coffee exporters can utilize unique internal resources to build competitive brand strategies. The Institutional Theory is a meso-level theory that explains how the domestic regulatory environment influences the relationship between structural opportunities and firm-level action. No single theory is sufficient on its own. The GVC Theory is insufficient without the RBV because it is unable to explain firm-level action on branding. The RBV is insufficient without the Institutional Theory because it is unable to explain why resource-rich firms are constrained. The Institutional Theory is insufficient without the GVC Theory because it is unable to explain why branding is a necessary strategy to begin with.

The three theories allow this study to address the research problem with analytical depth on all relevant levels. The integrated theoretical framework directly informs the conceptual framework of this study, which in turn directly informs the research questions.

2.3. Consumer Cosmopolitanism and Global Coffee Demand

Consumer cosmopolitanism is a "well-established marketing concept" that communicates a global market segment that is "open-minded, investigative in their orientation towards consumer products from other cultures, and enjoy experiencing consumer culture from other countries" (Cleveland et al., 2009).

Conventional, ethnocentric consumers mostly buy national products, whereas cosmopolitan consumers embrace global experiences, appreciate authenticity and diversity, and have a global identity, that is, one that is beyond national borders. Some defining traits would be openness, appreciation of authenticity, consumption patterns that put a premium on ethics and sustainability, and, in the end, paying a premium price "for premium claims, unique stories, stories that aim at creating a unique narrative," and unique experiences (Bartsch & Zeugner-Roth, 2021).

The rise of cosmopolitan consumerism has fundamentally transformed the global coffee sector from simply an item of caffeine consumption to one of culture and ethical connection. This has meant that for the cosmopolitan consumer, coffee has become an experience of connection to culture, tradition, and distant societies (Maspul, 2023). This has been reinforced by the rise of specialty coffee, in which the importance of trade relationships and origin has become dominant (Guimarães et al., 2020). Research has shown that for this type of consumer, coffee has become an experience of identity formation in terms of social justice, sustainability, and culture (Garzón, 2024). Accordingly, Fairtrade, organic, or Rainforest Alliance-style certifications are important phenomena that ultimately fit into a cosmopolitan ideals approach (Raynolds et al., 2004). However, outside of these areas, the strongest appeal mechanism is that of true narratives pertaining to individual places of origin or patterns of artisanal production that cater to the information-seeking needs of a cosmopolitan approach (Ponte, 2002).

For coffee-exporting countries, cosmopolitanization is an important "move out of the commodity trap." This allows countries that export coffee to break away from the ordinary classification of commodities by emphasizing a differentiated quality value rather than commodity value (Daviron & Ponte, 2005). Such a differentiation can be achieved by employing a premium pricing model through branding or even by means of a geographical indication (Dragusanu et al., 2014). The trick, of course, for countries exporting coffee is to move from commodity suppliers to narrative controllers (Molleda and Roberts, 2009). This also implies that they would need to have control

over their narratives in terms of product specifications (grade level, screen sizes), but they would also need to possess knowledge and expertise in terms of narrative specifications (such as 'so-C culture', 'so-C ecology'). This implies that they must possess agency over their narrative in: geographical information (GIS), biodiversity (herloom variety), farming methods (so-C CL - so-C ecology), and socioeconomic factors (Mendez et al., 2010).

As mentioned earlier, the position of Ethiopia vis-à-vis consumer cosmopolitanism can best be described as uniquely favorable yet underutilized. As it happens, Ethiopia possesses an unrivaled legacy of origins due to its pedigree as the genetic cradle of *Coffea arabica*, a legacy that provides unrivaled allure in terms of consumer cosmopolitanism (Labouisse et al., 2008). The multitude of "Heirlooms" and differentiated backgrounds and flavor profiles (the distinct floral character of Yirgacheffe or "winy" tones of Harar) and legal protection of "geographical indications" represent an optimal basis for brand differentiation and distinctness (Minten et al., 2014). It must also be said that smallholder-based systems, which are almost naturally organic given local practices anyway, resonate fully with the cosmopolitan emphasis on sustainability issues (Tefera, 2020). However, as previously noted, most Ethiopian coffee is exported as unbranded green beans, meaning that these compelling stories are most often told, and value captured, by roasters and retailers in consuming countries (Gibbon & Ponte, 2005). This indicates that there is a considerable loss of value. Hence, a challenge for Ethiopian exporters is to incorporate cosmopolitan values within their brand strategies, which would enable them to derive fair value for the premium that the market is willing to pay for such stories associated with Ethiopia.

2.4. Branding in Coffee Value Chains

Beyond any name or logo, branding exemplifies an inherent strategic role in value creation or capture. Within the scope of an agricultural commodity such as coffee, branding serves as the pivotal element that converts a homogenous, substitutable product into an exclusive, differentiated, and thus more valuable product (Keller, 2013). This section describes the diverse roles of branding, ranging from basic to strategic roles in competition, in relation to consumers.

At its heart, a brand strategy is a solution to the "commodity trap." A commodity competes virtually solely on price against a myriad of perfect substitutes in the marketplace. This creates unremunerative margins for the producer. A brand strategy avoids the commodity trap by leveraging perceived differentiation from the point of view of consumers (Aaker, 2012). For

Ethiopian coffees to successfully implement a brand strategy, they must transition from the unpredictable “C-price” of commodities to a predictable “price of a brand.” However, a brand strategy is more than a subtle difference; it is a force to break away from the whims of the commodities markets to a more lucrative pricing structure that a brand can provide to its handlers (Kapferer & Michaut, 2015).

According to Resource-Based View theory, which was propounded by Barney in 2000, a successful brand is a resource that is intangible and inimitable. Thus, even though a rival coffee brand’s physical properties or processes can be easily duplicated, a rival brand would never be able to recreate the wealth of history associated with a strong company or brand name such as “Ethiopian Yirgacheffe” or a strong exporter’s insignia. Thus, there is sustainable competitive advantage. Moreover, customer loyalty is an asset far greater in value than the trade made in any given transaction, partially because it eliminates marketing expense. It even acts as a marketing substitute, undertaking marketing for the brand itself (Keller, 2013).

In the current global business environment, the space between the producer and the consumer, both in terms of physical distance and information asymmetry, is huge. Branding acts as a significant vehicle of information transfer between the producer and the consumer. It allows the exchange of information regarding product quality, production processes, use of environmentally friendly production practices, and cultural heritage in terms of aspects such as the quality of water used in various production processes, etc., in a swift manner (Kotler & Keller, 2016). In the marketing of specialty coffees, branding is the key vehicle for sharing the underlying story. A good brand promise is tantamount to sharing the promise regarding quality and ethical aspects, and the subsequent trust generated would allow the producer to enter into direct business relations with overseas roaster companies.

For the case of Ethiopian exporters, this implies that investing in branding is not peripheral to their overall strategy but rather an essential dimension of their approach to functional upgrade in the Global Value Chain. The success story in “Juan Valdez” brand from Colombia guarantees that a whole industry can benefit from a move from a B2B to a B2C approach in international trade (Molleda and Roberts, 2009). The choice, then, to build a capability in this area will not be an option but a requirement if high margins are to be achieved in an industry in which a different product offers a certain “unique selling proposition.” There are currently estimated to be over 400

registered and licensed coffee exporters operating in Ethiopia, which includes commercial trading companies, cooperative unions, and individual farmers authorized to export directly (USDA Foreign Agricultural Service, 2019). The exact number of active participants can fluctuate slightly due to changing regulations from the Ethiopian Coffee and Tea Authority (ECTA), which manages licenses for the country's massive coffee export sector. While there are hundreds of licensed exporters, the market is primarily dominated by a handful of major industry leaders (Eximpedia, 2025).

2.5. Empirical Literature Review

2.5.1. Global Studies on Coffee Value Chains and Upgrading

Throughout the years of research and analysis, a clear trend has been identified in the international coffee market: the bulk of the final value is distributed to those in the consuming countries, while those in the producing countries receive a meager share of the total value. The Coffee Barometer (2020) quantified the gap between the total value and the share received by those in the producing countries. The green coffee export share is less than 10% of the total US\$200-250 billion annually in total coffee retail revenues worldwide and has not increased over time, despite the growth of the speciality coffee segment. More recently, the Global Coffee Platform and IDH's Grounds for Sharing report (2024), which focused on the coffee retail supply chain in Germany, also offered detailed insights into the current situation and confirmed the trend: the production of value is again mainly concentrated among downstream actors in the coffee supply chain, and those in the producing countries receive a price for their coffee that is below the living income benchmarks. This is also confirmed by the ICO's (2024) analysis of the coffee value chain worldwide: the main obstacles to increasing the share of the total value for those in the producing countries are price volatility, increasing costs for inputs, and restricted access to markets.

A considerable body of empirical work has explored the potential of voluntary certification programs, particularly Fairtrade, Organic, and Rainforest Alliance, to address the problem of the value capture gap by providing price premiums and access advantages. However, the latest evidence tells a rather different story. In a comprehensive review, Barreto Peixoto et al. (2023) conclude that certification can provide some sustainability benefits and upgrading opportunities, but fails to deliver the hoped-for price premiums for small farmers. In fact, the authors of the review cite cases where the economic returns to certification ended up benefiting local elites rather

than the farmers themselves. This is supported by a highly controlled cross-continental study by Jena et al. (2018) on the experiences of Ethiopia, India, and Nicaragua. The results showed that the income effects of Fairtrade certification vary significantly depending on the context, with certification positively affecting income in India but having no real impact on income in Ethiopia, owing to the inability of cooperatives to build capacity. Oya et al. (2018) also supported the overall view of certification experiences by conducting a review of the literature on certification experiences, with the results indicating that certification is largely seen as an essential step to accessing the market rather than as a key differentiator. The overall results suggest that certification is an important quality marker but is insufficient on its own to drive really value-added. To achieve premiums, exporters must also drive branding.

The single most important form of upgrading for coffee-exporting countries is functional upgrading, which involves moving away from the sale of unprocessed raw coffee beans to the sale of more processed products, such as coffee roasts, packaged coffee, and direct marketing to buyers in other countries. In the most extensive empirical investigation to date of the role of coffee in global value chains, Hanley et al. (2026) conducted a three-decade investigation of all the major coffee-exporting countries based on data from the ICO. While there has been significant functional upgrading in the form of the sale of roasted coffee and soluble coffee, this remains concentrated in a handful of countries. It is also heavily related to the strength of institutions, the depth of buyer-supplier relationships, and the proximity of the exporters to major consumer markets. African exporters, such as Ethiopia, are well behind the global average on all dimensions of coffee value chains, implying that there are structural barriers to coffee value chain development beyond those related to a lack of resources. The pattern observed in other coffee-producing countries is also applicable to this case. In Indonesia, Rathnayake (2021) analyzed SMEs. The study revealed that despite having 42 formally registered geographical indications and a strong quality reputation in various areas such as Sumatra, Sulawesi, Java, and others, most exporters continue to focus on green bean exports. This puts them in a situation of having little market information, high logistics costs for branded products, and buyers' loyalty to multinational roasters. This is also applicable to the Ethiopian case. Moreover, Vicol et al. (2018) also analyzed Indonesia. The study revealed that relationship coffee and direct trade, which are considered to bring significant upgrading to coffee producers, also yield mixed results. The positive outcomes are seen only among those producers who are part of the specialty buyer network.

A rapidly expanding literature is increasingly focusing on intangibles such as origin storytelling, origin-related geographical Indications, and brand equity as the driving forces behind the sustainability of price premiums in the global coffee scene. In their seminal WIPO working paper, Samper et al. (2017) have demonstrated that intangibles play a disproportionate value role in the coffee value chain and that exporters in coffee-producing countries that fail to develop and effectively communicate origin-based brand narratives are at a structural disadvantage in the value segments where value concentration occurs. Recently, the Specialty Coffee Association (SCA, 2024) has documented the existence of a structural premiumisation trend in mature markets such as the EU, North America, and Japan, driven by the transition of coffee drinkers from standard coffee formats to specialty coffee and the increasing willingness to pay for ethically produced and origin-verified coffee products.

This change in demand represents a significant structural opportunity for exporters in producing countries that can develop convincing origin narratives. However, the data indicates that most producing countries are not in a strong position to take advantage of this opportunity. The Coffee Barometer (2023) noted that conventional coffee, which has low traceability and origin specificity, accounts for around 70% of the world's coffee consumption.

The Juan Valdez model of Colombia, under the guidance of the Federación Nacional de Cafeteros, is the classic model of origin branding success. The Giovannucci et al. (2012) study provides an example of how the Colombian coffee industry has benefited from decades of investment into the Juan Valdez brand. The Hanley et al. (2026) study provides an important qualification to the Colombian example, arguing that the key to the Colombian coffee industry's success lies within the strength of the institutional framework, the depth of the buyer-supplier relationship, and the fact that the country is relatively close to the U.S. market. The ITC (2023) provides important context to the Ethiopian coffee industry. The ITC explains how the average exports of roasted coffee from Ethiopia amounted to just \$4.8 million annually between 2017 and 2021. The ITC goes on to explain how the potential of the roasted coffee market in Europe is expected to amount to \$12 billion by 2027. The key takeaway is that the same factors that facilitated the Colombian coffee industry's branding success - strong institutional coordination, significant investment into the coffee industry, and long-term planning - are the same factors that are absent within the Ethiopian coffee industry.

Collectively, the wealth of international research discussed in this section of the paper offers three clear and practical implications for the current study. The first is that while gaining certification can be important in its own right, this needs to be supplemented with origin branding and direct engagement with buyers. The second is that functional upgrading, arguably the most relevant form for Ethiopian exporters, offers the greatest opportunities for value capture as well as the greatest challenges in terms of institutions and capabilities that many countries of the exporters have yet to develop. The third is that the demands of consumers in the main markets are increasingly shifting towards premium and origin-verified products, offering real opportunities for exporters that can develop credible and consistent brand narratives based on real origin authenticity. Ethiopia has the unique advantage of its genetic heritage, legally protected Geographical Indications, and growing recognition through the Cup of Excellence. However, the empirical evidence consistently reveals that the country has yet to seize this opportunity. The gap between its structural potential and actual outcomes remains the main empirical question that this study seeks to explore.

2.5.2. African and Comparative Perspectives on Value Addition

In their pioneering study, Gibbon and Ponte (2005) presented a comprehensive description of these structural handicaps that hinder upgrading in the coffee value chain in Africa. They pointed to infrastructural shortcomings, capital limitations, and dependence on commodity markets as the main handicaps that constrain African producers to low-value chain positions. Subsequent studies have extended and updated these structural handicaps. In a comprehensive study of GVC participation of coffee-exporting countries over three decades, Hanley et al. (2026) demonstrated that African countries lag substantially behind their counterparts in Asia and Latin America in functional upgrading, measured as a share of total coffee exports to these regions in the form of roasted and soluble coffee. They also found that buyer-supplier relationship and proximity to major processing centers in Germany, Italy, and the US are key determinants of upgrading success. These structural handicaps again validate the continuing applicability of the commodity trap concept as a theoretical tool to explain Ethiopia's export market share.

A comparative analysis of Kenya can provide useful lessons for the Ethiopian coffee industry, although such lessons need to be cautiously qualified. The Kenyan coffee auction system, operated through the Nairobi Coffee Exchange, has traditionally ensured transparency in the

system while at the same time promoting quality differentiation among coffee producers. This contrasts with the Ethiopian system, which operated through the ECX and resulted in the "homogenization effect," where traceability and quality were compromised (Minten et al., 2018). However, recent studies have questioned the Kenyan coffee system as a role model for other coffee-producing countries. In their study that focused on Kenya, Takama et al. (2022) observed that despite the transparency advantage of the Kenyan coffee auction system, smallholder coffee farmers in the country received a disproportionately small proportion of the value of the coffee exports.

Moreover, domestic consumption levels in Kenya are low, accounting for merely 5% of its production (SCA, 2025). Thus, Kenya's model is based on an almost exclusively export-oriented industry structure, which is quite different from that of Ethiopia, where currently more than 50% of total production is consumed domestically (ECTA, 2023). The transferability of Kenya's model to Ethiopia is therefore limited.

The process of upgrading in the coffee sector in Rwanda has been repeatedly cited as the paradigmatic example of a successful upgrading process in Africa; yet the reality has become more complex in recent years. The initial study by Boudreaux and Ahluwalia (2008), which documented the process of upgrading in the coffee sector in Rwanda, showed that investing in washing stations and quality management resulted in the coffee produced in the region gaining a substantial premium in the market. The more recent studies conducted by Macchiavello and Morjaria (2018), as synthesized in the IGC Comparative Coffee Value Chain project, showed that coffee produced in Rwanda and sold as 'fully washed' gained a 25% FOB price premium in the market, an oft-cited figure as the maximum that can be gained through the process of upgrading in the coffee sector in Africa. Yet the value chain analysis conducted by the International Coffee Organization (ICO, 2024), which examined the value chain in the coffee sector in Rwanda in depth and identified the sources of its competitive advantage in the region, showed that the coffee sector in Rwanda gained its competitive advantage not just through the process of upgrading in the washing stations and quality management but also through its ability to tell its story and through its ability to conduct business in the region, an area in which the Ethiopian coffee sector remains markedly underdeveloped.

Recent evidence from Ethiopia serves to highlight the need to tackle value-added issues in the sector. In a rigorous research article published in PLOS ONE, Tamru and Minten (2023) explore the determinants of adoption of wet processing technology by Ethiopian coffee-producing smallholder farmers. The research concluded that, despite the high international price premium commanded by fully washed coffee, the volume of washed coffee exported from Ethiopia has remained constant over the last two decades. The research identified the regulatory constraint of the need to sell through primary marketing centers as opposed to direct sale to the wet mill as a major constraint to the adoption of the technology, which drives up transaction costs. The implications of the research have direct relevance to the value-added strategies employed by exporters. In support of the argument, research by Tamiru et al. (2024) identified the increase in the overall percentage of Ethiopian coffee classified as specialty coffee, i.e., Grade 1 and Grade 2 coffee, from below 40% in 2005 to over 55% in 2023. However, the fall in the volume of Grade 2 coffee indicates a systemic problem that cannot be addressed through value-added branding.

One of the significant institutional developments in the branding of Ethiopian coffee has been the establishment of the Cup of Excellence program, which was launched in 2020 with the joint efforts of the Alliance for Coffee Excellence (2024) and the Ethiopian Coffee and Tea Authority. The program has helped to mobilize funds of over \$3 million for coffee producers in Ethiopia during the first three editions of the program between 2020 and 2022. The program has awarded prices of up to \$884/kg to the top-scoring coffee lots during the 2022 edition of the program, which is significantly higher than the prices received by the coffee producers through the Ethiopian Commodity Exchange. The importance of the program lies in the direct trading relationship between the farmers/washing stations and the international buyers, which helps to avoid the anonymity of the farmers through the Ethiopian Commodity Exchange. This is crucial for the branding of the coffee. However, as Coffee Intelligence (2024) has noted, the benefits of the program have largely been realized by the medium to large-scale producers who have the capital to take advantage of the recognition received by the farmers/washing stations by competing in the program. The small-scale farmers without washing stations have failed to capitalize on the recognition received by the farmers/washing stations during the competition. This is an important aspect to be studied at the exporting firm level.

The traditional Juan Valdez approach to coffee brand development at the national level has remained the most accepted standard to date, and its applicability in the Ethiopian case remains

an issue to explore in the future. Giovannucci et al. (2012) showed that the Federación Nacional de Cafeteros was able to establish premium prices by making collective investments in the development of origin stories and quality assurance. Recent research supports the importance of several factors in the success of FNC brand development, including the long history of collective investment in brand development and the scope of smallholder organization, which is problematic in the Ethiopian case due to its highly fragmented coffee export market and regulatory environment that emphasizes volumes rather than traceability (Hanley et al., 2026; ITC, 2023). The average value of Ethiopian roasted coffee exports was reported to be below the average in the region and characterized by high volatility, with an average value of merely 4.8 million USD in the period from 2017 to 2021; however, the market potential for Ethiopian roasted coffee in Europe was estimated at 12 billion USD in 2027.

2.5.3. Studies in Ethiopia

Simultaneously, a considerable share of literature that takes an empirical approach focuses primarily on the impacts of certain types of institutional reforms, particularly their scope, as in relation to the development of the Ethiopian Commodity Exchange. Among various studies that discuss this problem, it is worthwhile to mention a comprehensive study performed by Minten et al. (2018). The conclusions derived in this study demonstrate that, although price transparency was improved through a new system of the ECX in relation to standard coffee, such a system initially created ambiguity in the specialty coffee market due to its disruption of the direct relationship between coffee farmers and exporters, which is a traditional requirement of such markets.

A cross-sectional study conducted by Tolesa and Tolesa (2025), among 118 coffee exporters, revealed a significant and positive impact of ECX on export performance through its functions of providing market information, developing markets, and facilitating physical trade. The results suggest that ECX was an overall positive factor for the coffee sector in Ethiopia. This is also in line with Fikre's (2020), who used multiple linear regression and revealed positive associations between ECX functions and coffee supply performance. Most notably, a quasi-natural experiment using a triple differences design and a multi-country trade panel data set by Ambaw et al. (2025) revealed that the creation of ECX had a significant impact on increasing Ethiopian coffee exports

in terms of volume and number of destination markets. This is the most rigorous methodological study to date on the overall positive impact of ECX on export performance.

Nonetheless, these largely positive evaluations are immediately contradicted by substantial evidence from specialty coffee industry observers. Analysis of the specialty coffee industry by Royal Coffee (2018) revealed that since its inception, ECX had a fundamental disconnect with its best-paying and quality-focused customer base, since its primary focus appeared to be on bulk coffee rather than specialty microlots. In addition, ECX bulk grading and storage facility combined coffees of diverse origins, thereby eliminating any chance of coffees having a single-origin traceability, which is required in specialty coffee. Furthermore, according to Ethiopian Review (2009), ECX's blending of Ethiopian coffees and grading them as a commodity coffee effectively destroyed the marketability of other coffee brand names such as Yirgacheffe and Sidamo, which are considered to be high-grade single-origin coffees. These brand attributes had taken Ethiopian coffee exporters years to build. Moreover, and most importantly, ECX was protested and boycotted by the Specialty Coffee Association of America and other major specialty coffee roasters.

However, the Comprehensive Ethiopian Coffee Strategy 2019-2033, formulated by ECTA in association with TechnoServe, recognizes this conflict in its statement that while affirming the role of ECX in facilitating physical trade, Ethiopia has “not invested enough in branding, promotion, and marketing” and that the ECX system should be streamlined for better service in the area of specialty and direct trade (TechnoServe and ECTA, 2019). ECX has thus introduced the Preserved Coffee Trading System (2017), which in itself recognizes the failure of the previous system in the area of specialty trade and thus can be seen as admitting the failure of the previous system in the area of specialty trade. This apparent conflict between the quantitative studies that affirmatively assess ECX and the qualitative and industry-based studies that also affirmatively assess ECX as having hindered the development of coffee branding in the area of specialty coffee thus forms the main empirical conundrum that this study seeks to address at the firm level.

A study conducted on the value addition of coffee through washing (wet processing) in Ethiopia has shown that there exists a striking paradox that forms the background for the present study. Tamru and Minten (2022), in their study based on the mixed-methods approach, have shown that Ethiopian coffee that has been subjected to the washing process has secured a considerable price

premium in the global market compared to its natural counterpart (coffee dried in the sun), and that most of this premium is passed back to the coffee producers in the supply chain. This appears to offer the coffee sector in Ethiopia the incentive for the widespread adoption of the washing process. The national government in Ethiopia has also made the goal of increasing the proportion of washed coffee in its exports, and this proportion has increased from around 30% a decade ago to around 50% in 2023 (STIR Magazine, 2024).

Tamru and Minten (2022) note that the proportion of washed coffee in the country's overall export volume has been constant over the same period, implying that the premium was not being exploited. The results suggest that the introduction of the practice of red cherry harvesting to washing coffee required 52% more labor to be applied per hectare, with many coffee producers facing difficulties in adopting the practice. In a related article, Minten et al. (2019), published in *Food Policy*, observed major changes in the coffee value chain in Ethiopia from 2004 to 2018, including coffee processing, quality sorting, and market participation. However, the article concludes that the changes in the coffee value chain have not yet been felt in the exporter-level branding and marketing side.

This paradox of existing premiums, evidence of transmission, and non-adoption on a large scale is the exact nature of the strategic question at the firm level, which the current literature on macro-level internationalization does not shed light on. Decisions on investments in washing facilities, securing a reliable supply of washed lots, and conveying the quality of washing to international buyers at the exporter level cannot be explained through the macro level. This is the micro-level explanation gap, which the current research aims to fill.

The Ethiopian Coffee Trademarking and Licensing Initiative (ECTLI), launched in 2004 and achieving trademark registrations of the coffee brands Yirgacheffe, Harrar, and Sidamo in 28 countries by 2007 (WIPO, 2007), has been hailed as a milestone in the branding of Ethiopian coffee. Oxfam America's estimate of the potential additional revenues of \$88 million annually through trademark licensing to coffee farmers in Ethiopia has been cited in numerous studies as evidence of the effective assertion of ownership over the Ethiopian coffee brands.

A critical examination of the outcomes after the settlements, however, provides a more nuanced and perhaps even paradoxical result. The royalty-free nature of the licensing agreements with Starbucks and other roasting firms means that, while Ethiopia was able to gain legal verification

of its ownership of its trademark, it was unable to gain the direct revenue that had initially prompted the effort (MUSE, 2010; Lexology, 2019). As noted in the negotiations with Starbucks, however, the process of trademarking geographically descriptive terms for coffee can lead to a number of legal complexities that serve to deter buyers, particularly smaller specialty roasting firms that do not have the legal resources to deal with the process (Starbucks v. Ethiopia Case Analysis, Duke University, 2015). The actual financial impact of the Ethiopian Coffee Trademark Licensing Initiative (ECTLI) on revenue at the exporter level, rather than on brand recognition, has not been systematically quantified, thus representing a gap in the existing literature on Ethiopian branding.

In addition to this, the debate on whether to pursue a trademark or GI approach—Starbucks and the SCAA favoring the GI approach, while the Ethiopian government prefers to pursue the trademark route, remains an unsettled debate in the literature. The main argument in support of the trademark route, by WIPO (2007) and Light Years IP (the NGO that assisted the Ethiopian government), is that trademarks offer superior exclusivity and do not require proof of a quality linkage to a particular geographical location. However, Vandecandelaere et al. (2009) and Belletti et al. (2015) counter this argument by stating that GI protection encourages brand equity to endure in the long term because it provides a legally binding quality linkage between origin and product attributes. This debate is highly pertinent to the present research’s purpose and intent in addressing the following questions at the individual export firm level: how do export firms perceive Ethiopia’s IP protection system?

A further set of contradictory findings relates to the relative performance of cooperative unions and private exporters. The Oromia Coffee Farmers’ Cooperative Union (OCFCU), established in 1999 and Fairtrade certified since 2002, is often cited as a success story for coffee production in Ethiopia. In 2014, OCFCU was identified as the biggest exporter of organic coffee from Ethiopia, the second biggest Fair Trade coffee exporter in the world, and had invested its Fairtrade premium in roads, schools, and health clinics in its member communities (Wikipedia, 2024). Its coffee was also ranked first in the 2012 Coffee of the Year Competition among 250 coffee submissions.

However, the success of OCFCU is also challenged on a number of fronts. As of 2018, only 10% of coffee farmers in Ethiopia were members of a cooperative (Global Coffee Platform, cited in BASIC, 2024), implying that the overwhelming majority of coffee farmers in Ethiopia do not

benefit from the marketing advantages of a cooperative. More fundamentally, however, an empirical analysis of the export marketing practices of OCFCU by Deresa (2015) identified a number of critical challenges to its success as a coffee exporter from Ethiopia to international markets. Among them was its limited international marketing capacity and its limited export volume and dependence on Fairtrade market access, which made the cooperative vulnerable to changes in market demands for Fairtrade certification. The success of OCFCU's branding was limited to Fairtrade markets and had not generated any upgrading capacity.

On the contrary, private companies such as Kerchanshe Trading PLC and Horra Trading PLC have become prominent players in terms of coffee export volume in Ethiopia without the Fairtrade certification process. According to a study published by the Ethiopian Coffee and Tea Authority in 2018, which analyzed the practices and challenges of coffee export marketing via Kerchanshe, Mullege, and Horra companies, it was revealed that these companies' export marketing activities had transcended the traditional seasonality of coffee marketing, which is considered to be a sophisticated business strategy to maintain buyer relationships on a year-round basis. At the same time, significant challenges were observed in terms of branding investments and awareness of international markets (Academia, 2018). The contrasting characteristics of cooperative versus private coffee export companies, based on their approach to certification strategy, branding investments, and access to markets, represent the firm-level differences that this study aims to conceptualize and explore.

One specific operational inconsistency identified in the Ethiopian literature relates to the relationship between coffee processing methods, grading systems, and export premiums. The Comprehensive Ethiopian Coffee Strategy (2019), as well as the article published by STIR Magazine in 2024, note the government-led initiative to increase the proportion of washed coffee in Ethiopia's export basket, based on the premise that it commands a better price in the international market. In the last ten years, the proportion of washed coffee has increased from 30% to 50% of Ethiopia's coffee production.

However, a study by Minten and Tamru (2014) showed that the grading system of the ECX combines washed coffee with naturally processed coffee in the same grades, which meant that buyers cannot specify their preferences in terms of coffee processing methods. This meant that exporters working through the ECX cannot benefit from the international price premium

commanded by washed coffee because buyers cannot guarantee the purchase of washed coffee. The 2017 changes to the ECX system, as well as the Preserved Coffee Trading System, have partly addressed the problem of coffee processing method traceability. However, it has been noted that the system has not been consistently implemented.

In a study by Tamru & Minten (2018) concerning wet mill investments in Ethiopia, the researchers found that investments in washing stations were positively correlated with quality improvements, although the profitability of these investments was negatively affected by a government policy that forces farmers to sell their produce through primary centers instead of directly to the wet mills, thereby increasing the transaction costs and negatively affecting profitability. This is a specific example of the role of institutions, although it was recognized at the exporter level but not addressed by the literature, and it is a specific example of the role of institutional voids, a concept first proposed by Khanna & Palepu (1997). The most recent body of research on Ethiopian coffee exports appears to have transitioned from macro-institutional research to more micro-level research, although the literature remains limited and methodologically constrained. Shonte and Ji's (2022) research on Ethiopian coffee exporters identified management commitment and corporate social responsibility as important predictors of sustainable export performance. This would suggest that the role of the firm's strategic orientation is important, in addition to institutional considerations. However, the research was based on a quantitative methodology involving a self-reported measure.

The study on coffee exporter performance by PMC (2023) revealed that export knowledge, export commitment, and product adaptation were significant positive predictors of export performance among 273 coffee exporter firms. Furthermore, product adaptation also served as a significant mediator between knowledge and performance. This study is relevant to the present research because it revealed that coffee exporter firms that engage in product adaptation, i.e., coffee product branding, exhibit superior performance outcomes. However, it is noteworthy that the study employed only a quantitative research approach without elaborating on how product adaptation is performed or how consumer cosmopolitanism is linked to product adaptation.

The study on marketing margins and price transmission in the Ethiopian coffee value chain by Ali & Tufa (2024) revealed significant variations in coffee price margins. The study revealed that, on average, coffee exporter firms benefited more than coffee producers. However, there was

significant variation among coffee exporter firms. This study is relevant to the present research because it revealed variations among coffee exporter firms, which is a justification for a comparative study.

The latest and most authoritative policy guidelines on the coffee industry of Ethiopia can be found in the Comprehensive Ethiopian Coffee Strategy 2019-2033, prepared by TechnoServe and ECTA (2019). In the report, it is stated that “Ethiopia has under-invested in branding, promotion, and international marketing. More effective enforcement and communication of rules are required.” The new strategy aims to increase coffee export revenues to the range of \$3.6 to 4.6 billion by 2033, up from \$780 million in 2019. This process inherently includes the value-added processes under investigation in the present study.

A considerable amount of literature on the Ethiopian coffee industry has revealed a pattern of empirical inconsistencies at various levels of investigation. The Ethiopian Commodity Exchange is seen as a net positive force on export revenues (Tolosa & Tolosa, 2019; Ambaw et al., 2025), at the same time creating an obstacle to the development of the specialty coffee industry (SCAA, 2009; Royal Coffee, 2018). The trademark initiative is seen as a milestone in the development of intellectual property, at the same time as a business process with questionable financial results that has gained recognition without generating revenues. The cooperative coffee producers are seen as a success story in the global coffee industry, at the same time as having limited access to markets owing to certification. The value-added process of washing is seen to provide premiums that remain underutilized.

The various contradictions converge to form a theoretical and analytical conclusion that aggregate and macro-analytical approaches, which dominate the literature in Ethiopia, fail to address these contradictions because of their excessive level of abstraction, which ignores firm-level strategic decision-making and capabilities that explain variations. This study is particularly designed to address this explanatory gap at the firm level, using a comparative case study approach to shed light on how various exporters experience and make sense of the contradictory institutional and market signals presented in the literature.

2.6. Research Gap

By bringing all of these strands of research together, an interesting story emerges. The theoretical frameworks nicely outline a set of significant processes that are all at work. Of course, the more

micro levels of analysis from these strands of research look to extend this framework downward and show how, in fact, it worked itself out in terms of the world, in terms of this continent, and in terms of the nation of Ethiopia.

However, from this review of literature, a pattern seems to emerge. On the one hand, on a global level, an exact definition of what is described as "the value capture gap" is made, thereby demonstrating that a process of upgrading towards a type of brand development is an established process that is both challenging and potentially profitable. Further, on an African or comparative level, cases such as that of a country such as Rwanda reveal that radical change is possible, though they also establish that it is achieved to a great degree in accordance with national conditions. Finally, on an Ethiopian level, a substantial body of literature is dedicated to carefully detailing circumstances that range from the effects of the Ethiopian Commodity Exchange (ECX) all the way to the level of washing stations.

However, at this junction of these three layers, we are intensely focused on a gap in knowledge that we are lacking. We know the system (the GVC), we know models of the transformation in the country (the Rwanda example), but we lack a diagnosis of the Ethiopian institutional environment. The strategic middle ground we know in great detail is the Ethiopian coffee export firms themselves.

The literature offers us a view of the playing field and the game itself, but offers us little understanding of the playbooks that different teams may employ in this arena. How are different categories of exporters, from bulk traders to brand-ambition owners, making sense and progress in this complicated game? What brand and value-addition strategies are being pursued by them, and what are the results? How are they building the required capability in this particular and distinctive institutional environment?

Therefore, this study aims to contribute to filling the above-converging gaps. In other words, it aims to bridge a macro-level structural/institutional analysis to a micro-level one. Its mission is to undertake a detailed firm-level examination of the concrete ways in which export firms from Ethiopia operationalize the theoretical necessity for upgrading firms to a brand. In doing so, it hopes to offer valuable lessons, theoretically grounded yet sensitive to the realities of Ethiopia, to business enterprises as well as policymakers.

2.7. Conceptual Framework

The conceptual framework outlines elements that encompass strategic and other considerations for better understanding of the inter-linkages among challenges, strategy, and outcomes.

Figure 2.1: Conceptual Framework of the Study



In this framework, the problems are identified by beginning with what ails coffee exporters in Ethiopia: a lack of branding and the absence of adding value to their products. In essence, most of these coffee products are presented to a global market without a clear branding identity, which

makes it difficult to market them specifically. Then there is the issue of relying on exporting the raw coffee in its raw form, without even roasting it first, while failing to take advantage of any additional income generated by adding a branding or packaging component to coffee products in Ethiopia. These are essentially the two key factors identified for a paradigm shift in this study.

Through such an understanding of the above factors, it can be said that the report has identified the following two areas of taking action in branding strategies. Branding, in this case, refers to creating a story and selling it to customers in foreign markets. The roasting and packaging of the product imply the making of the product from raw green beans through the concept of value addition.

However, one cannot guarantee such a thing. Within the consumer landscape so far presented, the concept of consumer cosmopolitanism has been introduced as a fundamental key factor. This appears to embrace a new form of global consumer who is interested in cultural diversity, the authentic origins of a product, and the willingness to spend extra money on a unique or differently produced product. Such a premise is also the rationale behind why a branding model may work perfectly in one country but completely fail in another.

If these strategic actions have been successfully executed and connect well with cosmopolitan consumers, the ultimate effects should manifest in functional upgrading and greater overall competitiveness. The simplicity with which functional upgrading is described is an exporter moving beyond their position of merely providing quantity beans to position themselves and their own brand within the international supply chain and commanding a position for self-management. Competitiveness will manifest in terms of the ability to establish a premium price above and beyond the basic commodity price and the ability to create lasting and exclusive relationships in international sourcing.

All of these pieces play a dynamic, interrelated role. The early hurdles prompt strategic approaches, and this is all related to our theories. The external environment, like the power of consumer cosmopolitanism in the external market, affects how effective those approaches will be. When they are effective, they produce the desired result. Again, there is a feedback loop represented. The results from the external environment can and should influence future approaches. Thus, an improvement process can be represented. Overall, all of those pieces simply

provide a clear and structured approach by which one can explore how exporters from Ethiopia can overcome existing hurdles and develop an even stronger position in the world market.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study used a qualitative research methodology. The use of qualitative research methodology is suitable for this particular study, considering the nature of the research, since qualitative research has been shown to provide a rich understanding of real-life phenomena, which cannot be adequately addressed using quantitative research methodologies (Creswell & Poth, 2018). The qualitative research approach is more suitable, considering that this study aims to explore some understudied aspects of branding and value addition processes employed by Ethiopian coffee export companies, where little research has been conducted. Additionally, this study research design is more suitable considering that this study aims to identify how and why Ethiopian coffee export companies employ particular branding and value addition strategies and understanding the reasoning behind particular strategies employed by export companies.

3.2 Research Approach

In this study, the researcher used a qualitative research methodology. This is an appropriate method given the nature of the research questions that guide this study. Qualitative research is an appropriate method when one seeks to understand complex realities. This study sought to understand the nature of branding and value addition activities undertaken by coffee export companies in Ethiopia, the challenges encountered in the process, and the strategic framework used to organize these activities. Moreover, the nature of the research questions used in this study sought to understand the perceptions and experiences of the key respondents in the organizations they worked in. Therefore, the use of qualitative research is an appropriate method for this study.

3.3 Target Population and Sample Size

3.3.1 Target Population

The target population of this study is Ethiopian coffee exporting entities that are engaged in international commerce activities. This study targets decision-makers of these entities, which include owners, export managers, or marketing directors of the Ethiopian coffee exporting entities. They are individuals with knowledge of value addition and brand development. There are currently estimated to be over 400 registered and licensed coffee exporters operating in

Ethiopia, which includes commercial trading companies, cooperative unions, and individual farmers authorized to export directly (USDA Foreign Agricultural Service, 2019). The exact number of active participants can fluctuate slightly due to changing regulations from the Ethiopian Coffee and Tea Authority (ECTA), which manages licenses for the country's massive coffee export sector.

3.3.2 Sample Selection and Justification

Considering the qualitative research study's nature, a purposive sampling strategy has been followed in this study, where information-rich companies have been selected to get deeper insights into the research study areas, as opposed to representative companies that are selected based purely on statistical population representation, such as scale of operation, business model, branding maturity, market orientation, etc.

A total of ten exporting companies were selected for in-depth study:

Companies are selected based on the diversity they have in terms of branding and value addition, which applies to the context of Ethiopia. This helps to develop a context that could allow for the facilitation of effective cross-case comparisons. The process of attaining data saturation, which entails a situation where there are no new findings, is ensured with the use of a case study as a research strategy, which is acceptable according to qualitative research principles.

3.4 Sampling Technique

Participants of the study are selected using a purposive sampling method. This means that these coffee companies were not randomly chosen to be analyzed; instead, they were chosen to elicit information on the various strategies adopted by coffee organizations in Ethiopia in regards to brand creation and value additions.

The objective here is to have a range of companies that can reflect the diversity that is common in the exporting sector. The range comprises ten companies, from large traditional traders to smaller, brand-conscious pioneers in the exporting business.

The selected companies are:

1. Dimtu Coffee Industry PLC
2. Horra Trading PLC

3. Kerchanshe Trading PLC
4. Moyee Coffee Ethiopia
5. Hadeed coffee Ethiopia
6. Sheger Coffee
7. Daye Bensa Coffee Export Plc
8. Guji Highland Coffee Plantation
9. METAD Agricultural Development
10. Ethio Agri-CEFT

While there are hundreds of licensed exporters, the market is primarily dominated by a handful of major industry leaders. Some of the most notable and largest-volume exporters include (Eximpedia, 2025). These companies have been chosen because they are dominant coffee exporters regarding from the Ethiopian region. By analyzing the companies' approaches, the key areas of concern, which may be the same across these organizations, is also elucidated, revealing the actual problems faced by companies operating in the coffee industry, which tends to move beyond the mere sale of an essential commodity.

3.5 Data Collection Methods and Tools

For this purpose, this specific research is based on qualitative information-gathering methods. This method is deemed appropriate as it would help in obtaining a better understanding through triangulation.

3.5.1 Primary Data Collection

Primary data were collected through semi-structured interviews that is guided by open-ended questions. These interviews were conducted with owners, managers, and key decision-makers at the selected export companies. The conversations help the researcher understand the companies' international marketing strategies. Interviews are conducted in-person. The interview is updated, and the questions are reviewed throughout the data collection process.

3.5.2 Secondary Data Collection

For the secondary data, the materials including those which are publicly available are used, e.g., books, academic journals, annual reports, product packaging, company websites, YouTube, promotional materials, and customer feedback. This gives an insight into the branding execution and communication strategy of each exporter in the global marketplace.

3.6 Data Analysis Techniques

In this regard, the data collected were analyzed using thematic analysis, an analytical method for systematically conducting an analysis of, and reporting on, qualitative data (Braun & Clarke, 2006). The suitability of thematic analysis for this study is also informed by the fact that it is an adaptable method that is capable of capturing the richness and complexity of the participants' experiences and perspectives on branding and value addition strategies. Through this method, the researcher is engaged in an iterative process with the collected data, with the aim of allowing the themes to emerge naturally without preconceptions. Moreover, this is an iterative and reflexive method in the sense that the findings emerging at the initial stages of analysis guided the researcher to refine the interview guide, with the aim of ensuring that emerging new avenues of inquiry that are informed directly by the collected data are systematically pursued.

3.7 Ethical Considerations

This study adheres strictly to the proper consideration of ethics in the entire research process. Informed consent is obtained from all the respondents before the start of the research process, which is done through the use of an informed consent form prepared specifically for the study, which is read through with the respondents before the commencement of the interview process. In addition, the confidentiality and anonymity of the data obtained from the respondents are strictly adhered to, so that no identifying information is made public in the study results. The respondents are adequately informed about the freedom to withdraw from the study process at any stage, as indicated in the informed consent form to be administered to the respondents. The data obtained in the study is stored appropriately for the purposes of the study only.

3.8 Operational Definition of Variables

Global Market Competitiveness - Measured by the average price premium above the commodity price and the number of long-term international buyers.

Branding Strategy - The use of proprietary brand logos/packaging, an English language website, and social media sites for international marketing.

Value Addition Strategy - Primary export form: bulk commodity, traceable/single origin coffee, or roasted coffee.

Company Size - Classified according to the number of products exported on an annual basis: small companies exporting less than 100 tons annually, medium companies exporting between 100 and 500 tons, and large companies exporting above 500 tons.

Export Experience - Number of years the company has been actively involved in the export of coffee.

Certification Status - The organization's receipt and use of international certifications, such as Organic, Fairtrade, and Rainforest Alliance.

Market Diversification - The number of various destination countries for exports over the past three years.

Supply Chain Control - Degree of Directness in Production/Processing, e.g., owning washing stations or directly contracting with small holders.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1. Introduction

The present chapter highlights the results and analyses derived from an exploratory study into the strategies of exports, branding, value-added services and positioning of Ethiopian coffee export firms. The research results have been gathered during semi-structured, in-depth interviews carried out with senior executives of seven Ethiopian coffee export firms (Dimtu Coffee Industry PLC, Horra Trading PLC, Kerchanshe Coffee, Sheger Coffee, Hadeed Trading Plc, Daye Bensa Coffee Export Plc, and Moyee Coffee Ethiopia). Altogether, the aforementioned firms are quite distinct from each other in terms of size, level of professionalism and market presence. This fact ensures the richness of empirical material for the examination of problems that Ethiopian coffee exporters face nowadays.

The methodology applied in the current study follows scrupulously the six stages of reflexive thematic analysis proposed by Braun and Clarke (2006, 2019, 2022). Reflexive thematic analysis was chosen because of its epistemological fit to constructivist research as well as its consideration of the researcher's role as an interpreter. Additionally, this methodology can be applied to derive theoretically fruitful findings from experiential and narrative data. The six stages of reflexive thematic analysis include the following: data familiarization, initial coding, theme search, themes review, theme definition and naming, and report writing.

Organization of the chapter: The methods for performing the thematic analysis are explained in section 4.2. The coding frameworks and the development matrix for the themes are discussed in section 4.3. The five themes and their sub-themes along with illustrative quotations from the participants' interview are explained in section 4.4. The critical discussion of the empirical findings based on the existing academic literature related to global coffee value chains, export competitiveness of agriculture, sustainability, and institutional economics in developing countries is covered in section 4.5.

4.2. Methodological Procedure

4.2.1. Phase 1: Data Familiarization

This involved first immersing oneself into the original data. In the case of this study, the researcher had at least two thorough reads into all the seven interviews with annotations around the sides as

emergent patterns arose. This helped in gaining an intuitive understanding of the data that enabled the researcher to detect patterns of discourse, unique modes of expression by the participants, and overall structures within each interview. Drawing from the methodology advocated for by Braun & Clarke (2019), who recommend a reflexive thematic analysis, this step involved making interpretations of the data as opposed to merely interpreting what the participants were saying.

From the very outset, during the process of familiarizing ourselves with the seven interviews, it became evident that there are some specific thematic areas which are particularly pertinent to our study and need to be highlighted. For instance, we find such aspects as the importance of origin-related identity and authenticity, conflicting interests related to commoditization versus specialization, multidimensionality of value-added restrictions, institutionalized and regulated barriers, as well as cosmopolitan tastes of consumers.

4.2.2. Phase 2: Initial Code Generation

The subsequent stage entailed a systematic line-by-line open coding of each transcript. Initial codes emerged inductively from the transcripts, while at the same time capturing the underlying meaning of the participants' utterances and the contexts in which they occurred. A total number of 187 initial codes was coded during the analysis of the seven transcripts. Some of the codes were more descriptive of what the participants were saying, e.g., "QR-coded traceability packaging," "anaerobic fermentation process," and "ECTA permit delays." Other codes were interpretative in nature, e.g., "institutional vulnerability due to regulatory asymmetry," "brand destruction caused by individual defection," and "displacement of value capture within the supply chain." All initial codes are presented in Table 4.1.

Table 4.1: Selected Initial Open Codes

Code Domain	Initial Open Codes (Selected)	Representative Raw Data Segment
Origin & Authenticity	Guji specialization; Yirgacheffe micro-brands; "Arabica origin" story; anti-blending; traceable back to washing station; named lots (Hamasho, Bombe, Shantawene); GPS location-tracing at farm level; forest-grown varieties; diversity.	"Whatever is known as Bensa comes from Bensa." (Company F) "We have our own legend." (Company G)
Branding Strategy	Storytelling marketing; digital channels utilization; trade shows; cupping bars; branded jute bagging; entry to COE; QR code on packaging; FairChain certification; referral marketing; online B2B presence.	"We consider branding very critical. We do not use other coffee than Guji coffee." (Company A).

Value Addition Modalities	Washed processing; natural sun drying; honey processed; anaerobic fermentation; carbonic maceration; infused coffees; grade upgrade (G4 to G1); optical sorting (SATAKE); country of consumption roasting; white label exports; certification; lot documentation as product.	"Innovation in processing is one of the most evident ways of adding value when we are exporting green beans." (Company C).
Institutional Barriers	ECTA licensing problems; lack of ECX geography; system crashes; forex holding rules; minimum export price; price distortion by the government; collateral requirement; compliance with EUDR; coffee taxes.	"There are many delays with the Ethiopian Coffee and Tea Authority. ... downtimes, slowness in approving, permits, etc." (Company A).
Firm-Level Capacity	Manpower skills deficiency; marketing deficiency; lack of Q-graders; cupping skills deficiency; English-language communication difficulty; marketing budget deficiency; financial strain during harvest; foreign exchange needed for purchasing equipment.	"There is a problem with skilled manpower. We require skilled manpower." (Company A).
Consumer Cosmopolitanism	Ethical sourcing considerations; third-wave specialty coffee; desire to know about farmers; living income considerations; interest in micro-lots; premium coffee; visiting farmers; gender balance consideration in sourcing; FairChain business model.	"Some of our clients even require the farmers' names. You can guess why." (Company A).
Supply Chain Governance	Vertical integration from farm ownership to export; out-grower farmers; seedlings; digital communications with farmers; cooperative investments; multilevel chain control; preferred supplier status.	"Vertical integration provides the means by which we have control on the quality from harvesting to placing them inside export containers." (Company C).
Competitive Positioning	Combination of scale and specialty coffee; protection from C-Market prices; measures to retain buyers; referral business model; top exporter; direct sourcing premiums; consistency as unique factor; measuring premiums over commodities.	"Value Addition, particularly upgrading from commercial to specialty coffees with traceability, is what separates survival from success." (Company B).

4.2.3. Phase 3: Searching for Themes

Following coding, the 187 open codes were clustered together in relationally organized groups through the process of focused or axial coding. In this stage, there was an analysis of relationships among the codes, discernment of patterns at a more general level, and the identification of conceptual structures within the dataset. The creation of a thematic map was used to show the hierarchical connections between codes, sub-themes, and potential themes. There were five themes identified in this process, each comprising several sub-themes, which in turn comprised groups of open codes. Table 4.2 is a list of the structure of axial coding.

4.2.4. Phase 4: Reviewing Themes

Five candidate themes underwent critical evaluation in two stages, as prescribed by Braun and Clarke (2006). In the first level, each candidate theme was assessed with respect to the data extract coding to test its coherence and distinctiveness. In the second level, each candidate theme was examined with respect to the entire dataset to test the plausibility of the emergent thematic map. These critical evaluations led to various analytical modifications, including the consolidation of the candidate theme "logistical problems" under the overarching theme "Structural and Institutional Barriers to Competitiveness," because all instances of the data demonstrated that logistical problems were always contextualized with the policy and regulatory framework; the code domain "evolution of consumer knowledge and demand" was modified to serve as an integrative sub-theme of "Consumer Cosmopolitanism and Market Responsiveness"; and the code domain "vertical integration" was modified to serve as an integrative sub-theme of "Export Competitiveness and Strategic Positioning."

4.2.5. Phases 5 and 6: Defining, Naming, and Reporting Themes

After the thematic analysis, each of the themes was systematically identified in regard to its organizing principle, scope, and interconnections with other themes. Theme names based on theoretical underpinnings and capturing the essence of each thematic story were developed for clarity. The five resulting themes are as follows: (1) Origin-Based Branding and Authenticity Management; (2) Value Addition Processes and Competitive Advancement; (3) Consumer Cosmopolitanism and Market Change from the Demand Side; (4) Structural and Institutional Constraints on Exports; and (5) Supply Chain Management and Vertical Integration as Competitive Strategy. These themes are elaborated in Section 4.4 and critically assessed in Section 4.5.

4.3. Axial Coding Structure and Thematic Development

Table 4.2: Axial Coding Structure - From Open Codes to Sub-Themes and Overarching Themes

Open Code Cluster	Axial / Focused Category	Sub-Theme	Overarching Theme	Key Participants
Single-origin focus; anti-mixing; named lots; traceability docs; Cup of Excellence	Authenticity governance	Origin purity & named-lot identity	T1: Origin-Based Branding & Authenticity	All seven firms
Storytelling marketing; farmer narratives; heritage; "Arabica birthplace" narrative	Narrative branding	Cultural-heritage storytelling	T1: Origin-Based Branding & Authenticity	Company A, B, F, and G,

QR codes; blockchain traceability; sample ordering system; digital presence	Technology-enabled authentication	Digital traceability & transparency	T1: Origin-Based Branding & Authenticity	Company C, F, and G
Trade show cupping; jute bag labelling; B2B digital; referral networks	Multi-channel brand communication	Experiential & referral brand building	T1: Origin-Based Branding & Authenticity	Company B, E, and A
Washed/natural/honey/anaerobic; carbonic; infused coffees; specialty grade upgrading	Processing innovation	Specialty processing as value lever	T2: Value Addition & Competitive Upgrading	All seven firms
In-country roasting; packaged retail export; white-label; Gora brand	Downstream vertical upgrading	Roast-at-origin model	T2: Value Addition & Competitive Upgrading	Company G
Tariff escalation; forex constraints; roasted-coffee perishability; capital access	Upgrading constraints	Barriers to downstream value capture	T2: Value Addition & Competitive Upgrading	Company B, F, and D
Grade upgrading G4→G1; optical sorting; lot documentation; certification	Quality-grade differentiation	Processing-grade premium capture	T2: Value Addition & Competitive Upgrading	Company B, F, and E
Third-wave specialty demand; lot-name recognition; farm-visit engagement	Cosmopolitan consumer behavior	Experiential & knowledge-intensive consumption	T3: Consumer Cosmopolitanism & Market Transformation	Company B, F, and G
Ethical sourcing; living-income demand; gender equity criterion; Fair Chain model	Ethical-accountability orientation	Ethical sourcing & accountability expectations	T3: Consumer Cosmopolitanism & Market Transformation	Company G, F, and B
Market segmentation; Asia vs. EU/US; commercial vs. specialty bifurcation	Consumer heterogeneity management	Geographic market differentiation	T3: Consumer Cosmopolitanism & Market Transformation	Company B, C, and D
ECTA delays; ECX geographic gaps; minimum export price; system downtimes	Regulatory friction	Institutional regulatory inefficiency	T4: Structural & Institutional Barriers	All seven firms
Forex retention; collateral requirements; domestic interest rates; EUDR compliance cost	Financial structural constraints	Financial access & currency policy barriers	T4: Structural & Institutional Barriers	Company F, B, D, and E
Landlocked logistics; Port of Djibouti dependency; road infrastructure; political instability	Infrastructure & geopolitical risk	Logistical-infrastructure vulnerability	T4: Structural & Institutional Barriers	Company B, C, and F
Own farms; 65+ washing stations; warehouses; out-grower networks; seedlings distribution	Vertical chain integration	Farm-to-container supply chain ownership	T5: Supply Chain Governance & Vertical Integration	Company C and F

Cooperative investment; preferred supplier agreements; wet-mill operator training	Relational supply governance	Cooperative & farmer relationship investment	T5: Supply Chain Governance & Vertical Integration	Company E, F, and D
Digital farmer communication; quarterly consumer feedback; overseas offices; cupping abroad	Market intelligence systems	Consumer & supply-side feedback mechanisms	T5: Supply Chain Governance & Vertical Integration	Company C and B

Table 4.3: Theme Hierarchy and Definitional Framework

#	Overarching Theme	Sub-Themes	Theme Definition	Empirical Grounding
T1	Origin-Based Branding & Authenticity Management	Origin purity; heritage story telling; digitized traceability; experience-based branding communications.	The exploitation of the authenticity of Ethiopian coffee geographically, genetically, and culturally as the main differentiating factor in international specialty coffee markets by means of naming, storytelling, traceability, and norms against mixing.	All 7 firms; 47+ coded segments; dominant across all interview sections
T2	Value Addition Trajectories & Competitive Upgrading	Process innovation; roast at origin; grading improvement; inability to capture value further down-stream.	The various methods that Ethiopian coffee exporters have employed for their economic advancement from green bean processing to full-fledged roasting in the country and the limitations on the extent to which companies can climb up the value chain.	All 7 firms; evident in value-addition and barriers sections of all transcripts
T3	Consumer Cosmopolitanism & Demand-Side Market Transformation	Experience-based consumption; ethical responsibility; geographical market distinction; demand-oriented innovation.	The change in global consumer behavior in the coffee sector towards being knowledgeable about the product and ethically responsible, and the need for adaptation by Ethiopian exporters to fit into the new environment.	Company B, F, G, and C; consumer cosmopolitanism sections + branding sections
T4	Structural & Institutional Barriers to Export Competitiveness	Inefficient regulation; restricted financial access; vulnerability in infrastructure; evolving compliance issues (EUDR).	The cluster of externally driven, structurally situated constraints in the form of regulations, finances, infrastructure, and geopolitics that jointly serve to hinder the achievement of full competitive potential by the	All 7 firms; constraints sections of all transcripts; unanimous convergence

			Ethiopian coffee exporters in international markets.	
T5	Supply Chain Governance & Vertical Integration as Competitive Strategy	Container ownership; supply chain management; market information systems; farmer development investments.	The re-strategizing of supply chain relations from arm's-length transactions to embeddedness in vertical relations as a mechanism for quality assurance and competitive advantage.	Company C, F and E; supply chain and performance sections

4.4. Thematic Findings

Theme 1: Branding Strategy based on Place and Authenticity

The first and foremost theme that comes out of the analysis is the use of geographical place, culture, and authenticity in crafting a unique brand. In all seven of the interviewed firms regardless of their size and complexity, place was used as the main differentiation strategy. However, while the general principle remained consistent for all the interviewees, the way origin was used in crafting branding strategy varied tremendously, ranging from the overall Ethiopian cultural heritage to the precise labeling of micro-lots.

Subtheme 1.1: Origin Purity and Origin Mixing Threat

One of the emotional themes related to branding strategy in the coffee industry is the issue of origin purity and its threat posed by origin mixing. The participants of five of seven interviews considered origin mixing (blending coffee from different places and then selling it as a single origin high-quality brand) as the most dangerous thing for Ethiopia's brand image.

"That which is referred to as Bensa originates from Bensa. We do not blend. Blending the origins takes away the essence of that coffee, and hurts not only our own reputation as exporters, but the reputation of the entire origin." – Company F.

"I wouldn't call it Yirgacheffe if it is a blend because that is our reputation. The Yirgacheffe that we export as is indeed Yirgacheffe. Countries like Colombia have made massive investments in their origin brands. Ethiopia requires enforcement structures to match the potential opportunity." – Company E.

This perspective was taken by the representative of the firm A to the next level by applying it to the economy as a whole:

“Some exporters blend different coffee origins for better pricing. That affects the reputation of Ethiopia. It affects the origin. The origin should stay true, and we have origins such as Guji, Yirgacheffe, Sidama, which are top class origins in the whole world.” - Company A.

Sub-Theme 1.2: Storytelling about the Heritage of Culture as Brand Communication Strategy

In addition to origin authenticity, another tool mentioned frequently by the participants in connection with effective brand communication involved storytelling. Instead of relying solely on their technical attributes, the more strategically advanced companies positioned their coffee offerings through stories about the rich coffee culture of Ethiopia, farmer identity, and agricultural tradition in the country. As for its strategic significance, such storytelling was particularly consistent with the shift of specialty coffee consumers in international markets towards what Company B defined as the "experience element".

"Our approach to branding is based on the unique position of Ethiopian coffee as the origin of Arabica. That is our heritage and we exploit this to its fullest extent. But there is a whole range of different regional blends: Yirgacheffe, Sidama, Guji, Limmu. They are micro-brands of their own." - Company B.

"Our international clients not only appreciate the quality but also the heritage. The flavor is one thing, but people love to learn about the history and culture associated with Ethiopian coffee. In some cases, they even ask us about the farmers. You know what that means?" - Company A.

The most developed institutional embodiment of such a storytelling technique arose within the framework of Company F, with their Cup of Excellence prizes and naming of lots (Hamasho, Bombe, Shantawene) creating an international brand out of local farm names:

"Our brand began with winning the Cup of Excellence. We came in 7th place in 2020 with our Shantawene lot, 8th in 2021 with Hamasho, and 2nd in 2022 with Hamasho again. The brand is all about those awards, which made Company F famous among specialty roasters worldwide." - Company F.

Sub-Theme 1.3: Digital Traceability and Technology-Powered Transparency

The third sub-theme that emerged within the branding space was the use of digital technology as a mechanism for verification and engagement. Systems of traceability through lot numbers, cupping information, all the way to more sophisticated applications such as QR codes and blockchain-based provenance were highlighted by several companies as being instrumental tools for contemporary coffee branding.

"One of our main branding tools are our Gute bags, they come with QR codes that buyers can use to trace our coffees right back to their origin point." - Company C.

"Also, we have been working on blockchain-based traceability to let buyers trace the entire process on their own." - Company G.

Theme 2: Value Addition Pathways and Upgrading Dynamics

The second theme encompasses the variety of value addition efforts engaged in by Ethiopian coffee exporters as well as the limits posed by structures, financing, and regulations within which upgrading is possible. From the analysis of data, it was evident that there exist various value addition pathways ranging from insignificant pre-export value addition to in-country roasting and branding of coffee exports practiced by Company G. Significantly, all participants involved in the study have indicated aspirations to upgrade themselves economically, indicating that the obstacles inhibiting their upward progression are external and structural in nature.

Sub-Theme 2.1: Specialty Coffee Processing as Key Source of Competitive Advantage

For the bulk of the companies participating in the study which were still exporting using the green bean model, specialty processing was the most immediate avenue for economic upgrading, including washing, natural sun-drying, honey processing, and anaerobic fermentations. Indeed, several participants indicated major investments in advanced fermentation processes with anaerobic and carbonic maceration coffees receiving significant premiums in specialty markets in Asia and Europe.

"We produce both washed and natural sun-dried coffee. But besides that, we have several innovative specialty coffees like carbonic, anaerobic, alcoholic fermentation, orange, and cardamom coffees. We don't do these just as a novelty but because this is the direction that global specialty coffee market is taking." - Company C.

"Anaerobic is the new one and it has the best premiums. We got ahead with anaerobic for our specialty lots from Ethiopia." - Company F.

Sub-Theme 2.2: The Roast-at-Origin Model as Transformative Upgrading Strategy

The most radical and theoretically important value adding strategy evident in the data set was the roast at origin model pioneered by Company G. The innovation was aimed at restructuring the value chains structuration where green bean export leaves the origin country producers in the lowest value adding part of the chain with roasting, packaging and branding being undertaken by firms from the importing country and its associated economic benefits.

"We are not only a coffee exporter. We are a roasting company. Made in Ethiopia, roasting in Ethiopia and exporting worldwide – this is what makes our business model unique. This is called the FairChain model, which we designed in such a way that 50% of the chain remains in Ethiopia among the farmers producing our coffee." - Company G.

"A kilogram of raw beans exported out of Ethiopia generates lower income compared to a kilogram of roasted and packaged coffee. We have three production lines in our factory located in Legetafo. Each line is responsible for different tasks, one for our company and brand names and other two for white label export orders." - Company G.

Sub-theme 2.3: Structural Challenges to Capturing Value Downstream

Despite common progressive ambitions to engage in value addition, the participants pointed out certain structural barriers, which limited the opportunities to advance further up the value chain. This combination of obstacles worked on various levels: financial, logistical, regulatory and competitive, and its cumulative impact kept Ethiopian producers confined within the green bean category due to obvious benefits available for processed products.

"Barriers to exporting ready to drink products are huge. Firstly, logistics and freshness, roasted coffee is a perishable product. The time it takes to move from Ethiopia to the West reduces its shelf life. Secondly, import taxes: most of the countries consuming coffee apply higher duties to roasted or processed coffee than raw green beans in order to support their local roasting business." - Company B.

"At the moment, the biggest challenge is the EU deforestation regulation, because EU purchases make up around 32% of the volumes exported from Ethiopia. Starting from 2025, all operators who ship coffee to EU countries should provide GPS coordinates for each farm involved in production. We have 2,500 out-grower farmers; this will cost us, not EU importers." - Company F.

Theme 3: Consumer Cosmopolitanism and Transformation of the Markets from the Demand-Side

The third theme encompasses the dynamics from the consumer demand-side that have transformed the context for the operations of Ethiopian coffee exporters. Throughout the interview data, a common trend towards changing patterns of coffee consumption abroad, moving away from commodity-based to more knowledge-based and experience-motivated consumption, is identified. Such a trend corresponds to what has been termed "consumer cosmopolitanism" (Cleveland & Laroche, 2007; Riefler & Diamantopoulos, 2009) and occurs in different geographies of markets (Japan, South Korea, the Netherlands, Germany, Scandinavia) although with differences in the manifestation of cosmopolitan tendencies among them.

Sub-theme 3.1: Experience-based and Knowledge-rich Consumption

The appearance of the "third wave café culture consumer", as described by Company B, was cited by many participants as a key factor that had completely shifted the dynamics of competition within the specialty coffee industry. Consumers at this level were recognized for having extensive geographical, process, and cup knowledge, making it necessary for exporters to incorporate a shift within the information presented in their marketing messages.

"The specialty coffee industry regards Ethiopia as its Holy Grail of Origins. In addition to being regarded for its rich culture and traditional coffee ceremony, it is known for producing some of the best cups." - Company B.

"There is no doubt that there has been a big change over the past decade. When we began our exports in 2006, there was an overwhelming demand from international buyers for blended Ethiopian coffee. However, we now have roasters who base their products around single-origin Ethiopian coffee. For instance, the Hamasho origin has proven to be a big success. We have roasters who tell us that their sales

for Hamasho coffee beat everything else they offer by far, to the point where the customers actually request Hamasho by name.” - Company F.

Sub-Theme 3.2: Ethical Sourcing and Accountability-Oriented Demand

In addition to sensory and experiential dimensions, another dimension of demand identified by the study participants included ethically oriented demands by cosmopolitan consumers of coffee. The ethics-based dimension goes beyond traditional fair-trade models and includes such concerns as farmer income adequacy, gender equity in the supply chain, and environmental sustainability. It represents an attempt to create a structurally more ambitious paradigm of accountability, best exemplified by Company G’s Ethiopia’s FairChain concept.

“Buyers are not only interested in where the product comes from but also in the accountability. They are concerned with whether the producer of the commodity earns a living income. They need numbers. We were the pioneers in terms of introducing the living income baseline in Ethiopia. Buyers use it. Many of our corporate customers refer to it in their sustainability reports.” - Company G.

“I’d like to make one remark on women farmers. Specialty buyers discuss a lot about the traceability and stories about farmers. These should cover women too. Gender equity is becoming a criterion of sourcing for some of our European clients.” - Company F.

Sub-Thesis 3.3: Delineation of Geographic Markets and Variations in Consumer Preferences

Whereas the overall trend of globalized consumption remained unchanged through all interviews, a requirement to differentiate market strategies in order to take into account consumers' preferences heterogeneity in geographic markets emerged. In particular, a distinction was found between consumer preferences on the Asian market and the Western specialty market where the former preferred lower costs and larger volumes of lighter natural varieties.

“We draw the lines clearly. First of all, there are our bulk traders, who care only about pricing and reliability. Second, our specialty traders, who focus on only the best grades above 85 scores, unique profiles, and micro lots. Moreover, there is a clear geographic differentiation. Middle Eastern customers usually want only

robust body natural varieties, as well as a good business relationship.” - Company B.

Theme 4: Structural and Institutional Obstacles to Export Competitiveness

The final theme is perhaps one of the most important insights generated by the analysis; this relates to the fact that all seven of the participating companies converged on identifying a set of structural and institutional obstacles that hinder their export competitiveness in light of the tremendous raw material advantages offered by Ethiopia. The structural and institutional obstacles could be categorized into three broad areas, namely the inefficiency of regulation and bureaucracy, difficulties with accessing finance and currency problems, as well as vulnerabilities related to logistics and infrastructure. The fourth obstacle was added later on and referred to compliance problems due to the EUDR.

Sub-Thesis 4.1: Regulatory and Institutional Inefficiency

Efficiency problems relating to regulation and lack of capacity of institutions was another key issue facing operations in all three companies. This includes downtimes in systems, inefficiency in permits, high procedural time, lack of coverage in some regions and minimum export prices. All the above listed institutional problems were said to be inherently contrary to needs of international markets for specialty coffees.

"Problems are usually related to the Ethiopian Coffee and Tea Authority, and it includes system downtimes, high procedure time, permit problems among others which makes it difficult to supply our products to the international market." - Company A.

"The problems are mostly institutional. Institutions like the Ethiopian Coffee and Tea Authority are important in ensuring oversight. However, exporting involves much paperwork and minimum export prices; it makes us less competitive compared to other exporting firms in reacting to changes in the market place." - Company B.

"There are no ECX offices in certain regions like Bale, making it difficult in terms of logistics. The price regulations, combined with farm gate price variability, make it hard to assess costs of procurement." - Company C.

Sub-Theme 4.2: Access to Finance and Foreign Exchange Issues

Another vital issue relating to institutional barriers was financial issues. Three types of financial problems were observed. Firstly, accessing finance especially during the harvesting season. Secondly, collateral requirements of the domestic banking systems, which prevented small-scale exporters from accessing finances due to lack of sufficient collateral. Thirdly, the foreign exchange requirements of the National Bank of Ethiopia, which meant every transaction reduced the profit margins of the exporting firm.

"Financing is the next obstacle. Financing roasting or packaging equipment takes money. It's difficult to secure financing within our own interest rates. Also, there is a question of the foreign exchange problem. We earn foreign currency; however, the exchange rate does not favor us in some instances, and the foreign exchange regulations reduce our profit margins." - Company E

"The banking regulations pose an actual obstacle to business. More specifically, the financing rules require businesses to have collateral, which means they cannot easily access financing. This poses an actual bottleneck to business." - Company D.

Sub-theme 4.3: EUDR as an Emerging Structural Compliance Burden

The prospective nature of the structural barriers theme was illustrated through the European Union's Deforestation Regulation (EUDR), which became effective in 2023 and was flagged as an emerging and transformative compliance challenge by Company F. The provision requiring the submission of GPS coordinates of each farm in the supply chain was highlighted as imposing an exceptionally challenging external compliance burden for exporters dealing with many smallholder farmers.

"As of 2025, every operator importing coffee into the EU must provide the GPS coordinates of every farm in the supply chain and provide evidence of the absence of any deforestation occurring after December 31, 2020. This presents a very significant challenge since we have 2,500 out-grower farmers. Gathering all of these coordinates, verifying them, and compiling due diligence reports for each

shipment represents a daunting task. The cost of compliance will fall on producers and exporters, not importers in the EU." - Company F.

Theme 5: Supply Chain Governance and Vertical Integration as a Competitive Advantage Strategy

Theme five relates to the strategic realignment of supply chains witnessed among more advanced operationally participant firms. Unlike the use of market transactions for buying their coffees, these firms had various forms of embedded supply chain governance, such as vertical integration, where they have their own farms and factories, out-growers development, cooperatives investments, and capacity building within the farmers.

Sub-Theme 5.1: Vertical Integration as Quality Assurance and Enabler of Branding

Company C and Company F provided some of the most sophisticated examples of vertical integration business strategy among the companies analyzed. Both enterprises had invested significant amounts of money into developing their vertical integration strategies through farm development, washing stations, and processing, explicitly positioning their investments in vertical integration as the basis for the consistency and quality of the products they produced.

"Vertical integration allows us to control quality from the farm level to the export container level. If we have 56,000 farmers who are growing our beans, where we are providing seedlings, providing education, communicating digitally with them – we are not simply buying coffee; we are building a supply chain that we can guarantee will be consistent in terms of quality. This is something that global consumers such as Starbucks are interested in." - Company C.

"We are vertically integrated from cherry to container. In total, we own four farms, 75 washing stations, and 11 dry mills spread over the districts of Bensa, Aroressa and Chire of Sidama. Furthermore, we have 2,500 out-growers who directly supply us with their beans." - Company F.

Sub-Theme 5.2: Relational Supply Governance and Cooperative Investment

In addition to asset-intensity in the vertical integration model, some of the firms had established an alternative form of embedded supply chain governance through the development of

cooperative investments and preferential sourcing relationships. The cooperative investment model adopted by Company E, where the firm invested in the training of wet mill operators in order to secure three-year preferred suppliers' relationship, was typical of relational governance approach.

“We invested in training for wet mill operators in two co-operatives in Guji. We paid the training costs but in return got a three-year preferential supply agreement. These co-ops supply us with the very best lots at predetermined price points. We benefit from improved quality and supply security while they benefit from our technical assistance and guaranteed buyer relationship. This arrangement works more effectively than trying to secure lots through competitive bidding in the market environment.” - Company E

“Through this model, we have 2,500 affiliated out-grower coffee farmers who receive free distribution of over five million coffee seedlings, continuous technical assistance in irrigation practices and productivity improvement, and effective communication with our farmers in all regions using online communication platform.” - Company C.

Table 4.4: Data Structure Matrix - Participant Codes, Sub-Themes, and Overarching Themes

Sub-Theme	Company A	Company B	Company C	Company F	Company G	Others*
Origin purity & anti-mixing	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Heritage storytelling	✓✓	✓✓	✓	✓✓	✓✓	✓
Digital traceability	✓	✓✓	✓✓	✓✓	✓✓	✓
Processing innovation	✓	✓✓	✓✓	✓✓	✓	✓
Roast-at-origin	—	—	—	—	✓✓	—
Value chain barriers	✓	✓✓	✓	✓✓	✓	✓✓

Cosmopolitan consumer demand	✓	✓✓	✓✓	✓✓	✓✓	✓
Ethical sourcing demand	✓	✓	✓	✓✓	✓✓	✓
Regulatory barriers (ECTA/ECX)	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Forex & financial constraints	✓	✓✓	✓	✓✓	✓	✓✓
EUDR compliance burden	—	—	—	✓✓	—	—
Vertical integration	✓	✓	✓✓	✓✓	✓	✓
Cooperative governance	—	—	✓✓	✓✓	—	✓✓

Note: ✓✓ = highly prominent theme; ✓ = present; - = not salient. *Others = Company D + Company E.

4.5. Discussion of Findings

Origin-Based Branding, Geographical Indications, and the Political Economy of Coffee Authenticity

The strong emphasis placed on the importance of origins' integrity and purity, along with the prohibition of mixing, expressed by participating companies is highly consistent with the large and ever-increasing amount of academic literature regarding the strategic importance of geographic indicators (GI) and appellations of origin in global agri-food value chains. Indeed, according to Teuber (2010) and Belletti, Marescotti, and Touzard (2017), GI systems help origin country producers realize significant rents by limiting their supply to authentic production areas, while also enabling them to create legal protection for their premium products. In Ethiopia, the high premium maintained by Ethiopian coffee brands such as Yirgacheffe, Sidama, and Limu in specialty coffee markets internationally is partially a consequence of their distinctive geographic identity, as noted by Minten et al. (2018).

The collective action dimension, whereby exporters' decisions regarding mixing or mislabeling of origin are externalities which undermine the collective brand value of all Ethiopian exporters, fits within Akerlof's (1970) theory of market failure due to asymmetric information and, more specifically, Barham's (2003) discussion of how "collective reputation goods" are inherently susceptible to free riding. The comparative institutional perspective provided by several participants - that of Colombia's National Federation of Coffee Growers (FNC) and their origin brand, Juan Valdez - is consistent with Ponte's (2002) observation that state investment in national brand infrastructure allows exporting countries to obtain greater value captures from the total value distributed throughout the global coffee chains. Likewise, the "quality turn" in the specialty coffee market that facilitates producer country value capture, as discussed by Daviron & Ponte (2005), requires, at minimum, an adequate system of certification and origin protection, as per participant observations, Ethiopia does not have.

The traceability technologies employed by the participant companies – including QR codes, blockchain certification and lot tracing systems – exemplify the overall changes brought about by the so-called "fourth industrial revolution," which has been discussed in agriculture-related supply chains by Tripoli and Schmidhuber (2018) from Food and Agriculture Organization. It has been found by Astill et al. (2019) that blockchain-supported traceability systems in agri-food chains help to create significant trust premiums for cosmopolitan consumers, but it is important to keep in mind that the costs associated with the technology might be prohibitive for developing nations reliant on small-scale farmers.

Economic Upgrading, Value Chain Governance, and the Green Bean Lock-In Problem

The consistent restriction of the vast majority of the Ethiopian coffee traders to the green bean trading category, despite their clear ambitions of downstream upgrading, is arguably one of the most important findings from a theoretical perspective in the present paper, and therefore can be examined using the theory of Global Value Chains (GVC), as outlined by Gereffi et al. (2005), and further explained by Ponte et al. (2019). According to the GVC theory, economic upgrading involves "the relocation of firms, industries or economies within the global value chain towards greater value creation," and this includes "process upgrading (improved efficiency of production)," "product upgrading (a change in products)," "functional upgrading (acquisition of

new and higher-order functions such as design or branding)," and "chain upgrading (migration between chains)."

From the evidence gathered, it can be seen that the exportation of Ethiopia's coffee involves the limitation of the country's exporters to upgrading along the lines of processing and product upgrades (processing techniques, grade improvements), and functional upgrade involving roasting of the coffee within the country, branding and packaging the coffee, and marketing is out of reach for all but Company G. Gibbon & Ponte (2005) describe this phenomenon as typical of buyer driven value chains where the lead firms (the roasters and specialty retailers) have structural constraints limiting the possibility of upgrading among exporting firms from the supplier country. In the tariff escalation structure described by Company B, where consumer nations impose tariffs on processed coffee that exceed those imposed on unprocessed coffee, there are precedents of such measures being institutional barriers preventing value chain development in developing countries (Kaplinsky & Morris, 2001; Greenhill et al., 2009).

The Ethiopia FairChain concept of Company G presents an exceptional theoretical instance of chain upgrading that GVC literature describes as the process of change from the company's role of providing raw commodities to becoming a producer and seller of branded goods. According to Bamber et al. (2014), such a drastic form of chain upgrading is uncommon and fragile within buyer-dominated GVCs and requires a perfect combination of institutional conditions, demand changes among consumers, and entrepreneurial ability within firms, conditions that may be hard to achieve in low-income countries. Challenges faced by Company G, such as educating the consumer, navigating regulations, and accessing finance, are similar to those described by Staritz (2012).

The effects of the EUDR in becoming an emerging upgrading constraint deserve special attention. Reinecke and Donaghey (2021) have investigated the effect of the spread of private/public standards in global value chains, producing a differential cost of compliance that results in systematic disadvantages for smallholder-dependent exporters. The EUDR's requirement for GPS mapping of farms is another example of the process described by Mithöfer et al. (2017), whereby costs associated with compliance for Northern-mandated sustainability standards are always borne by producers from the origin country rather than being shared across the supply chain. Finally, Jansen and Laven (2021) show that EUDR-like regulatory architectures carry the risk of

setting exclusionary thresholds for compliance that might, perversely, end up displacing ethically minded smallholder-dependent firms in favor of vertically integrated competitors who are better able to absorb compliance costs.

Consumer Cosmopolitanism, Third-Wave Coffee Culture, and Specialty Market Transformation

As illustrated by the participant firms, some of the demand-side factors include increased consumer interest in knowledge about origins, traceability confirmation, moral responsibility, and experiential consumption among the global market for coffee; these can be explained theoretically using consumer cosmopolitanism as proposed by Cleveland and Laroche (2007) and applied to an agri-food perspective by Penney and Prior (2014). The traits of cosmopolitan consumers include an openness to foreign goods, an involvement in the narrative and geography of consumption, and the incorporation of ethical concerns when making purchases; these are consistent with the description of the consumer by the participant firms.

The development of third-wave specialty coffee as a structuring market power was explained by Manzo (2015), Tucker (2017), and Topik (2009), which linked the intellectual roots of the specialty coffee wave to a number of interrelated socio-cultural economic changes, including mass higher education and travel, the commoditization of authenticity in urban consumer cultures, and advancements in information technology allowing detailed provenance confirmation. According to Daviron and Ponte (2005), this trend is structurally conducive to value capture opportunities in origin countries through making "in-person quality" (the quality attributes inherent to the product's geographic origin) more economically valuable than "service quality" (quality attributes created during roasting and retailing processes in consuming countries). As shown in the participant responses, this hypothesis is valid: Companies able to convey and authenticate in-person qualities of their products - F in terms of Cup of Excellence awards, B through trade fair cupping experience, and G through living income benchmark - were able to extract price premiums.

The dimension of ethically sourced products from this study's cosmopolitan consumer demand adds a more structurally ambitious level to the existing body of fair-trade literature (Raynolds, 2009; Doherty et al., 2013). Consumers who are in the high end of the specialty markets, according to participant accounts, are moving past the certification-driven fair-trade approaches

to what Glasbergen (2018) refers to as "relational transparency." This involves a demand not only for third-party certification but also data-driven confirmation of supply chain equity. The first-ever living income benchmark study conducted by Company G Ethiopia, which is reported as one of the most actively cited documents by European company buyers, represents the new post-certification approach to sourcing. Likewise, the Company F finding about gender equality becoming a sourcing criterion for some of their European buyers can be seen as the continuation of the trends discussed in relation to gender-responsive sourcing by Lyon (2014) and Riisgaard (2009).

Institutional Barriers, Export Governance, and the Role of State Capacity

The prevalence of institutional challenges such as regulatory ineffectiveness, financial obstacles, and forex-related difficulties as the key obstacles facing export competitiveness is best examined using various theories such as institutional economics (North, 1990), export governance theory (Humphrey & Schmitz, 2002), and the political economy of agriculture in sub-Saharan Africa (Bates, 2005; Jayne et al., 2014).

In particular, it is instructive to draw upon North's (1990) definition of institutions as either formal (consisting of "rules of the game" such as laws and regulations, and bureaucratic processes) or informal (consisting of norms, conventions, and social capital). In this light, it appears that the formal institutional framework within which Ethiopian coffee exports operate (as defined by ECTA permits, ECX's exchange governance, minimum export price regulation, and forex requirement policies) creates an "institutional friction" that raises transaction costs and limits market efficiency. Such friction has particularly negative implications for a commodity sector in which price formation occurs in the New York C market, timing is limited by the seasonality of coffee production, and credibility requires timely delivery.

The problems with "systemic constraints" related to marketing boards-type commodity governance systems in sub-Saharan Africa were described in Poulton et al. (2008), who showed that while price floors and export limits are designed to protect small farmers, they often produce logistical constraints leading to inefficiencies in the exports sector. The "market distortions" resulting from government price regulation in Ethiopia, as well as the inability of the ECTA system to respond to international market dynamics quickly enough, align with these findings.

Participants' suggestions regarding institutional changes and comparison of Ethiopia with Colombia's FNC institution, which has been cited several times in interviews as an example of efficient use of state-coordination to invest in origin branding, can be connected with a significant body of research in development economics regarding the positive effects of institution-building in commodities sectors. Indeed, Ocampo and Bertola (2012), Minten et al. (2014) noted that Colombia's FNC managed to create quality standards, education, and promotion of the brand, thus increasing the premium of Colombian coffee over a commodity benchmark. Participants' conclusions about Ethiopia being equal to or better than Colombia in terms of raw material but not in terms of institutions appear plausible.

The limitations in financing found in the current paper such as the inability of the country to offer interest rates conducive for export investments, collateral problems leaving out small companies and currency problems reducing their operational margins relate well with much research done on the issue of "missing finance" among the agricultural exporting sectors of Africa. Manova (2013) uses econometrics techniques to show that credit constraints are higher among sectors that require high processing investment and take longer working capital cycles and face payment lags; this is typical of the coffee exporting industry. Aterido et al. (2011) have also shown that access to finance is a major determinant of firm export performance differences in sub-Saharan Africa.

Supply Chain Governance, Vertical Integration, and Competitive Advantage in Developing-Economy Exports

These governance approaches, including asset-intensive vertical integration, out-grower networks, and cooperative investments, relate well to a wealth of academic theories and research in the area of competitiveness associated with supply chain organization in developing country agricultural export contexts. Resource-based theory (Barney, 1991; Peteraf, 1993) explains why the approaches used by Company C and Company F in terms of vertical integration can be considered rare and difficult-to-replicate capabilities, which serve as sustainable sources of competitive advantage through being able to provide assurance regarding quality, origin, and reliability.

In their analysis of the coffee value chain in particular, Fitter and Kaplinsky (2001) suggest that supply chain control at the origin level is a pre-condition, although not sufficient on its own, for achieving price premiums for specialty goods: the buyers who commit themselves to paying the

premium prices for specialty products need the mechanisms of supply chain governance that ensure that no quality variations arise. The sourcing approach used by Company C, where the agreements of 120 containers depend on quality and reliability of the supplier, is an example of this logic. This global buyer governs supplier quality through functional governance, despite not having any ownership relations.

These out-grower development methods described above, namely the distribution of seedlings, training of farmers, electronic communication tools, and communal investment, are consistent with the ideas of the "inclusive business model," discussed by Prahalad (2004) and Mair et al. (2012), who outline the economic rationale behind investing in supplier capabilities among smallholders in order to differentiate one's competitive edge in quality-sensitive markets. The "Coffee School at Farm" program and annual celebration of Farmers Day implemented by Company F illustrate precisely this rationale, as it involves investing in the capability and relational loyalty of the smallholder farmers to create a quality-controlled chain of supply, which becomes an important resource that cannot be acquired via spot market transactions. Similar investments in out-grower development were observed in East Africa, specifically the sectors of tea and horticultural exports, by Maertens and Swinnen (2009), who note that such investments lead to improved welfare of the smallholder households involved, in addition to providing commercial advantage to the investing company.

The gender equity aspect that emerges in the context of Company F, namely, its commitment to documenting women farmers within the out-growers' group as part of producer documentation, is crucial in terms of supply chain governance in relation to the social sustainability concept that has recently become relevant to specialty coffee buyers' procurement practices. It should be mentioned that Lyon (2014) and Riisgaard (2009) discuss the gendered nature of labor within coffee production in East Africa in terms of the disproportionate involvement of women in harvesting and processing activities without the possibility of economic recognition or premiums. The documentation of women farmers initiated by Company F due to European buyers' procurement requirements is noteworthy in theory.

Conceptual Model of Ethiopian Coffee Export Competitiveness

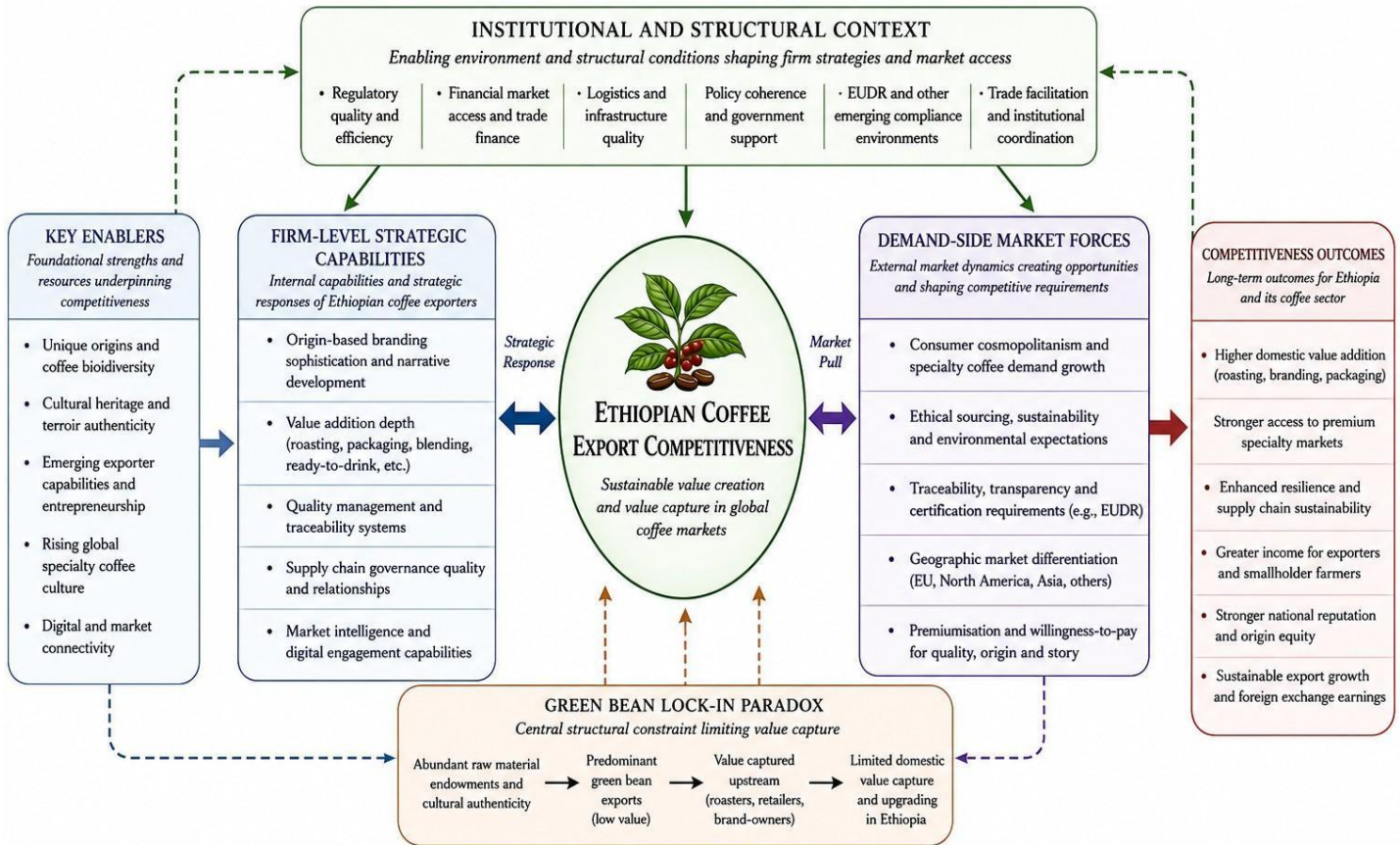
The convergence of analytical perspectives that can be attained through the analysis conducted on the five aforementioned themes makes it feasible to formulate a conceptual model that captures

the relationships among key factors influencing the competitiveness of Ethiopian coffee exports. Figure 4.1 depicts the conceptual model of the relationship between the factors mentioned both empirically and theoretically in terms of the literature reviewed.

Based on the proposed conceptual model, the factors that determine the competitiveness of Ethiopian coffee exports include three inter-related dimensions: (1) Firm-Level Strategic Capability: origin branding capability, level of value added production, and chain management capability; (2) Demand-Side Market Forces: cosmopolitan consumer demands, ethical sourcing, and geographic market segmentation; and (3) Structural Dimension: regulation quality, access to capital markets, logistics capability, and new compliance regimes. The interrelationships among the three factors do not only form a unidirectional relationship but are also part of a circular process, whereby cosmopolitan consumer demand provides the impetus for investment strategies on the side of firms, which in turn requires proper institutions to succeed; but structural constraints can prevent strategic action by firms despite evident market forces.

Importantly, what is identified by this model as the critical structure-based paradox of Ethiopian coffee exports is the green bean lock-in effect – that despite having the material conditions of natural resource base, genetic endowment, cultural authenticity, and organizational capabilities that would enable capturing higher value for Ethiopian coffees in the specialized market segments abroad, a number of institutional factors (inadequacy of regulations, lack of finance and EUDR compliance costs) push the value capture process upstream to importing nations' roasters and brand holders. Resolving such a paradox would entail a strategy based on both organizational and institutional levels of intervention.

Figure 4.1: Conceptual relationship model of Ethiopian coffee export competitiveness.



CHAPTER FIVE: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1. Introduction

The following section highlights the main findings that have been made in Chapter Four. This section is further divided into five parts, which include; a synopsis of results, conclusions of the research, recommendations for practitioners and policy makers, limitations of the study, and suggestions for future research. The research focused on exploring the process of building and utilizing competitive advantage among Ethiopian coffee exporters, given that there exists an underlying paradox, where Ethiopia possesses a unique coffee endowment but enjoys little benefit of the global coffee chain value.

5.2. Summary of Results

This study examines branding and value addition strategies among Ethiopian coffee export companies. The research relies on semi-structured interviews with seven firms, selected through purposive sampling. Thematic analysis produced five main themes based on 187 codes. Axial coding built the hierarchy of sub themes, themes, and categories. The sections below present each theme, consistent with the analysis in Chapter Four.

5.2.1. Theme 1: Origin-Based Branding and Authenticity Management

Geographical location stands as the strongest advantage Ethiopian coffee exporters hold over competitors. The distinct characteristics of coffee from Yirgacheffe, Sidama, and Harrar cannot be replicated by exporters from other countries. This advantage now faces a real threat.

Origin mixing represents the largest threat to the coffee industry in Ethiopia. In origin mixing, exporters blend coffee from different regions and market the blend as pure single origin coffee. Five of the seven firms interviewed identified origin mixing as the main threat to the reputation of Ethiopian coffee. Origin mixing persists because Ethiopia lacks an effective geographical indications regime, unlike the system Colombia has implemented.

Firms use different strategies to address this threat. Company F, Company B, and Company G built strong brands through storytelling, QR codes, blockchain supply chains, Cup of Excellence recognition, and live cupping at trade shows. Company D instead relies on brokers and product

quality to market its coffee. This difference shows that an origin story alone does not guarantee a price premium. Firms must invest in marketing the origin concept for it to translate into value.

5.2.2. Theme 2: Value Addition Trajectories and Competitive Upgrading

The second theme concerns the range of value addition approaches Ethiopian coffee exporters use and the structural constraints that limit economic upgrading. Value addition occurs at four stages: basic sun drying and sorting, specialty processing, quality grade differentiation from commercial grade to specialty grade, and roasted branded exports. Most firms operate within the first three stages.

Specialty processing holds the most development potential. Techniques such as anaerobic fermentation and carbonic maceration produce price differentials between 30 percent and 100 percent higher than traditional processing methods in Asia and Europe. This differential offers some protection against the price volatility tied to commodity pricing on the New York C market. Firms can access real economic gains without abandoning the green bean export model.

Downstream operations such as roasting and brand retail involve different dynamics. Almost no Ethiopian exporting firms have reached this stage, for structural reasons. Tariff escalation protects roasters based in consuming countries. Roasted coffee also degrades faster during transport, a challenge for a landlocked country such as Ethiopia. Exporters face limited foreign exchange access, high local interest rates, and the coming compliance costs of the EU Deforestation Regulation. These constraints keep Ethiopian export earnings at the lowest tier of the international coffee value chain.

5.2.3. Theme 3: Consumer Cosmopolitanism and Demand-Side Market Transformation

The third theme addresses the shift on the demand side of the international specialty coffee market. Drawing on consumer cosmopolitanism theory (Cleveland & Laroche, 2007; Riefler & Diamantopoulos, 2009), this study finds a shift away from commodification and toward consumption practices built on origin literacy, cultural authenticity, and ethical and sustainability standards in sourcing, among major purchasing groups in Japan, South Korea, the Netherlands, Germany, and Scandinavia.

First, rising demand for microlots and named lots reflects a shift toward product differentiation, similar to practices in the fine wine market, where buyers trace products back to the farm, washing

station, and process. Second, accountability demand has grown, as cosmopolitan buyers seek supply chain transparency beyond standard fair-trade certification. Company G's living income benchmarking study offers evidence of this new transparency requirement. Third, gender equity criteria for producers have gained weight among socially concerned European buyers.

The study also finds real differences in cosmopolitan sourcing across markets. Buyers in Asia and the Middle East still focus on bulk purchasing, natural process coffees, and relational transactions, with little concern for traceability. The Western specialty market shows the full range of cosmopolitan sourcing practices, including attention to cup scores, certification, and ethical sourcing. Exporters need a market-specific strategy based on the geographic location of their buyers.

5.2.4. Theme 4: Structural and Institutional Barriers to Export Competitiveness

The fourth theme identifies the most significant finding of this study. A defined set of barriers limits the competitiveness of Ethiopian exports, regardless of firm size or market position. This consistency across firms shows that these barriers affect the entire export system rather than individual firms.

The study identifies four categories of barriers. Regulatory barriers stem from ECTA and ECX, through delayed permit issuance, operational inefficiency, and weak geographic representation, all of which raise costs for firms and work against specialization. Financial barriers stem from unfavorable foreign exchange rates, collateral-based financing, and high interest rates. These financial barriers block functional upgrading and leave firms with little choice but to export low margin green beans.

A fourth barrier stems from the European Union Deforestation Regulation (EUDR). Unlike the other barriers, the EUDR originates outside Ethiopia. Its farm-level GPS mapping requirement carries real technical demands, illustrated by Company F, which sources from 2,500 out-growers. The compliance burden of the EUDR falls on origin country exporters rather than EU importers.

5.2.5. Theme 5: Supply Chain Governance and Vertical Integration as Competitive Strategy

The fifth theme captures differences in how firms govern their supply chains. Competitive firms invest directly in supply chain governance rather than rely on spot price transactions. The data show two distinct governance models.

The first model is vertical integration, best represented by Company C and Company F. Vertical integration spans farms, washing stations, dry mills, storage facilities, and export logistics. This model lets firms monitor production from farm to container, a level of oversight spot price governance cannot achieve. Vertical integration also secures quality control and traceability for premium buyers such as Starbucks. Company C's investment across 65 washing stations and 56,000 farmers, and Company F's investment across 75 washing stations and 2,500 farmers, creates a high cost of imitation for competitors.

The second model is relational cooperative governance. Company E illustrates this model by financing wet mill training for operators in exchange for long-term preferred supplier agreements. This arrangement gives the company a reliable supply source at negotiated rates. Firms with fewer resources can use this model to build supply chain governance without the capital demands of vertical integration. Both models rest on the same underlying logic: firms that invest in farmer development, through seedling distribution, training, and information and communication technology, build farmer loyalty and gain protection from the volatility of spot price competition.

5.3. Conclusions

The conclusions reached about the study are based on the synthesis of the five themes identified by means of thematic analysis, the relationships between these themes, and their implications from a theoretical perspective in relation to existing literature on global value chain governance, agricultural export competitiveness, consumer cosmopolitanism, and institutional economics in emerging markets.

Ethiopia Has a Unique but Neglected Competitive Advantage

The competitive advantage that Ethiopia enjoys due to its genetic diversity, terroir, and authentic culture in relation to coffee is able to produce premium preferences amongst cosmopolitan consumers for this product. However, the structural circumstances as identified throughout the paper including reliance on exports of green beans, increasing tariffs, funding, ineffective regulation, and European Union Directive on Requirements for Registration for EU Imports Compliance mean that the value added by these factors largely remains on the importing country side of the chain.

Strategic Capability Is Necessary but Insufficient Without Institutional Change

The analysis reveals significant differences among the firms' capabilities of engaging in strategic processes, ranging from the broker-centric, modestly-branded business model of company D to the vertically-integrated, traceable via digital platform and validated through Cup of Excellence certification of Company F, Company C and Company G. However, these differences do not lead to corresponding variations in returns to these firms because they all function within the same institutional context. Inability to engage in export trade due to ECTA, forex retention policy and EUDR requirements is equally applicable to firms with varying levels of strategic capability.

Structural Readiness Required by Consumer Cosmopolitanism

Consumer cosmopolitanism is not just a fad but rather an enduring structural characteristic of specialty markets worldwide. There are genuine business opportunities available to Ethiopian exporters in the form of consumer cosmopolitanism; however, to capitalize on these opportunities, Ethiopia will require structural readiness in addition to quality products. The need for digital traceability, documented living incomes among producers, gender equity among the producers of the goods being sold, and EUDR-compliant farming maps is now essential to continue accessing cosmopolitan markets. Those who cannot afford to create this necessary infrastructure will gradually be locked out of lucrative markets.

Roast at Origin Concept Proves Viable but Needs to Be Scaled Up

The concept developed by the company G in Ethiopia, involving roasting inside the country, branding of the product, marketing to international markets, and a revenue sharing structure based on a fifty-fifty formula, proves to be the most structural approach to tackling green bean lock-in. The success achieved by the company in the European market in business-to-business transactions is evidence that such upgrading can be carried out under certain circumstances. Nevertheless, the problems faced by the company such as costs of educating consumers, financial limitations, and difficulties in raising brand awareness in other countries indicate that functional upgrading in buyer-driven chains is indeed structurally fragile without institutional assistance (Staritz, 2012; Bamber et al., 2014).

Supply Chain Governance is a Prerequisite for Specialty Market Credibility

The ability to participate in the most lucrative parts of the international specialty market, which offers price premiums from 30 to 200% above those of commodity grades, does not simply depend

on product quality; it also requires the credibility of the governance systems by which the product was made. Buyers of specialty coffee products want origin integrity, process reliability, traceability back to the farm, and assured supply security. The business transactions examined in this study include those between Company G and European micro-roasters, Company C and Starbucks, and Company E and Japanese specialty roasters. These have resulted from investments in supply chain governance rather than merely product quality.

5.4. Recommendations

The recommendations are formulated based on the results and findings derived from this study and are directed at three different groups: export firms operating in Ethiopia, the Ethiopian Coffee and Tea Authority, as well as relevant government ministries and industry organizations, such as the Ethiopian Coffee Exporters Association. The recommendations are provided along with the description of their empirical background and, where relevant, precedents set by similar measures implemented in other international markets.

Recommendations for Export Firms

1. Build Origin Authenticity Infrastructure

Any Ethiopian coffee export firm irrespective of the size of the current operations must build an infrastructure supporting the three principles of origin authenticity: establishment of a reliable separation of origins throughout the supply chain, digital traceability of the product in question that includes at minimum documenting the product lots starting from at least the level of a washing station including information on how the product was processed and when it was produced, as well as, preferably, the implementation of QR codes or blockchains verifying the origin of the product, and finally participating in certified quality-oriented programs, such as Cup of Excellence and Specialty Coffee Association cupping.

Evidence from the most strategically advanced companies in this study, such as the Cup of Excellence campaign by Firm F and the QR-code embedded Gute bags by Firm C, shows that investments in authenticity infrastructure can yield economically measurable gains in price premiums, buyer loyalty, and reputation. Companies who continue to depend on commodity differentiation face an increasingly precarious situation with growing demands from cosmopolitan specialty consumers for traceability and authenticity.

2. Focus on Specialty Processing Capabilities as the Most Readily Realizable Value-Creation Opportunity

In the case of firms that lack immediate access to funds for functional upgrading in roasting, packaging, and branded retail capabilities, developing more advanced specialty processing capabilities, such as anaerobic fermentation and carbonic maceration, offers the most immediate, high-yield avenue for economic upgrading. As demonstrated by the case studies, this type of processing commands a price premium between 30% and 100% over regular processing methods in the specialty markets in Asia and Europe, builds brand loyalty, and protects the firm from the risks associated with commodity price volatility, all while being less costly than the necessary roasting upgrades. Companies should develop their own expertise in processing and create standards for ensuring quality consistency during each harvesting season.

3. Design a Segmented Approach for Market Strategies Targeting Geographic Diverse Buyers

The demonstration of substantial geographic diversity among cosmopolitan consumer demands with an inclination towards volume-driven and relationship-driven markets among Asian consumers, robust body natural coffee and dependability from Middle Eastern consumers, and documentation of traceable ethical coffee among Western consumers is indicative of a poor strategy in exporting. Businesses need to develop market intelligence mechanisms to ensure they have up-to-date knowledge of the needs and regulations of each market segment, and consequently design truly differentiated approaches through marketing messaging, documentation, and products tailored to each geographic segment. The overseas office model employed by Company C by ensuring its presence in China and UK is best practice.

4. Develop the Capacity for Supply Chain Governance as a Strategic Initiative

Companies seeking to establish themselves on the premium market platform need to gradually develop the capacity for implementing supply chain governance strategies – either via asset-based vertical integration or relation-based cooperative integration – that will support the provision of consistent quality and traceable origin as required by their premium customers. Even companies that lack the financial and resource capacity to implement an intensive asset-based approach such as implemented by Companies C and F may take some lessons from the relation-based approach

taken by Company E, including providing training for wet mill operators, entering into multiyear contracts of preferred supply, and offering assistance to the cooperatives supplying coffee beans.

5. EUDR Compliance Should Be Treated Strategically

Since EUDR is likely to apply to many businesses active in the European market, these businesses should consider compliance with EUDR as a strategic goal rather than merely another bureaucratic requirement they need to fulfill. Businesses that undertake proactive efforts to map their small-holder-based supply chain via GPS technology now can benefit from being perceived by European purchasers as preferred suppliers of EUDR-compliant Ethiopian coffee. At the same time, the rest of competing companies risk missing out on market opportunities due to their lack of preparation in terms of meeting the new regulation. In order to reduce their expenses associated with EUDR compliance requirements, businesses are encouraged to cooperate with international development finance institutions, fair trade organizations, and their European purchaser counterparts.

Recommendations to Government and Regulatory Authorities

1. Adopt and Implement a National Geographic Indications System for Ethiopian Coffee Designations

To protect the value of Ethiopia's most internationally renowned designations of origin, namely Yirgacheffe, Sidama, Guji, Harrar, Kaffa, and Limu, among others, the Ethiopian government should establish and implement a mandatory geographic indications (GI) system that includes clear delineation of production areas for each designation, a quality standard associated with each appellation, and processing requirements. The mandatory certification and verification regime must include severe penalties for misuse, including revocation of licenses to export coffee from Ethiopia under that specific appellation. The best example for such a system comes from the FNC in Colombia, whose mandatory national system certifies coffee meeting the minimum quality standard required for its national brand - the "100% Colombian Coffee" appellation. In addition, it requires that no non-compliant coffee be exported from the country using this national brand. From an economic perspective, the returns to investing in such a system can be very high since protection of premium brands creates brand capital that benefits all legitimate exporters.

2. Digitize and Optimize Export Permit Processing

It cannot be overstated that the identification of the problems associated with delayed processing of the permits at ECTA and inefficient documentation procedures at ECX as being among the main operational challenges faced by export-oriented companies requires an immediate reaction from the government. Specifically, it is necessary for the Ministry of Finance together with the ECTA organization to conduct a thorough review of the process in question and make the decision to shorten average permit processing periods to not more than 48 hours starting from the moment of permit application. Digitization and automation of the entire export single window system should become a priority of national export competitiveness strategy. The ECX, in particular, needs to enlarge its coverage by including in the zone all coffee-growing areas, such as the Bale Zona district, as well as invest in digitizing commodity transaction processing. The Vietnamese single window system is a good example to follow here.

3. Improvement in the Foreign Exchange Retention Scheme for Coffee Exporters

There should be a review process on the foreign exchange retention scheme in relation to the coffee exporting firms carried out by the National Bank of Ethiopia to raise the permissible rate of foreign currency that can be held by coffee exporting firms to facilitate the procurement of equipment for the processing and packaging of coffee products. Increased flexibility in forex would help the coffee exporting firms invest in the upgrading of value chain processes through the acquisition of optical sorters, anaerobic fermentation machines, specialty roasters, and food-grade packers. A flexible foreign exchange retention scheme where firms that carry out value adding processes like processing and certification are allocated higher retention schemes would help create incentives in line with national priorities.

4. Investment in the Creation of National Coffee Traceability Data as a Public Good

The GPS mapping of farms needed to comply with the EUDR standard, as well as the farm-level traceability required by cosmopolitan specialty coffee consumers, cannot efficiently be provided on an individual firm level. The Ethiopian government, in cooperation with development financing agencies such as the African Development Bank, GIZ, and the development wing of the European Commission, should create a database for smallholder coffee farms with geographical coordinates and land-use classification as well as farmer identification documents. The resulting system should be offered to exporters on a license-based data access fee basis. This will greatly alleviate the firm-level cost of collecting data while also creating a national competitive advantage

in EUDR-compliant traceability. Such systems exist in other countries such as Kenya and Colombia.

5. Incentivize Investments in Domestic Coffee Value Chain Development

The Ministry of Trade and Industry needs to craft an incentives program focused on encouraging investments in domestic value chain activities for coffee, such as roasting and packaging, which are being held back by financial, regulatory, and logistical challenges. Possible tools would include: tax holidays for firms engaged in value added coffee exports; subsidized entry into industrial estates fitted with necessary electricity, water, and other infrastructures needed for processing; investments subsidies or low-cost financing for the procurement of roasting and packaging machinery; and assistance in branding and marketing coffee products in foreign markets. The bottom line here is equally simple: a kilo of branded, packaged and roasted coffee fetches up to ten times more money than a kilo of green coffee. Also, the employment and skill acquisition associated with roasting and packaging industries are superior to those linked to commodity exports.

Recommendations for Industry Associations

1. Develop a Single National Coffee Brand Identity Architecture

In collaboration with ECTA, the Ethiopian Coffee Exporters Association (ECEA) should develop a single national brand architecture that would provide brand equity infrastructure that could be accessed by all certified Ethiopian coffee exporters. This national brand architecture should consist of: an overarching “Ethiopian Coffee” umbrella brand identity with standards and marketing principles; appellation categories such as Yirgacheffe, Sidama, Guji, Harrar, Kaffa; a common digital brand platform consisting of an international web site, social media program, and trade press outreach initiative; and a series of strategic brand identities at key international specialty coffee trade shows such as the Specialty Coffee Expo, World of Coffee, and Global Specialty Coffee Expo. The collective brand architecture would allow smaller exporters to access brand equity investments that would otherwise be cost prohibitive, while offering a legitimizing institutional setting for the larger exporter’s individual origin branding efforts.

2. Launch Sectoral Human Capital Development Program

The identification by all of the need for skilled human capital to address shortages in Q-graders, specialist processing, international marketing, and export documentation clearly represents a problem of human capital supply in this market sector where individual organizations cannot efficiently solve the human capital problem through in-house training only. It is recommended that the ECEA launch a sectoral human capital development program delivered in collaboration with the Ethiopian Institute of Textile and Fashion Technology or equivalent institutions. The areas covered in the training will include: Q-grader certification; training on specialist processing methods; international coffee marketing and trade documentation; and business communications in English.

5.5. Limitations of the Study

Some of the methodological drawbacks that could affect the interpretation of this research are as follows. While the selection of the sample size of seven companies is justified based on standard practices in qualitative analysis, these seven companies cannot statistically stand for the entire Ethiopian population of licensed coffee exporters. In this regard, the results are skewed toward large companies that are best suited to participate in academic research and explain their strategies using the framework of international business discourse. Small-scale coffee exporters are underrepresented in this case. Moreover, the study results are confined geographically, sectorally, and temporally. All of the structural constraints discussed here pertain only to the context of Ethiopia and may not be generalized to similar producer countries such as Rwanda, Kenya, or Uganda until proven through empirical research separately. Cosmopolitanism dynamics described here have their own distinctive features depending on the sector. Finally, the market conditions related to the EUDR are currently undergoing changes and are thus subject to interpretation.

Another potential source of bias in the interview data gathered from senior firm members is the bias associated with self-presentation, where participants tend to portray their actions and strategies positively and fail to acknowledge instances of commercial failure or flawed strategies on their part. The inclusion of triangulation in the form of financial data, export volumes, and information from purchasers might have further strengthened the conclusions reached, although that was not possible within the scope of this study. Secondly, the research approach adopted focused solely on the supply side of the value chain, meaning that demand-side processes are

inferred from the perspectives of exporters as opposed to direct observation of international purchasers and end users.

5.6. Suggestion for Further Research

First, the application of quantitative research using hedonic pricing models along with ECX export data could quantify the exact contribution that is made by origin branding, specialty processing, and supply chain governance investments to the price premium. Such an approach could add additional empirical support to the strategic suggestions that have been provided in this paper. Second, a panel study carried out over a period of five to ten years to observe the changes taking place at the firm level could be helpful in analyzing the transition that takes place from commodity position to specialty position. Additionally, changes in policies could be analyzed to see their impact at the firm level, which would not have been possible through the cross-sectional study being conducted. Third, dedicated buyer research through conjoint analysis and qualitative methods for international buyers could offer more insights about cosmopolitan consumers.

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APPENDIXES

Enhancing Global Market Competitiveness of Ethiopian Coffee Exporters: A Comparative
Study of Branding and Value-Addition Strategies

Prepared by: Dania Endris

MBA Candidate

School of Graduate Studies Addis Ababa University

Appendix A: Work Plan

Appendix B: Research Questionnaire

Appendix C: Interview Guide

INFORMED CONSENT FORM

Study Title: Enhancing Global Market Competitiveness of Ethiopian Coffee Exporters:
Exploring International Branding and Value Addition Strategies & Consumer
Cosmopolitanism

Researcher: Dania Endris

Institution: Addis Ababa University

Department: Business Administration

Supervisor: Ethiopia Legesse (PhD)

Contact Email: daniaendris0@gmail.com

Purpose of the Study

You are invited to participate in a research study examining the branding and value addition processes employed by Ethiopian coffee export companies. The aim of this study is to explore how these companies develop and implement branding strategies in the global marketplace. This research is conducted in partial fulfillment of the requirements for master of business administration at Addis Ababa University.

Nature of Participation

Your participation involves taking part in a semi-structured interview, which is expected to last approximately 45 to 60 minutes. With your permission, the interview will be audio-recorded to ensure accuracy in data collection and analysis. You may decline to answer any question at any time without consequence.

Voluntary Participation and Right to Withdraw

Participation in this study is entirely voluntary. You have the right to withdraw from the study at any time and without providing a reason, and without any negative consequence to yourself or your organization. If you choose to withdraw, any data collected from you prior to withdrawal will be deleted upon your request.

Confidentiality and Data Protection

All information you provide will be treated with strict confidentiality. Your name and the name of your organization will not appear in any published findings unless you explicitly grant permission for attribution. Data will be stored securely and accessed only by the researcher and supervisor. Audio recordings will be transcribed and subsequently deleted after verification. All data will be retained for a period of five years in accordance with Addis Ababa University's data protection policy, after which it will be permanently destroyed.

Risks and Benefits

There are no anticipated risks associated with participation in this study beyond those encountered in ordinary professional conversation. While there is no direct personal benefit, your contribution will provide valuable insights into Ethiopian coffee branding and may inform industry practice and future research.

Publication of Findings

The findings of this study may be published in academic journals, conference proceedings, or as part of a thesis or dissertation. At no point will information that could identify you or your organization be disclosed without your explicit written consent.

Contact Information

If you have any questions or concerns about this study, please contact:

- **Researcher:** Dania Endris, daniaendris0@gmail.com, +251 91 250 7056
- **Supervisor:** Ethiopia Legesse (PhD)

Declaration of Consent

By signing below, you confirm that:

- You have read and understood the information provided above
- You have had the opportunity to ask questions and received satisfactory answers
- You understand that your participation is voluntary and that you may withdraw at any time
- You agree to participate in this study under the conditions described above
- You consent / do not consent (*please circle*) to the interview being audio-recorded

Participant's Name: _____

Participant's Signature: _____

Date: _____

Researcher's Name: Dania Endris

Researcher's Signature: _____

Date: _____

Appendix A: Interview Guide

Good day. Firstly, thank you for agreeing to be interviewed as part of this research study on "Enhancing Global Market Competitiveness of Ethiopian coffee exporters." From the outset, our discussion aims to gain a better and in-depth understanding of your company, including your experiences, decision-making, branding, and value addition of coffee.

Nonetheless, I am greatly interested in the information you are likely to share, and thus, the interview will take between 45 minutes and 60 minutes. I would like to request your consent to audio-record the interview so that I can clearly note down my views as you share the information.

Please feel free to speak openly. There are no right or wrong answers. Shall we begin?

SECTION 1: COMPANY PROFILE & MARKET POSITIONING

Q1.1 Can you briefly describe your company's export model and position in international coffee markets?

- What types of coffee do you export? (e.g., commodity, specialty, single-origin, organic)
- Which markets do you primarily serve? (e.g., EU, US, Asia)
- What role do you play in the value chain? (Trader, processor, roaster, brand owner)
- How would you position your company relative to competitors?

Q1.2 How would you characterize your target customers in international markets?

- Are they mass-market buyers, specialty buyers, or niche consumers?
- How important are quality, origin, sustainability, or storytelling to them?
- Do you observe differences across countries?

SECTION 2: INTERNATIONAL BRANDING STRATEGIES

Q2.1 How does your company build and communicate its brand in international markets?

- Branding elements: origin (Ethiopia), region (e.g., Yirgacheffe, Sidama), heritage

- Use of storytelling (farmers, culture, traceability)
- Certifications (organic, fair trade, specialty grading)
- Digital presence (website, social media, B2B platforms)

Q2.2: To what extent do you adapt your branding strategy to different international markets?

- Do you standardize or localize branding?
- Differences in packaging, labeling, messaging?
- Cultural preferences of consumers?
- Role of importers/partners in branding decisions?

Q2.3 What differentiates Ethiopian coffee branding from competitors (e.g., Brazil, Colombia, Vietnam)?

- Unique selling propositions (USP)
- Challenges in communicating differentiation
- Perceived strengths vs weaknesses internationally

SECTION 3: VALUE ADDITION STRATEGIES

Q3.1 What types of value addition does your company engage in?

- Processing (washed, natural, specialty grading)
- Packaging and labeling
- Roasting and exporting finished products
- Branding vs selling bulk

Q3.2 What are the main barriers to moving up the value chain?

- Financial constraints
- Technology and equipment

- Skills and expertise
- Market access
- Policy/regulatory issues in Ethiopia

Q3.3 In your experience, how does value addition influence competitiveness in international markets?

- Price premiums
- Market access (e.g., specialty markets)
- Customer loyalty
- Risk diversification

SECTION 4: CONSUMER COSMOPOLITANISM

Q4.1 Based on your experience; how do international consumers perceive Ethiopian coffee?

- Do consumers value origin identity?
- Are they open to trying coffee from different countries?
- Do they associate Ethiopia with quality or heritage?

Q4.2 To what extent do you observe “cosmopolitan consumers” in your markets?

- Consumers who seek global, diverse products
- Interest in specialty, ethical, or origin-based coffee
- Willingness to pay premium for unique origins
- Role of café culture and specialty coffee movements

Q4.3 How does consumer cosmopolitanism influence your branding and marketing strategies?

- Do you highlight global identity vs local authenticity?
- Do you target niche/global consumers differently?

- Role of storytelling and cultural narratives

SECTION 5: PERFORMANCE & COMPETITIVENESS

Q5.1 How do you evaluate the success of your branding and value addition strategies?

- Export volumes and prices
- Market expansion
- Customer retention
- Brand recognition

Q5.2 Can you share:

- (a) one successful strategy and
- (b) one less successful experience?

- What worked and why?
- What failed and why?
- Lessons learned

SECTION 6: CONSTRAINTS & ECOSYSTEM CHALLENGES

Q6.1 What are the main internal challenges your firm faces?

- Skills (marketing, branding, international business)
- Financing constraints
- Managerial capabilities

Q6.2 What external factors limit your competitiveness?

- Logistics (ports, transport, delays)
- Export regulations
- Institutional support (e.g., Ethiopian Coffee and Tea Authority)

- Global market competition

SECTION 7: LEARNING & POLICY IMPLICATIONS

Q7.1 What lessons can Ethiopia learn from successful coffee-exporting countries?

- Branding strategies (e.g., Colombia model)
- Value chain upgrading
- Institutional support systems

Q7.2 What recommendations would you give to:

(a) New exporters

(b) Policymakers

- Top 3 strategic priorities
- What should be done differently?
- What support is most needed?

8. Is there anything else you would like to add—perhaps an insight, experience, or recommendation—that we have not covered in this interview?