

Strategic considerations for protecting the technology in “Batpresso”

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Background

- Mid sized, longstanding French family company
- Subsidiaries in CZ, AU (family)
- Distributors elsewhere
- Longstanding experience with IP
- Competition from low cost manufacturing countries
- Most manufacture in (Eastern) Europe



Commercial objectives

- Market to discerning buyers of “style” (retro products)
- Direct sales, or in luxury outlets
- Market in EU, AU, NZ and CN
- The “Thermomix” strategy is admired



The technology

- A uniquely “retro” coffee machine
- Its programmable aspects and electronic display
- Consumables (coffee pods) of a particular shape





“Its not just about IP anymore: you have to understand where an invention fits into a company’s wider business strategy”

Terry Adams, Assistant VP for IP, Nestle

The consumer market for coffee



Rank	Country	Coffee Consumption per Capita
1	Finland	12.0 kg
2	Norway	9.9 kg
4	Denmark	8.7 kg
5	Netherlands	8.4 kg
6	Sweden	8.2 kg
7	Switzerland	7.9 kg
8	Belgium	6.8 kg
9	Luxembourg	6.5 kg
11	Canada	6.1 kg
12	Austria	5.9 kg
14	Brazil	5.8 kg
15	Germany	5.5 kg
16	Greece	5.5 kg
17	France	5.4 kg
21	Serbia	4.5 kg
22	Spain	4.5 kg
23	Estonia	4.5 kg
24	Portugal	4.3 kg
25	United States	4.2 kg
27	Lithuania	4.1 kg
28	Slovakia	4.0 kg
29	Czech Republic	4.0 kg
33	Israel	3.8 kg
34	New Zealand	3.7 kg
36	Ireland	3.5 kg
37	Latvia	3.4 kg
39	Japan	3.3 kg
41	Hungary	3.1 kg
42	Australia	3.0 kg

← FR

← US

← NZ

← AU



Coffee consumption in Australia

In the five years to June 2011, the proportion of Australians that purchased instant coffee in an average four week period declined from 47% to 43%, whilst the proportion that purchased fresh coffee increased from 24% to 26%.

Over the same period, the proportion of the population who went to a café for coffee or tea (in an average 3 month period) increased from 51% to 54%, with the average number of visits increasing from seven to eight.

In general coffee consumers are more likely to be aged 35+ when compared to the Australian population aged 14+. However, buyers of fresh coffee and those who have visited a café for coffee or tea are more likely to be city dwellers, be employed as professionals or managers and from a high socio-economic background. Conversely, instant coffee buyers are more likely to live in country areas, be aged 65+ and belong to the low FG socio-economic quintile.

Source: Roy Morgan Single Source, July 2010 – June 2011, $n = 18,135$.



“Single Serve Coffee Makers are the hottest new trend in kitchenware”

- As people become more interested in home cooking, Single Serve coffee Makers and other mini-items are turning into best sellers. Sales of these small appliances have **grown by nearly five percent** over the last couple of years in the U.S. after first becoming popular in Europe. The U.S. market is still regarded as wide open because many U.S. consumers still don't know about single-serve products.
- **Small-kitchen-appliance sales topped USD\$2.7 billion in 2010**, with one cup coffee makers leading the way. As fewer people visit coffee houses, they purchase more espresso and single-cup makers for their homes. People like small kitchen appliances because they are both attractive and useful.
- Gift stores like Behrings says that **all coffee makers are selling well but single serves outsell regular size**. They range in price from \$26 to \$200. One popular single-serve from Keurig sells for \$139.99.

Source: <http://www.gourmetads.com/blog/advertising-single-serve-coffee-makers>

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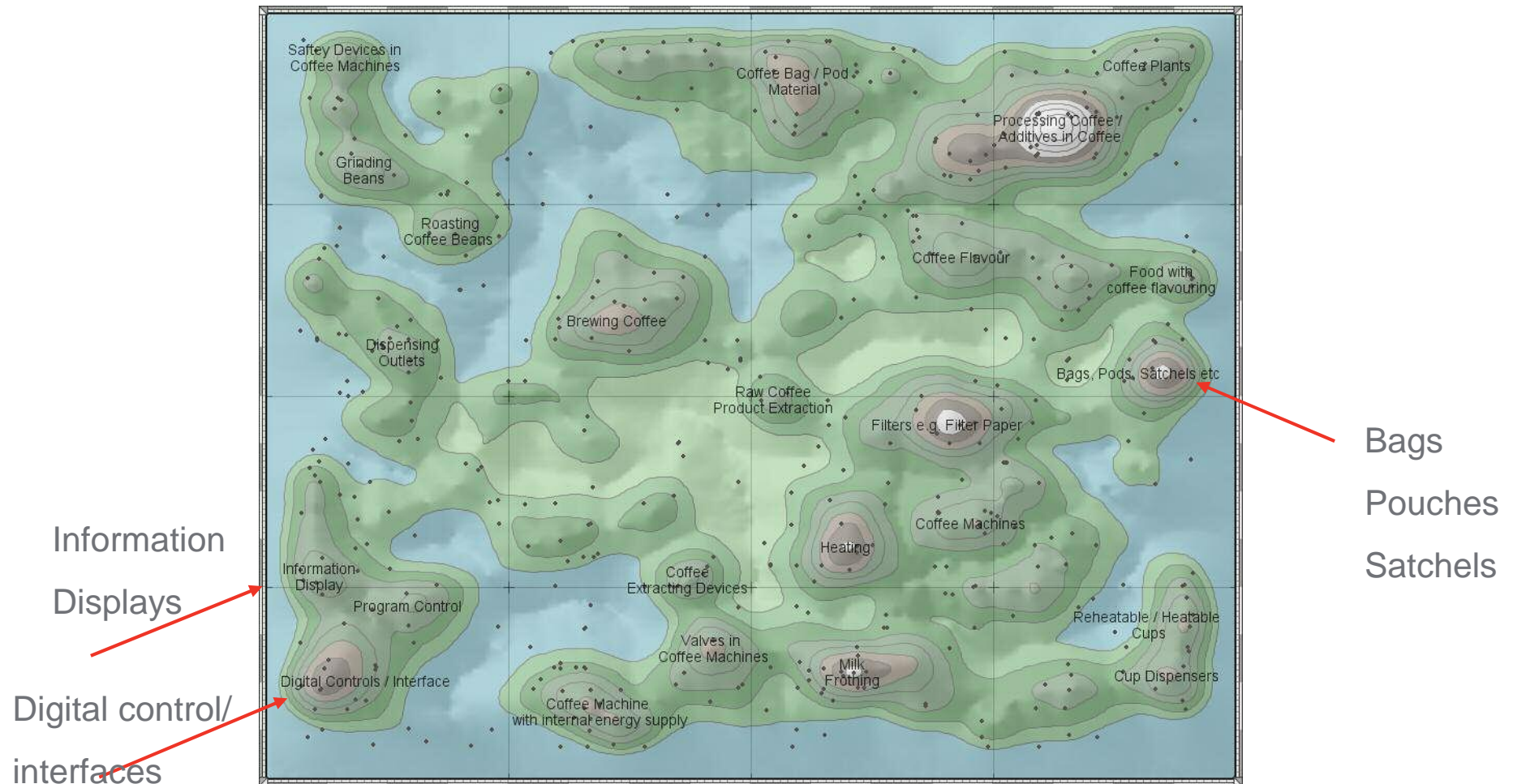


“You need to look at the value that a patent creates for your business; for example, its value in enabling you to....grab a share in an existing market. If it doesn’t do that, it’s not creating value. It doesn’t matter how good it looks or how many patents you say you have; if its not creating value, it has no worth”

Terry Adams, Assistant VP for IP, Nestle

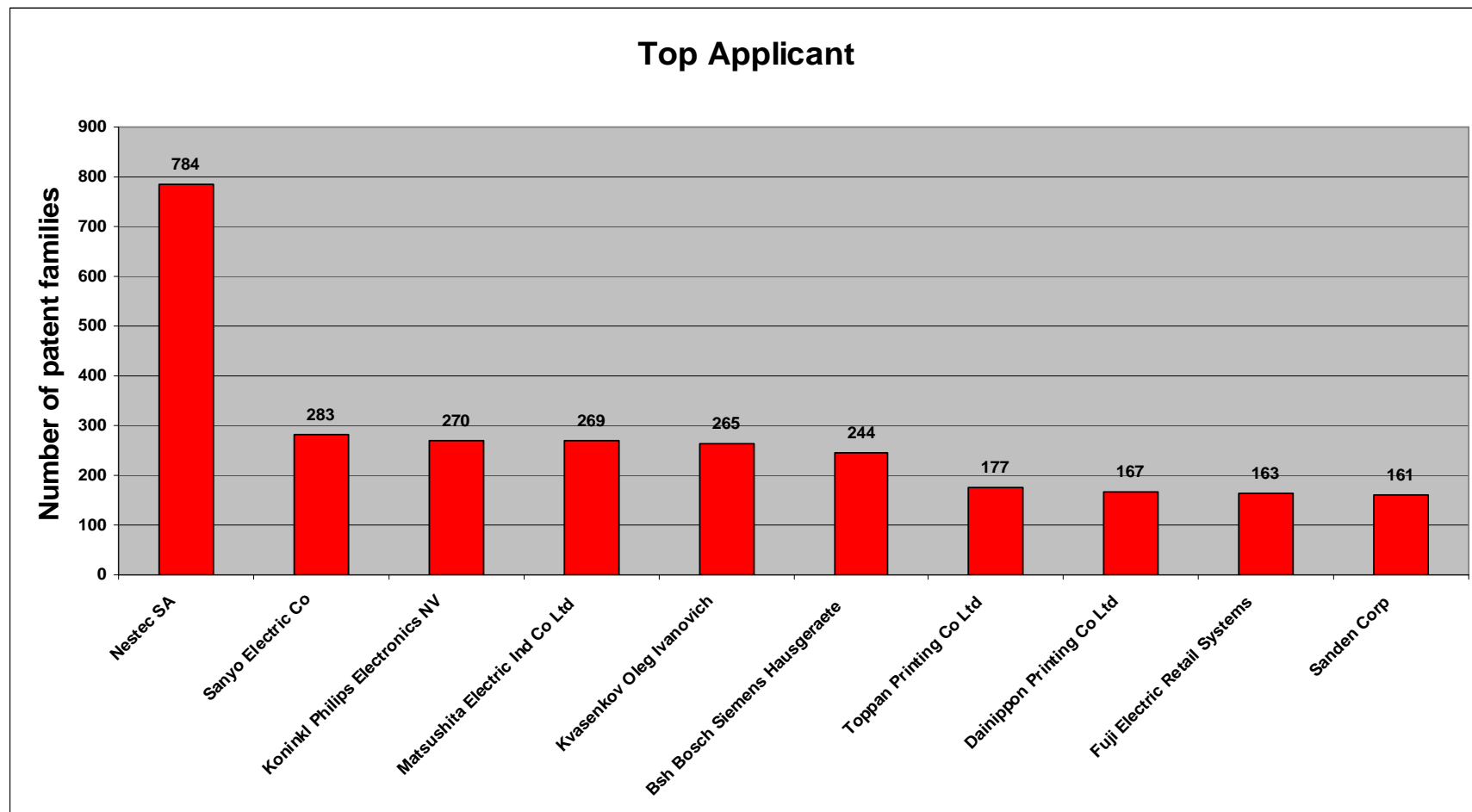


How much competition will you face?



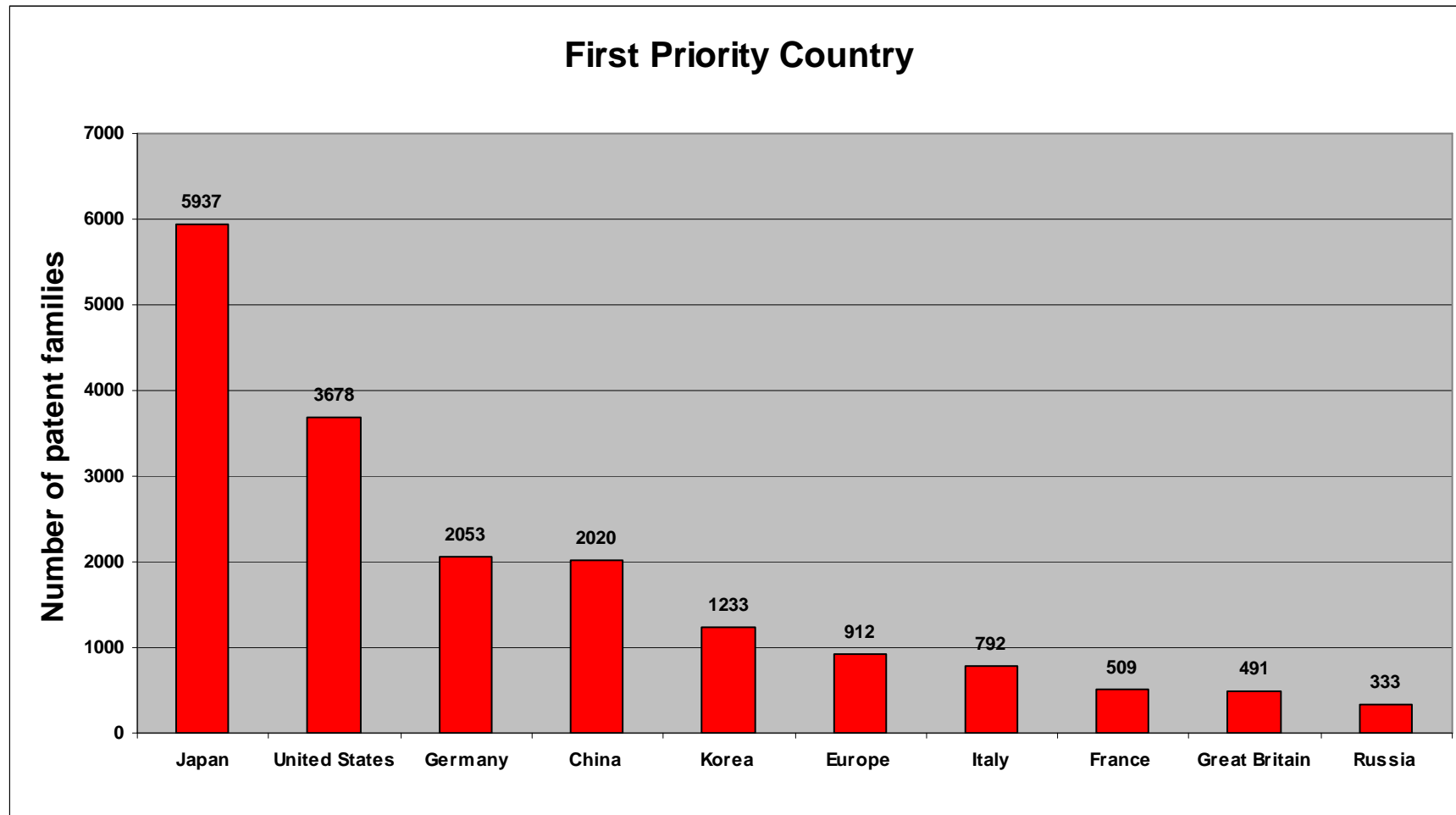


With whom do you compete?



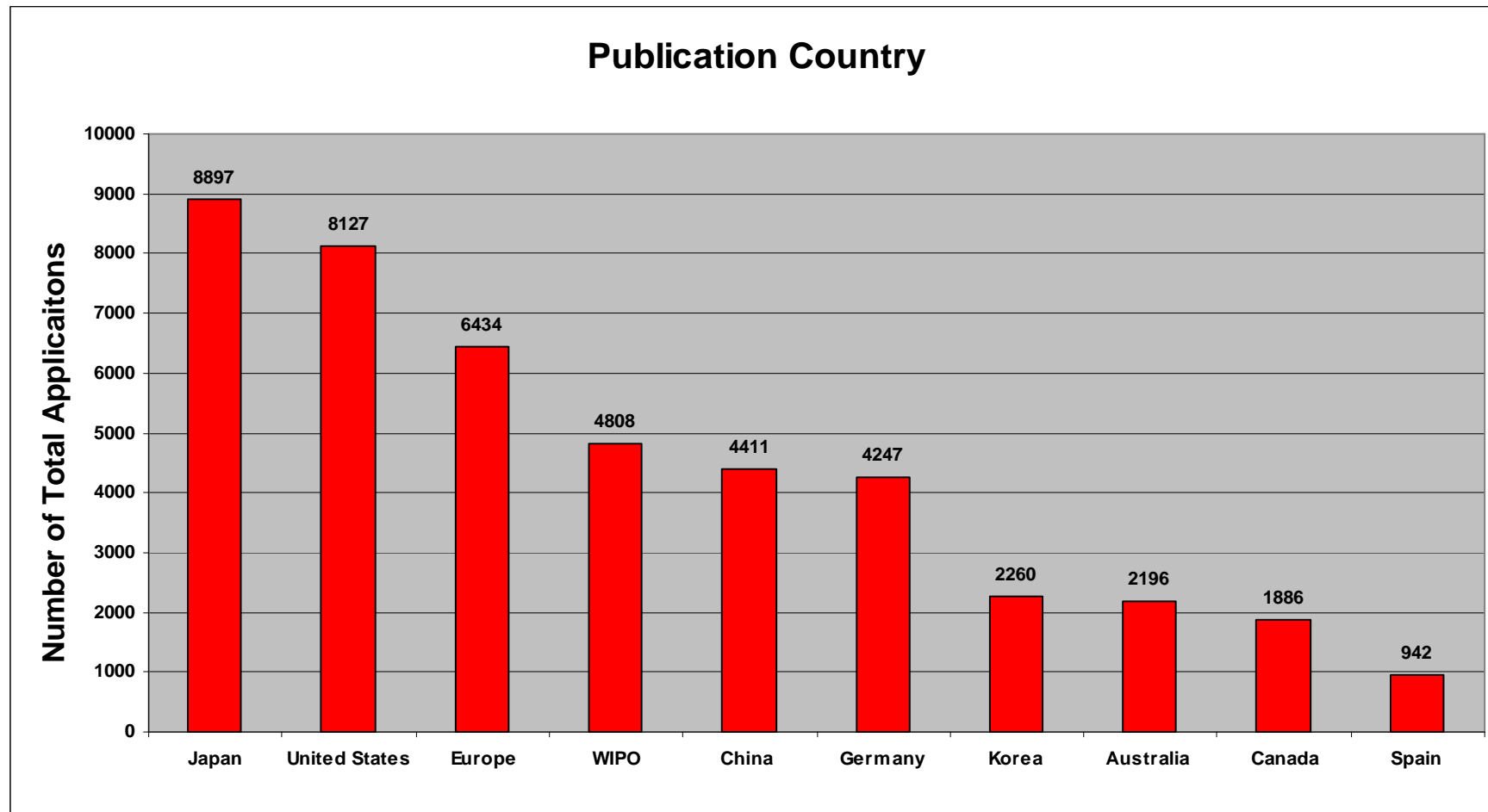


Where are the innovators?



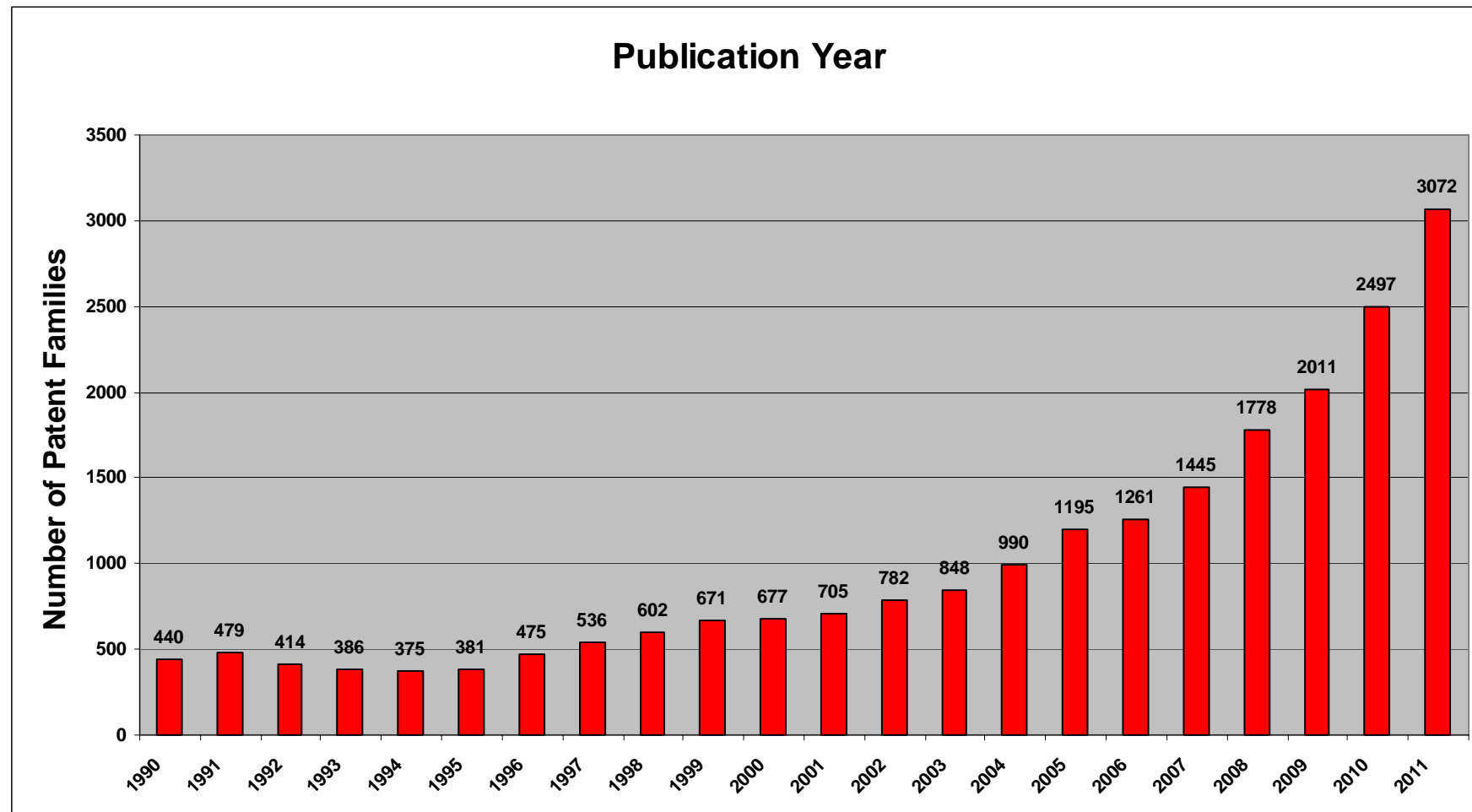


Where do they get protection?



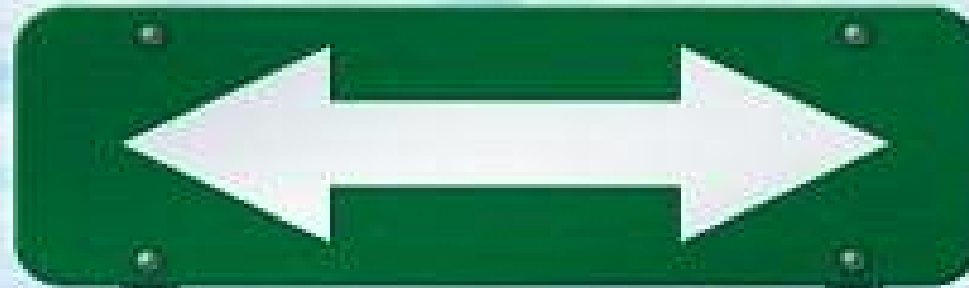


The state of IP investment



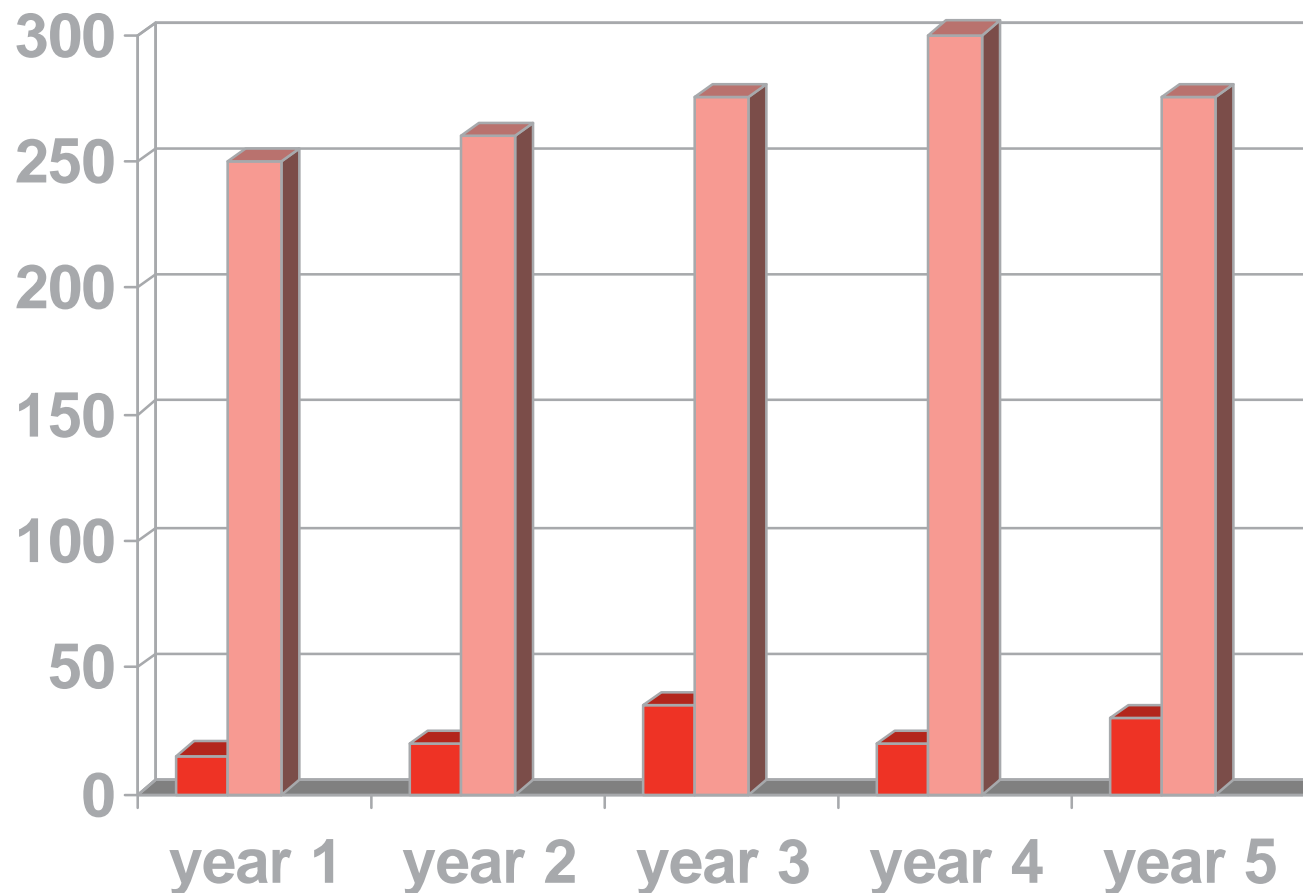
To patent?

Or not?





How much will I pay?



IP costs

CEO
Salary*

*assumes new CEO



Strategic issues

- Consumer goods are subject to fashion
- Coffee purchase habits are changing
- Can the projected price of the machine compete in the dense market?
- Are the electronics applicable to other products?
- Is the unique pod design a limiting factor?
- Could protection on the pod support a Gillette razor strategy?
- Is the design and trade mark protection sufficient (coupled with marketing power?)



“Ultimately, the most important role of a chief IP counsel is to build an IP portfolio that gives its owner a corporate advantage over its competitors and a platform for future growth.”

Mike Walker, Du Pont Legal



Strategy?





“The difference today is that we need to take the whole portfolio perspective. We need to know our client’s development strategy and monitor what their competitors are doing. It is a challenging multi-faceted approach requiring technical expertise, legal knowledge and understanding of business strategy”



Thank you

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