

Keurig coffee share grows-so does environmental controversy

March 17 2015, byEllen Knickmeyer



In this photo taken Wednesday, March 4, 2015, John Rogers displays a single-serve coffee pod at the Rogers Family Company in Lincoln, Calif. The Rogers company, coffee roasters who among their products makes biodegradable single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers company is one of more than a dozen-coffee-makers and



other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)

One measure of how heated the environmental battle has become over coffee giant Keurig Green Mountain's \$5 billion-a-year, single-serve plastic pods is how often the company's opponents resort to galactic comparisons.

Keurig, the single-serve <u>coffee</u> industry's leader, produced enough plastic coffee pods last year to circle the earth more than 10 times, according to one analyst's estimate, often cited by Keurig's critics. A YouTube parody depicts aliens that look like the company's plastic pods invading Earth.

After the company introduced a new coffee-maker in time for Christmas that only allowed its pods, the battle heated up again, spawning parodies featuring Star Wars-style rebels challenging the "Keurig Empire" by hacking a machine to accept more <u>environmentally friendly</u> pods made by rivals.

More than a dozen coffee manufacturers and other businesses are suing over what they claim is Keurig's unfair efforts to shut out rival pods.

"We're under siege," said Jon Rogers, patriarch of a California-based family coffee company whose soy and corn byproduct-based pods are among those that the new Keurig machine is engineered to reject. "It's a matter of life and death for me."

Keurig says the fight boils down to how to make the best cup of coffee, and the company has pledged to come up with a fully recyclable pod of



its own by 2020. The throw-away containers, both by Keurig and its competitors, allow coffee drinkers to get a quick cup without messy grounds.

One reason Keurig is locked into plastic right now is that nothing else seems to keep the coffee inside the pods fresh like plastic does, said Monique Oxender, the company's chief sustainability officer. Keurig is seeking more environmentally friendly materials for its pods, she said.

"We have to do that while protecting the quality of the coffee," she said.





In this photo taken Wednesday, March 4, 2015, single-serve coffee pods, made of biodegradable materials, are moved by conveyor for packaging at the Rogers Family Company in Lincoln, Calif. The Rogers company is one of several coffee roasters who make single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers Company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)

If this sounds like a tempest in a coffee cup, it may be that you haven't yet gotten a single serve coffee-brewer for Christmas, which analysts says it is how half the users get their start.

Keurig's product is reshaping the \$40 billion U.S. coffee industry. Its annual report said it accounted for 30 percent of retail coffee sales last year. More than one in five U.S. households had one of Keurig's single-serve coffee makers.

"In their current form, they're an environmental disaster," said Kevin Knox, a coffee-industry veteran and analyst who now publishes and blogs on coffee and the global coffee trade.

The controversy heated up when the company introduced its Keurig 2.0 last Christmas. Consumers complained about having to use only Keurig-affiliated brands, and environmentalists fumed about the steady stream of plastic pods to U.S. landfills.

And analysts say holiday sales were disappointing.

Coffee industry experts say Keurig it has stuck with plastic so far not only because it keeps the coffee fresher but because it helps contain the



carbon dioxide that roasted beans put off—early K-Cup prototypes had a problem with pods popping open.



In this photo taken Wednesday, March 4, 2015 John Rogers displays single-serve coffee pods at the Rogers Family Company in Lincoln, Calif. The Rogers company, coffee roasters who among other products, makes biodegradable single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)

Makers of biodegradable and recyclable single-serve pods can deal with both problems by finely timing distribution to retailers, so the pods don't sit around too long on store shelves, said Knox, the coffee blogger.



Rogers, whose adult children help him run Rogers Family Coffee in Lincoln, California, a half-hour from Sacramento, isn't waiting for the lawsuits against Keurig to work their way through courts.

His family recently produced a small black gizmo it calls the "Freedom Clip," which they say lets consumers rig a Keurig 2.0 coffee machine so it accepts rival brands.



In this photo taken Wednesday, March 4, 2015, John Rogers displays a "Freedom Clip," for use on the Keurig Green Mountain 2.0 coffee machine, at the Rogers Family Company facility in Lincoln, Calif. Keurig Green Mountain, the titians of singe-serve coffee, introduced it's Keurig 2.0, in 2014, that was specifically designed to lock out the use of rival pods in their machines. Placing a "Freedom Clip" on the Keurig machines allows consumers to use rival brands of coffee pods. The Rogers company is one of more than a dozen-coffee-makers



and other businesses suing Keurig over what they claim is Keurigs unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)

Rogers mails them for free to any consumer who asks. Rogers also is about to start distribution of biodegradable coffee pods marked with special ink that he says will fool the lock-out mechanism on the Keurig 2.0.

Ultimately, Knox said, the boom of coffee-pod sales shows how intimidated Americans have become by the long-running gourmet coffee trend—fearing to home-brew java, and feeling coffee-brewing is an art best left to Keurig, Starbucks and other professionals.

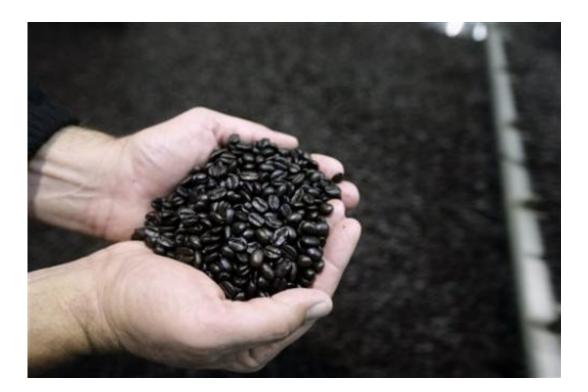
If it's really environmentally friendly coffee you want, Knox said, the argument runs the other way entirely. Instant coffee, he noted, ships easily as a lightweight powder, with minimal packaging, and a recyclable glass jar. "One good size jar of instant coffee makes hundreds of cups."





In this photo taken Wednesday, March 4, 2015, "Freedom Clips" for use in the Keurig Green Mountain 2.0 coffee machine are displayed at the Rogers Family Company facility in Lincoln, Calif. Keurig Green Mountain, the titians of singe-serve coffee, introduced it's Keurig 2.0, in 2014, that was specifically designed to lock out the use of rival pods in their machines. Placing a Freedom Clip on the Keurig coffee machines allow consumers to use rival brands of coffee pods. The Rogers company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals. (AP Photo/Rich Pedroncelli)





In this photo taken Wednesday, March 4, 2015 John Rogers displays freshly roasted coffee at the Rogers Family Company in Lincoln, Calif. The Rogers company is one of several coffee roasters who make single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers Company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)





In this photo taken Wednesday, March 4, 2015 coffee taster Susana Gallegos samples coffee at the Rogers Family Company in Lincoln, Calif. The Rogers company, coffee roasters who among other products, makes biodegradable single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurigs unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)





In this photo taken Wednesday, March 4, 2015, Enrique Salazar inspects bags of coffee to be roasted at the Rogers Family Company in Lincoln, Calif. The Rogers company is one of several coffee roasters who make single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers Company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)





In this photo taken Wednesday, March 4, 2015, packaged coffee pods highlighting the biodegradability of it's product, are stacked for shipment from the Rogers Family Company in Lincoln, Calif. The Rogers company is one of several coffee roasters who make single-serve coffee pods for use in the Keurig Green Mountain's single- serve coffee machines. The Rogers company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli)





In this photo taken Wednesday, March 4, 2015, Gardenia Reynoso stacks packaged coffee pods to be shipped from the Rogers Family Company in Lincoln, Calif. The Rogers company is one of several coffee roasters who make single-serve coffee pods for use in the Keurig Green Mountain's single-serve coffee machines. The Rogers company is one of more than a dozen-coffee-makers and other businesses suing Keurig over what they claim is Keurig's unfair trade efforts to shut out competing single-serve coffee rivals.(AP Photo/Rich Pedroncelli

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