



The Journal



Blue Bottle Coffee new ground Expansion for the Millennial generation



San Francisco October 8, 2016:

No matter how many stores Blue Bottle Coffee opens — currently 25 and ticking up — there is always a line for espresso. It is a democratizing force even in the power center of Silicon Valley. At the Oakland company's Palo Alto cafe, an army clad in high-end khakis slow-marched Thursday toward a barista station bracketed in gilded curlicues and scuffed Spanish tile, the only measure of their impatience the speed at which thumbs flicked iPhone screens. A few of the pre-caffeinated paused to study the boxes of Blue Bottle's newest product: packets of ground coffee that have longtime observers of the company agog. The Perfectly Ground Coffee release is just one sign of the Oakland company's rapid, well-funded growth. Another: On Monday, 14 years after James Freeman started selling coffee at the Oakland Farmers' Market, the company announced that it was expanding to Boston, Miami and Washington by 2018. Blue Bottle is a test case for how big the beyond-Starbucks generation of coffee

Oscartek optima model helping to create a minimalistic look

companies can grow without sacrificing their standards.

“We don’t talk about ‘expansion,’” said CEO Bryan Meehan, who joined Blue Bottle in 2012 when a group of investors he led purchased a majority stake in the company. “The thing we talk about is improvement.”

The company’s funding is certainly ever-improving. Unlike Intelligentsia and Stumptown, fellow pioneers of its generation that have been acquired by German holding company Joh. A. Benckiser, Blue Bottle has grown by taking on new investment. The latest round, led by Fidelity in 2015, brought in \$70 million, more than doubling the total amount raised in two previous rounds in 2012 and 2014. Given the pedigrees of the venture capital firms and individual investors who back Blue Bottle — including Morgan Stanley, Index Ventures, Twitter co-founder Evan Williams, and actor Jared Leto — online news sites Recode and Wired have tracked Blue Bottle’s investment rounds almost as closely as coffee trade publications have.

One source of the close links between Blue Bottle and tech investors, said Jordan Michelman, co-founder of coffee-industry blog Sprudge, may simply be proximity. The two grew up side by side in the Bay Area. “So much commerce, deal-making, and tech development has happened in their cafes or over their coffees over the last 15 to 20 years that has seeped back into the destiny of the brand itself,” he said.

A case in point: When payments company Square released a new card-swiping stand in 2013, it chose Blue Bottle’s Mint Plaza cafe as the venue for its introduction. And Blue Bottle has used its venture-backed financial power to buy smaller coffee businesses like Tonx and Perfect Coffee, a strategy straight out of a Silicon Valley playbook. Blue Bottle opened its first New York store in 2010, and each subsequent round of fundraising has allowed it to move into new cities. In addition to nine Bay Area locations, with three more due this fall, there are seven cafes in New York City, five in Los Angeles and four in Tokyo. The company has 500 employees worldwide. With the three newest cities, where Blue Bottle will open a total of 10 cafes, the company is changing its growth strategy as well. Unlike the previous four cities, Blue Bottle will not enter each new market with a roastery. Freeman said that, instead, beans will travel quickly from a 20,000-square-foot roasting facility soon to open in Brooklyn, N.Y. Boston and Washington are only hours away. Miami is more of a logistical test, and the company has an older roasting machine ready to ship to Florida if quality dips. Freeman founded Blue Bottle at the dawn of a nationwide movement to source, roast and brew coffee differently, commonly called the third wave. Rapid expansion isn’t the only difference between Blue Bottle’s approach to growth and that of smaller Bay Area third-wave roasters like Verve and Ritual. Many of its competitors talk up their farm-to-mug approach to brewing coffee, building direct-sales relationships with coffee growers. An almost punk-rock stance toward authenticity pervades the movement. Blue Bottle, though, has focused from the beginning on creating urban experiences. It bathes in white space, which dominates the company’s packaging. Each cafe is polished in the manner of a high-end eyeglass store, not a corporate restaurant chain. There are no brand messages in sight, only customers snapping Instagrams.

Locations are a key part of its strategy. He and Meehan “have a lot of shared affinities toward finding buildings we like,” Freeman said. That has included stately ones like the Morse Building in Oakland and 115 Sansome in the Financial District, as well as the High Line elevated park in New York City and sites in stylish neighborhoods in Tokyo and Los Angeles.

Though Freeman, now chief product officer, has ceded many of the logistical details of the company’s operations and expansion to Meehan and the growing team, his personality — self-effacing, charming, persnickety — continues to be the company’s guarantee of



BLUE BOTTLE
COFFEE

quality.

The cafes have refused to grind beans for customers since the beginning, explaining that they didn't want to compromise their own product. In June 2015, Blue Bottle shut down its wholesale business over concerns about how the cafes that bought its beans prepared drinks.

At the same time, the new funding has allowed Blue Bottle to release several packaged goods: New Orleans iced coffee, made with chicory and organic milk, in 2012, and, more recently, small cans of cold-brewed coffee.

Even its Perfectly Ground Coffee shows a mix of high tech and attention to detail. It uses methods developed by Neil Day, a former chief technology officer at Sears and Shutterfly who developed a process to minimize the oxidation that leaves packaged ground coffee tasting flat and stale.

For Borinquen Soul, arroz con gandules is not just rice. Freeman acknowledges the shock he felt the first time he entered the lab and saw envelopes with Blue Bottle's name on them. "That was a bad scene because I knew preground coffee was horrible," he said. "And (head of quality control) Benjamin Brewer suggested I should try it. We tasted it blind, and it was really good." Blue Bottle acquired Day's company, Perfect Coffee, in February 2015, hiring the inventor as principal of coffee technologies.

The company is initially releasing six coffee varieties in packets, each variety ground in several ways according to the user's preferred brewing method. Boxes of five single-serving packets retail for \$17.50 and have a six-month shelf life. Freeman said Whole Foods may eventually carry the line.

Meehan and Freeman say that their primary focus continues to be the retail stores, which make up 75 percent of their business. The link between the packaged products and the cafes is control. "If you buy a New Orleans carton in Whole Foods, the only instructions you need are 'Open,'" Freeman said. "It's easy for us to be the primary owner."

Meehan says there are no target numbers for new stores or cities. "We just want to make sure that when we ask people, is Blue Bottle better in a year's time, the answer has got to be yes," he said.

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Haier Unveils New Refrigeration Technology

By CGT Staff — 09/23/2016

Haier launched a new compressor-free thin-film solid-state refrigeration technology through integrating Silicon Valley resources, Haier Group R&D, GEA, Haier America R&D, Liquid King, Xi'an Jiaotong University, South China University of Technology and other resources.

The new technology reportedly breaks the technological bottlenecks of compressor-based refrigeration appliance that have been used in the industry for a century.

So what is thin-film solid-state refrigeration?

It is one kind of compressor-free refrigeration technology, which adopts innovative materials and novel technique to make thin-film solid-state refrigeration modules whereby a cooling effect will be generated when the direct power is applied.

Compared with compressor-based refrigeration, it has four major advantages:

No Vibration

To maintain its quality, wine requires particular storage conditions, as any vibrations will disorder its molecular structure. When in standard mode, with thin-film solid-state cooling, a set of high efficiency heat exchange system without moving parts is adopted to create a completely still wine storage environment.

Precise Temperature Control

Constant temperature and humidity are indispensable factors for the ideal wine storage. Temperature variations will affect the wine's taste and lifespan, and humidity variations may cause the wine to oxidize or change odor. Haier's thin-film solid state wine cellar adopts dual power control electronics to ensure temperature fluctuation less than 0.1K and constant humidity.

Low Noise

Contemporary cooling and refrigeration products use a compressor, with a typical noise level of 38–42 dB. The thin-film solid-state refrigeration technology removes the compressor, which means it creates no noise when in standard mode.

Sustainability

Haier's thin-film solid state wine cellar uses H₂O/CO₂ as medium with a Global Warming Potential (GWP) of just 1, as compared to >1700 for compressor-based systems. Furthermore, the heat exchange capacity is 8X higher than ordinary systems, reducing energy consumption to meet the California Energy Standard.

How will this disruptive refrigeration technology be applied?

The solid-state refrigeration technology will be firstly applied on a new wine cooler.

Although compressor-based wine coolers have good cooling ability and a large temperature range, the periodic noise of generally



Typical compressor

38-42dB is not easily avoided and the rotation of the compressor causes the wine cooler to vibrate constantly, thus disturbing the molecular structure of the wine, which will affect the taste of the wine. Meanwhile, the periodic on and off of the work of the compressor will cause the temperature fluctuations of ± 2 K, and the temperature fluctuation will speed up the oxidation of the wine.

The solid-state wine cellar can avoid the above problems, says Haier. To maintain its quality, wine requires precise storage conditions with optimal environment needs to preserve taste that can be affected by subtle vibrations or temperature changes. This advanced compressor-free cooling technology creates the ideal storage conditions for the wine. The application of the solid-state refrigeration technology will refresh the compressor-based refrigeration..



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