

COFFEE INTO CASH JITTERY JOE'S

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Did you ever think that by sitting down to enjoy a great cup of coffee may be the best way to support your favorite professional cycling team? Buying a cup or a pound of Jittery Joe's Morning Ride coffee supports Jittery Joe's Professional Cycling Team; one of the 17 US-based ProTour teams in 2008. Unlike many of the larger ProTour teams, such as the Discovery Channel Pro Cycling Team that had an operational budget of \$12.25 million dollars in 2007, many of the smaller American teams are operating on substantially smaller budgets and struggle to make ends meet. Jittery Joe's is one of those teams who have come up with an interesting strategy to support their program by turning their sponsor's coffee into cash.

Jittery Joe's is a Georgia-based coffee company that was created in 1994 in the thriving college community of Athens. Then owner, Keith Kortemier, noticed the trend of kitted up cyclists that made the store a normal rendezvous point to grab a cup of coffee before heading out on their daily training rides. He saw this as the perfect conduit for advertising his product. As a result, Jittery Joe's took over title sponsorship in 2002 of the then Zaxby's Professional Cycling Team. That year the company's sponsorship consisted of coffee in lieu of any sponsorship dollars. The agreement was that the team had to buy coffee from Jittery Joe's at cost and then sell it in order to make an income for the team. Micah Rice, the team director at the time, realized that without a cash sponsor he had to drastically change the dynamic of the team. Starting in 2003 he reduced the team's roster from 11 to eight riders and no one drew a salary that year. The riders existed solely by winning prize money and focused on local criteriums with good prize lists and raced

in a select number of high profile events. Rice marketed the coffee as best he could by selling it to local bike shops, in cycling expos, or out of the back of his car at events. "It was a very lean year" he recalls. That year the team managed to sell about \$20,000 in coffee and with the additional income of a few other cash sponsors the team scraped by. In 2004 the team had a breakthrough year when Cesar Grajales won stage 6 of the Tour de Georgia. The Columbian climbing sensation soloed to win on Brasstown Bald in front of a hometown crowd beating none other than Lance Armstrong of US Postal, and Jens Voight of Team CSC. According to Rice, coffee sales doubled after that and people started to pay a lot more attention to the team.

In 2005 the team had another solid performance in front of its hometown crowd when one of its riders, Australian Trent Lowe, won the Best Young Rider Competition in the Tour de Georgia. Jittery Joe's was so pleased with the outcome of the team's success, that they signed a 10 year sponsorship deal with the team, which guaranteed the team would be around until 2011. The renewal is still one of the longest sponsorship deals in cycling history. Although Lowe signed with the Discovery Channel Pro Cycling Team the following year, his results helped put the team on the map and enabled them to secure better sponsorships for the following season. With better finances in 2006, Jittery Joe's was able to expand from its humble beginnings as a local criterium team to competing in more major US events. The attention the team drew to its sponsor's product resulted in the development of Jittery Joe's franchises popping up across the southeast. According to Rice, about 12 franchises have opened already and about 20 are expected to be opened by the end of 2008. Many of the franchises are owned by cyclists who found out about Jittery Joe's coffee directly through the team. The success of the team and the addition of more franchises led to a new marketing model. A special Morning Ride coffee blend was created to compliment the cycling theme with 100% of the proceeds going toward the team's budget. Rice could stop selling coffee out of the back of his car and focus on other team needs such as additional sponsors.

The connection between the sponsor's product and the team is an interesting one. Jittery Joe's is the only cycling team that has had to sell its sponsor's product in order to support itself. This symbiotic relationship between the sponsor and the team is where Jittery Joe's differs from other cycling teams and demonstrates a new trend in American cycling. Most cycling teams have no direct link between a sponsor's product and the team has no responsibility in helping market a product. Just ask the Gerolsteiner team how many bottles of mineral water they sold in 2007 to help support their sponsors. Cycling in America is still considered a fringe sport, and companies that are interested in sponsoring US teams do not invest the amount of money that their European counterparts do. As a result some American teams are taking

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a different approach in order to ensure their team's survival for the coming season.

Toyota-United, like Jittery Joe's, is another U.S. team that is heading in a new direction. Although Toyota-United is one of America's more successful ProTour teams they have started offering memberships to the team. Memberships in 2008 range anywhere from \$50-\$500 and member benefits included such items as team sunglasses and official team clothing. The concept behind the membership is that in the event that a major sponsor does not renew, the team will be financially stable through membership sales. By allowing people to have some form of ownership in the team it creates incentive for fans to follow the team's progress. This desire to support the team in turn benefits the sponsors, since fans will often purchase their sponsors products. The Jittery Joe's team will also be offering memberships in 2008 through what Rice refers to as "Patron Packages."

These packages range anywhere from \$1,500 to \$9,500 and offer various benefits depending on the level. Some of the Patron Package elements include rides in the team cars during races, VIP dinners with the team, logo placement on the team's website, or even an invitation for individuals to ride with the team during training camps. Presently the team has done approximately \$50,000 in sales from this year's program. The team has also taken ownership of their on-line store so proceeds of all merchandise directly benefit the team this season adding revenue to further support the program.

As long as cycling teams rely on sponsorship dollars to survive, expect to see more teams in the future devise creative ways to make the most of a scarce resource. The trend that Jittery Joe's have started is an important one and other teams should take notice. By supporting their sponsor's product the team has built strong brand awareness throughout the cycling community, which in turn has benefited the sponsors financially. The financial success of the sponsors have in turn benefited the team because the more Jittery Joe's franchises that open, the more the team will benefit through the sales of Morning Ride coffee. These franchises have also expanded the team's fan base and product sales. All stores carry Jittery Joe's cycling memorabilia and the team make appearances at grand openings. Jittery Joe's is creating a new kind of culture for fans of cycling that is up close and personal. Their connection to fans and sponsors is unique. This connection is attractive to sponsors and helped Jittery Joe's generate a relationship with Whole Foods supermarkets this season. This year Jittery Joe's will once again be one of the sponsors of the Tour de Georgia and distribute a special Tour de Georgia coffee, which will benefit the race's official charity. Since the people at Whole Foods are fans of the Tour de Georgia, they were interested in helping Jittery Joe's fast track their product through the local Whole Foods. After the Tour de Georgia, Whole Foods has agreed to carry several brands of Jittery Joe's coffee including the Morning Ride brand.

COFFEE INTO CASH

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TEAMMANAGEMENT

Jesse Lawler, Director Sportif
Micah Rice, General Manager



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