

What a Difference a Cup Makes

Sammy Woody wanted a better cup.

As Supply Chain Manager/Marketing Brands and Merchandising for Equiva Services LLC, the marketing arm for Shell and Texaco convenience stores (“C-stores”), it was Woody’s mission to upgrade Shell’s “Jumpin’ Java” and Texaco’s “Latitudes” coffee programs and differentiate them from competitors’ offerings.

In 1998, Woody began his upgrades. He upgraded the C-stores’ coffee areas, upgraded the coffee, and upgraded the signage. Still, something was missing.

And that was the cup.

“I observed that the gourmet coffee chains use paper cups exclusively,” reflects Woody. He looked for research to support his assumption that a quality paper cup, instead of the foam cups long used in the C-stores, would lend his coffee programs a more upscale image, and perhaps even improve the taste of the coffee. None existed.

So he did some testing and learned that the container really does make a difference. Thus began a new round of research that would ultimately lead Woody to the Insular insulated paper cup, developed and manufactured by Northern California-based Insulair, Inc.

The Insulair cup is an insulated triple-wall paper cup designed to keep contents hot and hands comfortable. The cup’s innovative design encapsulates a tiny layer of air channels within the cup’s sidewall to provide insulation. On average, the Insulair cup keeps drinks hot up to 10 minutes longer than standard paper cups, while keeping the cup up to 34 degrees cooler to the touch than the drink temperature.

On March 1, Equiva will roll out the Insulair cup in nearly 1,000 corporate-owned Shell and Texaco C-stores, as well as an additional 1,000 independently-owned locations that participate in the Jumpin’ Java and Latitudes programs. An additional 20,000 independently-owned Shell and Texaco C-stores can also choose to use the new cups. “The potential is there for the cup to be in all locations,” says Woody.

“We think the cups will engender customer loyalty, expand sales margins, and enhance our C-stores’ clean image by giving a perception of better quality,” he says. “Not to mention improving the taste of our coffee.”

The Proof is in the Paper

When Shell, Texaco, and Saudi Aramco joined forces in a historic 1998 alliance, Equilon Enterprises LLC was formed to coordinate major components of Shell and Texaco’s Western and Midwestern businesses, and Equiva was created to serve as the trading unit for Equilon.

“When the alliance was born, we were using big foam cups in our C-stores and we then changed to a thinner foam cup,” says Woody. “Last year we asked ourselves, ‘Does the customer care about the container?’”

Woody learned that consumers indeed have distinct perceptions about foam and paper cups. His internal testing revealed that Equiva customers perceive paper as a more upscale, premium offering. At first, it appeared to Woody that “the sleeve was our best or only option.” But

cardboard sleeves are awkward, add an inventory item, cover cup graphics, and usually don't fit in standard car cupholders.

"Sleeves may also effect the aroma of the coffee because they sometimes smell when heated," comments Claus Sadlier, president and CEO of Insulair.

When Woody finally found the Insulair cup "it was almost by accident. I was on the Internet looking for potential paper sleeve providers for possible inclusion in some of our stores and I had a chance encounter with Insular."

Woody brought in samples of the Insulair cup to Equiva's corporate offices in Houston. Employees loved the cup and last fall a full-market test was scheduled in Orlando, traditionally a foam cup market, and Seattle, a gourmet coffee market that favors paper. The results were incontrovertible.

"Overwhelmingly, the Insulair cup came back as the cup preferred by our customers," says Woody.

During the full-market test, Equiva also sold a higher volume of 20 oz. and 24 oz. coffee drinks, attributable to the Insulair cup's strength. "We determined that the sturdiness and rigidity of the triple-wall Insulair cup was an important factor in our customers' decisions to go with larger cups," says Woody.

Woody says the Insulair cup "accomplishes what we wanted – a better overall coffee experience." He cites better taste and aroma, coffee staying hotter longer, custom printing, and manufacturing innovation as primary reasons for Equiva's switch to the Insulair cup.

"We created the technology used to make the Insulair cup to provide a much-needed alternative to foam cups, cup sleeves and the practice of using two stacked paper cups when serving hot coffee," says Sadlier. While larger, well-established cup manufacturers often produce straws, plates, cutlery and other paper products, Insulair specializes in its insulated paper cups.

"We understand the gourmet coffee industry because that's our target market," says Sadlier. "The Insulair cup gives Equiva a major leg up on their competition within the C-store industry."

Being First is its Own Reward

"There is always some reluctance to being one of the first to use a new product," says Frank Gavin, director of sales for Insulair, "but Equiva did a lot of due diligence, including a full-market test. Equiva's willingness to differentiate themselves with the Insulair cup demonstrates how they feel about their customer base and what they feel the cup can do for their coffee business."

The Insulair cup hasn't exactly gone unnoticed. It has already garnered numerous product innovation awards at major industry trade shows. The cup was named "Best New Product" at the New York Restaurant and Foodservice Show and by the Specialty Coffee Association of America. Insulair cups are sold domestically and exported to customers in 15 countries, and are used by major brands including McDonald's, KLM Airlines, Nestle, Kraft Foods, Amtrak, la Madeleine Bakeries and IHOP Restaurants Equiva is Insulair's first national C-store account.

Sadlier hopes the Insulair brand will be on everyone's lips soon. "Equiva is just the first in a series of high profile national accounts that will be added to the Insulair customer portfolio," he says.