

CIRCULAR ECONOMY BUSINESS CASE STUDIES IN SOUTHEAST ASIA



ECHOstore and Coffee Farm

- Makati City/Cavite/Laguna/
Davao, Philippines
- Agrifood, Retail, Coffee
- ECHOstore.ph
- Analysis period: 2008-2023

Connecting Eco-conscious Local Producers and Consumers

Business Spotlight

The ECHOstore was established in 2008 by its founders, Ms. Pacita 'Chit' Juan, Reena Francisco and Jeannie Javelosa, with the intent of providing market access for livelihood products produced by communities and non-profit organisations. ECHOstore is an acronym for Environment, Community, Hope, and Organization. The store not only showcases natural products created by local communities, it also promotes eco-lifestyles. More than just a market place of local products and produce which are personally vetted by the ECHOstore owners, ECHOstore also builds the capacity of its supplier communities through training and mentoring in product design, packaging and other aspects of creating a profitable livelihood. Moreover, ECHOstore buys the products under fair-trade principles.

Some of its products are also sourced from the Ms. Juan's own 4-hectare coffee farm and herb garden in Amadeo, Cavite. The farm blends sustainable farming practices with agritourism and farm tours that demonstrate how organic waste from every step of the coffee production process is recovered and repurposed. For example, substandard coffee beans, coffee chaff and coffee hull (produced in the milling of dried coffee), coffee parchment and even

spent coffee grounds collected from their clients are turned into compost, yielding approximately 600 kg of compost monthly. Using all such waste helps the farm to move towards zero waste. This idea was new for the agrifood sector when it was first introduced in the Philippines. Farm operations have picked up post-pandemic, with 20 metric tonnes of coffee cherries processed in 2023 compared to 10 metric tonnes in 2022. As a result, there was an increase in organic fertiliser by-product, resulting in savings of approximately PHP 200,000 per year (around EUR 3600). The social and environmental advocacy of ECHOstore continues to seamlessly intertwine with the commercial value creation activities of its business model in which all waste is treated as a resource.

Keywords

Sustainable coffee farming, Fair trade

Innovation

Sustainable coffee farming and Eco-retail business model (Product/service design), Resource circularity, Resource efficiency

Analysis of ECHOstore and Coffee Farm

Context and baseline

The founder, Ms. Pacita Juan, set up the Figaro Coffee company in 1993 and was later inspired by the burgeoning 'live green movement' and emerging eco-friendly lifestyle trends. In response, she set up the ECHOstore in 2008 with two friends, Reena Franciso and Jeannie Javelosa, as a retail space for micro-entrepreneurs (e.g. farmers, weavers, communities) to market all-natural and eco-friendly products. Going beyond the aims of a for-profit enterprise, the store was about doing business that would create a positive social and environmental impact.

After divesting her interest in the Figaro company, she went full time into coffee farming and processing in her 4-hectare farm in Cavite, while continuing to co-manage the ECHOstore and ECHOcafé. An echomarket component was added to supply vegetables to the store, but when the pandemic broke out (in 2020), the owners closed their mall-based stores and redirected focus towards farm operations to ensure a more secure and safe environment for the staff, workers, and customers. The farm transformed into a venue for coffee tours, seminars on organic farming, slow-food meetings and immersive experiences to bring consumers to the 'heart of farming,' while showcasing sustainable coffee production and sustainable agriculture practices such as composting and herb gardening.

Innovation

Circular innovation in eco-product retailing

The ECHOstore pioneered the green retail store concept in the Philippines, specifically for all-natural and eco-friendly products sourced from local communities and craftsmen country-wide. It serves as a retail space for micro-entrepreneurs (e.g. farmers, weavers, artisans, communities all over the country) to market their natural, organic and eco-friendly products. Moreover, ECHOstore provides mentoring for quality design, execution and packaging and the assurance of fair-trade pricing. No such store existed before 2008. The founders tapped into their respective corporate and NGO networks to set up the value chain of micro-entrepreneurs and communities, social enterprises, industry groups, distributors and government institutions. All products carried by ECHOstore are either third-party certified or personally vetted by the owners, who personally visit the farms that are the origin of the produce and other products they source from across the country to ensure that these

are sustainably sourced, non-harmful and have minimal environmental impact. Examples of such products are organic and/or natural food and body products, non-toxic home cleaning products, and staples such as organic rice, unrefined and coconut sugar, and other products.

When the first ECHOstore was opened in upscale Serendra at Bonifacio Global City, the plan was to champion a lifestyle shift and to make natural, organic and fair-trade products accessible to a growing eco-conscious market segment.

Circular innovation in coffee farming

Seedlings are grown by the farm itself. Coffee production entails looking for the best varieties of coffee plants and their seeds, paying close attention to their growth process until maturity, then manually harvesting each ripened coffee bean individually from the trees, because they turn red at different times (within a one-month window). Also referred to as coffee cherries, they are then cleaned and hand sorted to remove unripe and overripe beans and are sun-dried until they reach a moisture level of no more than 12% after a day or two. They are then slow-roasted in small batches, milled and sifted, packaged, and sold at the ECHOstore. Not much water is involved in coffee processing, but the milling of dried coffee and parchment coffee produces coffee chaff (sometimes also referred to as hull) which comprises the coffee waste.

Organic agriculture has always been practiced at the farm. All organic waste in every step of the coffee production process, including sub-standard cherries, coffee chaff and hull are repurposed as nutrient-rich compost or fertiliser. Utilising all coffee waste is not practiced by other millers, who do not have a garden or farm to take up the waste products. In many cases, coffee waste ends up being mixed in with general waste, which then goes to landfills where it emits methane as it breaks down. For the Coffee Farm, it is simply a natural process to collect all organic waste (including from external sources such as spent coffee grounds from cafes and clients). For the sector in general, this was new at that time (in the Philippines). Substandard coffee beans are buried in the ground as compost instead of being sold back to market as some processors do. In this manner, nothing that is recyclable is wasted (and this practice comes very close to achieving zero waste).

Circular Economy impact

There has been an increase in demand for sustainably farmed coffee that is milled and sorted. The Coffee Farm was able to process 20 metric tonnes of coffee cherries in 2023, compared to 10 metric tonnes during 2022.

Resource circularity in the farm is also evident in its own composting activity from organic waste, yielding approximately 600 kg of compost every month.

Absolutely no chemical fertiliser is used at the farm. With the use of natural fertiliser, nutrients in the soil are improved, soil quality is maintained, and high quality and safe products are ensured for its customers.

Responding to an increasing demand for carbonised coffee hull as a substitute for carbonised rice hull (or CRH) for mixing in vermicast and compost, the farm has also begun to monetise these 'discards' by supplying them to garden stores.

The store continues to introduce and promote a wide array of indigenous crops, from brown rice and indigenous heirloom rice to cacao products and coffee, so that consumers can better understand and share the stories behind these sustainable crops.

Business and market impact

The additional coffee harvest means an increase in organic fertiliser. For example, 40 sacks of coffee hull were collected over 3 months. These are fermented or allowed to 'cure' before they are mixed with other compost materials – leaves, farm debris, mulch. This organic fertiliser by-product has resulted in savings of approximately PHP 200,000 per year, since one bag of chemical fertiliser costs PHP 1000, and 10 kg are needed per 200 trees.

For the ECHOstore, revenues are generated from sales of store products in the physical store, online or through dealerships. An additional revenue source comes from its food service and coffee shop. Using premium pricing strategy for their target market, the company was able to adhere to its sustainable business model, not to grow with more branches, but to iterate into another version – the farm and the online store – which differentiates it from the traditional brick and mortar model.

For the future, Ms Juan has set her sights on transforming the farm into a model for agritourism, showcasing the harmonious blend of nature, education, and sustainability for all to appreciate and emulate. She would also like the farm to be a government-accredited farm school and training site for sustainable agriculture and organic farming. In this manner, she will be able to bring her message

and her passion to a wider public and, more importantly, to a new generation of farmers and agro-entrepreneurs.

Stakeholders

The social advocacy of the founders is aligned with the commercial value creation activities of their business model in which the success of the business hinges on the success of its partner micro-entrepreneurs and communities.

The ECHOstore supports the *Kababaihang Masiglang Nueva Ecija* programme, an initiative aimed at creating livelihood opportunities for the wives of farmers. This programme started with addressing the issue of seasonal fruit abundance going to waste by transforming these fruits into naturally preserved products, preventing unnecessary loss and fostering economic sustainability.

ECHOsi foundation is the non-profit arm of the ECHOstore. The acronym stands for Enabling Communities with Hope and Opportunities Sustainable Initiatives Foundation. The Foundation runs a nation-wide strategic programme of product development and up-valuing of products for specialty niche markets, which also supports the greening of the value chain and the creation of green jobs. Funding is provided by the Canadian International Development Agency (CIDA) Great Women Project under the Philippine Commission for Women, government funding from the Department of Agrarian Reform, and funding from the New Zealand Embassy in the Philippines.¹

Implementation

As a brand, ECHOstore and its Coffee Farm have become an inspiration for other social entrepreneurs, pioneering the concept of direct support to farmers and communities to enhance both commercial and social value for an enterprise. The founder is serious about influencing the needed shifts in mindset, not only among consumers but also among young farmers, as well as tourists and farm visitors who experience real examples of 'reduce, reuse and recycle', which she hopes will inspire them to do the same in their daily lives and in making their daily choices.

One of the challenges for the coffee farm is the high turnover in farm employees due to competition from higher-paying construction jobs. To address this, the farm tries to attract older, experienced farmers who may not be fit for heavy construction work, but have experience in farming and compost preparation which they might, in turn, pass on to younger generations of farmers.

¹ <https://sdgs.un.org/partnerships/social-development-sustainable-value-chain-processes-economic-empowerment-women>

Takeaways

The ECHOstore and Coffee Farm business model remain as sustainable versions of access to markets for small producers, as envisioned by its founders 15 years ago. The non-profit carries on as the differentiator, despite its limited brick and mortar stores, especially with the advent of e-commerce and online shopping that sprouted during the COVID-19 pandemic. The owners continue to pursue their store-farm model banking with two developments: online selling and farm tours, which are innovative solutions to today's challenging retail landscape, where high rents and lower mall traffic will be a challenge for those just about to start in retail.



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