

BRAZIL
CHINA
GERMANY
INDIA
JAPAN
UNITED KINGDOM
UNITED STATES

CHINA
- Prioritize five-star/up-market hotels and upscale restaurants
- Joint venture with established brands
- Focus on marketing and brand

BRAZIL
- Develop relationships with non-competing businesses
- Identify a suitable master franchise
- Maintain brand image as high-end

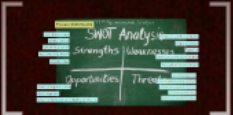
INDIA
- Identify a like-minded company to serve as master franchise
- Partner should have expertise in up-market/high-end beverage distribution
- Work to strengthen coffee culture

GERMANY
- Direct franchising
- Utilize the proximity to Italy

JAPAN
- Sequential franchising
- Joint venture

UNITED KINGDOM
- Area franchising

UNITED STATES
- Must penetrate Starbucks market segment
- Massive marketing campaign to promote brand
- Direct franchise most appropriate

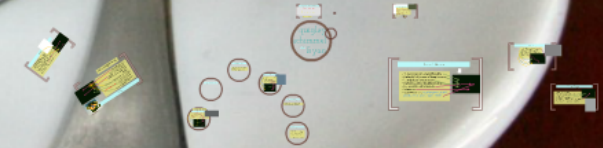


The Espresso Lane to Global Markets: WHERE DO WE GO NEXT?

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Espressamente



Mode of Market Entry
- Direct Franchising
- Master Franchising
- Area Franchising
- Sequential Franchising
- Multi-Unit Franchising
- Joint Venture
- Illy Owned Subsidiary

OTHER FACTORS
- PACE
- RHYTHM
- SCOPE



The Espresso Lane to Global Markets



THE MUST HAVE COFFEE

REPUTATION:

- QUALITY
- WORLD'S FINEST TASTING COFFEE

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- Illy is a specialized high-end coffee producer
- Commitment to deliver quality and experience

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COFFEE ART AT HOME AWAY FROM HOME COMPANY

ILLY LOCATOR

Like 275



Espressamente

Espressamente - Illy's own franchised coffee bar:

- 200 LOCATIONS
- More than 20 COUNTRIES

GOAL: Be recognized as the only authentic Italian bar chain delivering superior customer satisfaction to premium transit coffee lovers

HOW TO DO IT: Focus on premium transit, retail and service partners; also, adding luxury stores.



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The Global Coffee Industry

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- #2 in commodities trading
- Growing demand-predicated growth potential
- Correlation between consumption and disposable income
- **-Highly Competitive-**
- Espressamente, McDonald's, Costa Coffee, Lavazza, Tchibo, Segafredo, Starbucks, Coffe Bean & Tea Leaf



SWOT Analysis

Strengths	Weaknesses
Opportunities	Threats

Viewed as an Italian

High-end

Relies on an urban custo

Italy without colonie

Lots of comp

Product differentiation o

Coffee bean price fluct

Affected by ec

Relies on disposable

nd image

ty product

s authentic

lly located

ady global

esso culture

on

ee culture in developing countries



The Espresso Lane to Global Markets

WHERE DO WE GO NEXT?

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Espressamente

Brazil



- Largest global coffee producer
- Urban-coffee culture
- #2 in coffee consumption [potential to be #1]
- Successful in FDI
- Expected growth of 30% in coffee shop industry
- High-interaction Relationships
- Low per capita consumption
- Growing franchise sector
- Strong local brands



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China

- Projected growth of 10.7% through 2015
- Saturated market
- Fastest growth
- Minimal to-go sales
- Coffee an established product category
- Franchising popular-but difficult
- Urbanization transition
- Target Segmentation: growth middle class, higher disposable income

