



Grupo Britt N.V

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Grupo Britt N.V.

Abstract

The case describes the evolution of the company from its inception to the present day, and the logic of its development and internationalization process throughout the Americas. The company produces and distributes products, such as coffee, chocolate, nuts and cookies under their own brand. It also has around 80 retail stores located at airports and tourist locations in several countries. The main topics of the case are international expansion and brand positioning. It is an in-depth and complex case and is suited for use with advanced MBAs, EMBA's, as well as practitioners.

Keywords: Internationalization, brand positioning, US and Latin American Markets, Retail and food products and services.

Grupo Britt N.V.

Executive Summary

The case is about Grupo Britt which markets coffee, chocolates, cookies, etc. in Costa Rica, its home market, as well as through several Latin American markets, the United States, and more recently outside of the Americas as well. The origins of the company trace back to green coffee export from Costa Rica. The case describes the evolution of Britt Group from its inception to the present day, and describes the logic of its development and internationalization. Thus, this aspect can be used to set up a discussion of the logic of internationalization more broadly. The case raises the issue of brand positioning and thus can be used to discuss brand positioning. Importantly, the case raises the question of positioning and master brand and thus how can one articulate the essence of a master brand such that it reinforces the various product/service brands, without detracting from them. The case also raises the issue of developing a single international brand versus multi-local brands and raises the question as to whether there is a common platform across geographies for the Britt brand. Finally, the case provides the opportunity for discussing the distinction between standardization versus localization in terms of the product and/or positioning. The case is in-depth and complex and is suited for use with advanced MBA and EMBA students, as well as practitioners. Depending on the instructors needs, different aspects of the case can be highlighted and it can be used in a course/module focusing on internationalization and/or branding.

Grupo Britt, N.V.

In January 2011 Café Britt CEO Pablo Vargas sat looking at data the company had recently put together to address a key question they hoped would take the Company forward to the next stage: Should Britt Group enter the US, if so how and with which business lines? Importantly, how should the Britt brand be positioned? Internally, the debate had raged with three alternative viewpoints. One perspective argued for positioning Café Britt as a Costa Rican brand of gourmet coffee and chocolates. A second view was that the brand should be positioned as a purveyor of gourmet Latin American coffees and chocolate products. The third and broadest positioning platform that some argued in favor of was placing Café Britt as the purveyor of gourmet coffees and chocolates, without any attachment to a particular country or region. Vargas had to weigh the data and make a final call before a recommendation could be made to the Board, headed by Philippe Aronson, the son of Café Britt founder. The decision was critical as Britt was gathering itself for a more significant push into the US market, to build on its existing mail order business there, complemented by the Britt stores at the Miami International Airport.

Grupo Britt

Originally known as Café Britt, the Company was founded by Steve Aronson in 1985. A New Yorker, Aronson began working for a European coffee trading company in the 70's. As a part of his training, he became an accomplished coffee taster. He developed a particular appreciation for the coffees of Costa Rica and was determined to settle down in that country. In 1985 Aronson, then living in Costa Rica and exporting green coffee beans through Granex International his export company, upon tasting a cup of coffee at the Gran Hotel Costa Rica, he asked himself how could it be that, even in the best Costa Rican hotels tourists could not drink a decent cup of coffee. Then he made his personal mission to change that and started a separate business with a roaster in a home garage, then moving in 1991 to a property in Mercedes Norte de Heredia, near the village of Barva. This roasting company started with the mission of roasting beans from the country's best coffee farms and offer gourmet coffee¹ to the growing tourist segment in Costa Rica, and to Costa Ricans wanting to taste their finest beans that were completely exported before. To accomplish his mission, he set about to educate the hotel and restaurant owners that catered to tourists. He called the fledgling company "Café Britt," as he

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¹ There are three standard categories for coffee: strictly hard bean (SHB,) grown under optimal conditions between 1,200 and 1,600 meters above sea level; good hard bean (GHB,) grown from 1,000 to 1,200 meters above sea level, and hard bean (HB,) grown under 1,000 meters above sea level. SHB was the top-quality coffee bean. It was uniform in color, whereas GHB and HB were less uniform and contained more impurities. Café Britt roasted and packaged only the tip-quality, strictly-hard-bean coffee.

wanted a name that would evoke quality demanded by the most exacting coffee connoisseurs of the world, the people who lived and breathed coffee. Since Scandinavia has the highest per capita consumption of coffee in the world, Aronson looked for a good Scandinavian name and thus Café Britt² was born. The new company's early goal was to be the main supplier of coffee to the top hotels in San José, the capital city of Costa Rica. Mr. Aronson set out to persuade the managers of tourist-related hotels and restaurants that foreigners had a different view of what high-quality coffee was. This proved difficult, because many restaurateurs believed the coffee they were serving was just fine. In 1994, to reach out to tourists, Café Britt opened a mobile sales stand, a golf cart adapted to sell espressos, cappuccinos, and 12 oz coffee bags, in the Juan Santamaría International Airport in San José. It had also begun to sell in supermarkets, in single, hand-filled packages. However, sales of roasted coffee by Café Britt still accounted for only a small portion of Granex's exports.

Mr. Aronson received frequent visitors in Heredia, near San José, and in 1991 the roaster and coffee farm received so many visitors wanting to learn more about this new coffee, that Aronson thought of a new marketing tool, a theatrical play that told the story of coffee, together with a technical visit to the farm and the roasting plant. This is how the Café Britt Coffee Tour began. More than a tour, it was a show where visitors gradually realized that their guides were professional actors rather than plantation workers. After touring the coffee fields and learning about the different stages of cultivation and roasting, they were led into an amphitheatre where they were treated to a musical comedy that took them from the origins of coffee in Ethiopia to its current influence on the Costa Rican culture. Visitors were also taught how to judge the taste of coffee. The tour ended in a store selling all types of Britt coffee along with mugs, T-shirts, caps, and other souvenirs bearing the Britt logo as well as local handicrafts, jewelry and other imported and local gifts. In the first year fewer than 1,000 tourists took the tour, but the annual number of visitors rose to 30,000 by 1999, accounting for 4% of all visitors to Costa Rica that year. In 2007 the number of visitors rose to 40,846, 2.1 % of all visitors to Costa Rica that year and by 2010 their number was around 21,800, i.e., 1.0% of total visitors to Costa Rica. Ana Rita Chavarría, Coffee Tour manager, explained that, even though the number of tourists in 2010 was 6% above that for 2007 (2.1 million,) tourist preferences were shifting with a clear preference for beach and mountain, with less time spent in the Central Valley where the city of Heredia is located. In general, revenues from the Coffee Tour were not particularly important in the company's total income, however, some executives considered the Coffee Tour an important source of an initial contact with potential e-customers.

Café Britt advertised its products only in specialized journals and on its website from which coffee could be ordered for delivery within 10 days. No mass advertising was ever used to promote their brand. Instead, Café Britt relied on publicity and location (stand at the airport.) The concept was to provide fresh roasted coffee right off a Costa Rican farm to the customer. This positioning appealed to gourmet coffee aficionados and was supported by the positive image of Costa Rica as a picturesque, peaceful country of coffee farms on volcanic slopes, amid cloud forests. An early slogan still in use was “*Café Britt - from the plantation to your cup.*”

By 1992, the Costa Rican market for gourmet coffee appeared to reach saturation, with the

² Britt is a commonly used first name in Norway, Sweden and Denmark

highest per capita consumption among producing countries (7.35 kg per capita). Sales of Café Britt had leveled at around 200,000 kilograms per year, sold through the Coffee Tour (26%), hotels and restaurants (16%), the International Airport store (5%), and supermarkets (53%). At that time Café Britt had a 60% share of the gourmet coffee segment. Its price (US \$7.00 per kilogram) was, on the average, 45% higher than that of the other five companies in the export-quality segment. These belonged to growers and shared in the success of Café Britt. In this context Steve Aronson resolved to sell his product in the United States and Canada and began exporting modest amounts of roasted coffee to these countries.

Britt in the US market

His initial foray in to the US market was a mail-order business targeted at people who had visited Costa Rica, had encountered the Café Britt brand there and had taken the Coffee Tour. However, Aronson soon encountered problems with the laws and regulations in force at the time in Costa Rica that hindered exports of roasted coffee. For instance, coffee imports were forbidden by law making it impossible to blend different types of coffee for export. Moreover, the procedures for bulk commodity shipments of coffee beans were equally applicable for exporting roasted coffee. For instance, one regulation specified that coffee could only be exported in 69-kilogram bags and this applied to both bulk commodity shipments of coffee as well as to roasted coffee. Importantly, the estimated cost of these procedures was \$75 per shipment, regardless of volume. To further complicate matters, the process of getting export approvals was slow and bureaucratic. For instance, if a particular official of ICAFE, the regulatory authority responsible for processing export permits was sick or on vacation, no permits were processed. A typical example was the following: a customer from Boston, who had received 500 boxes from Café Britt, called the company with a rush order of 16 additional boxes, because sales had been greater than expected. When the company attempted to airfreight the additional boxes, it was informed by ICAFE that a new permit would be required, since the original permit had authorized the shipment of 500 boxes by sea. The rush order had to go through the complete export procedure. This took several days, and the customer was at the point of never buying from Café Britt again.

Fortunately, a foreign trade bill was passed in November 1994, which classified roasted coffee in bags of five kilograms or less as a "non-traditional export", eligible for certain government incentives. These included a tax rebate of 10.5%, exemptions from the export tax levied on green coffee beans and from import taxes on machinery and equipment, and accelerated depreciation. Taking advantage of these incentives, Café Britt increased its exports to the United States.

Although the 1994 law made a mail order export business possible, the regulatory framework continued to be complex. To comply with regulations, Café Britt sent shipments in 40-foot containers to a contractor in Connecticut who repackaged and sent the coffee to final consumers, a procedure that increased shipping costs. The roasted coffee was packed in patented aroma-lock valve packs with a one-year shelf life and an average retail price of US \$7.00 per 12-oz. bag. Notwithstanding these difficulties, Mr. Aronson did not forego his ambition to move the mail order business to Costa Rica and ship bags of Café Britt directly to customers. As a result of his efforts in lobbying the government, ICAFE, which regulated the coffee industry in Costa Rica,

based on the fact that laws governing coffee exports explicitly applied to green coffee, declared in 1996 that roasted coffee "was not coffee" and, therefore, not subject to the procedures prescribed in the law. As a result, instead of having to report and prepare all documents for each shipment, Café Britt was authorized to submit a report of monthly exports. This allowed the firm to handle the logistics of mail orders from Costa Rica.

The company also developed an environmentally-friendly package for its Tierra Madre organic roasted coffee, and introduced an Office Coffee Service to provide local institutional customers with high-quality coffee. Café Britt doubled its mail order business between 1996 and 1997 with over 3,000 active customers. It developed three different programs to deliver directly from Costa Rica via courier service (DHL): Café Britt Coffee Lover's Program was a subscription service limited to the U.S. and Canada that offered regular shipments of Café Britt's coffee and travel arrangements to Costa Rica for the Coffee Tour. The Gift Program was a single-purchase program available anywhere in the world that included a gift box with a personalized card in English or Spanish. The Wholesale Program offered volume discounts to purchasers of larger boxes. The company offered 24-hour access for ordering and customer service through 1-800 numbers.

Starting in 1996, Café Britt introduced its coffee to commercial clients in the United States through Albertson's, one of the top U.S. food and drug retailers with more than 800 stores in 20 Western, Midwestern, and Southern states. Within one year, 120 Albertson stores carried the company's coffee. In that same year Café Britt added a three-day coffee training seminar to the Coffee Tour, aimed at coffee industry professionals. The seminar focused on how agronomic characteristics, regional variances, and different processing methods contribute to the quality and flavor of coffee beans. Participants actually picked coffee, experienced the milling and roasting processes, and visited several coffee-growing regions in Costa Rica. During cupping sessions, they could taste how different regions and their climates impacted coffee flavor, body, and aroma.

In 1998, to further boost sales volume, Steve Aronson made an agreement to begin selling in Sam's Club, a division of Wal-Mart Stores, with 436 outlets in different communities throughout the continental United States. Unfortunately, by the beginning of the new millennium, these retail initiatives in the US were floundering. Sales of Café Britt through Albertson's were stagnating to the point that products in the shelves were approaching their expiration date. The deal with Sam's Club was in trouble as, although consumer response in upscale neighborhoods was excellent, sales lagged in lower-income neighborhoods. Eventually Café Britt was removed from the chain because, as one Wal-Mart executive explained, "Sam's Club stocked only high-volume items that turned over rapidly among all socio-economic groups and could thus be distributed to all outlets through the company's low-cost logistics system."

New growth opportunities in 2001

Given the difficult experience in the US on the one hand and the need to grow on the other, early in the new millennium Café Britt made the strategic decision to expand through Latin America, targeting first tourists, and then the local population. The decision was triggered by an opportunity created in 2001 by the Costa Rican Government's decision to concession the

operation of the Juan Santamaría International Airport to a private operator. The concession opened the door for Café Britt to start a Café Britt store at the airport, upgrading from the mobile cart it had been allowed while the airport was under government control.

The new concept of the Café Britt store was to enable tourists to capture and bring something tangible from their holiday experience in Costa Rica (Exhibit 1). Thus the store stocked not only the entire line of Café Britt's Costa Rican coffees but also a range of chocolates that Café Britt had developed. Like the coffees, these were gourmet chocolates, and to capture the Costa Rican experience they had fillings made of different types of local fruit and nuts that were often not widely available outside Costa Rica. In addition to the coffees and chocolates, the stores also carried local handicrafts as well as Café Britt branded paraphernalia, similar to those available in the store of the Coffee Tour. The new Café Britt store was a huge success; the top executives and the board of directors quickly realized retailing it was an interesting way to grow the company. Just after opening the first store at the airport, the company resolved to open other stores in local hotels and tourist spots.

In 2004, a second opportunity emerged for a retail outlet in Peru. One of the partners in the development of the Juan Santamaría International Airport at San José took part in the successful bid to upgrade the Jorge Chávez International Airport in Lima, Peru. Café Britt was invited to participate in the new airport with a Café Britt store. Considering the historic sites in Peru (e.g., Machu Pichu,) and the low levels of tourist visits at that time, Café Britt saw this as a great opportunity and invested in three stores at the new airport and later on one in the Lima JW Marriott hotel and a small coffee roasting facility.

The stores, as in the one in Costa Rica, carried gourmet coffees, chocolates, Peruvian handicrafts and souvenirs, and Café Britt branded mementos. The big difference was that, while the coffees in Costa Rica were local, in Peru they were also local, i.e. 100% Peruvian coffees and chocolates, using some uniquely Peruvian fruits in the chocolates. Thus, a tourist coming to Peru would see Britt as a local Peruvian brand, a necessity if the objective was to make the tourists' vacation memories tangible. As CEO Pablo Vargas put it, these are stores with a "sense of place". These decisions were particularly a huge challenge to top management and the Board, since for many years Café Britt had the slogan, "*Costa Rica sells Britt and Britt sells Costa Rica.*"

The quick retail growth showed Café Britt was more than a coffee-roasting and trading company. The company was beginning to pursue a new, successful, replicable business model. Also it acknowledged the need for further innovation through products other than coffee and chocolate, in line with store locations. By 2010, Grupo Britt had expanded its branded product line to include different presentations for Britt original products, confectionery, white and dark chocolates, chocolate powder and other goods including cold drinks, biscuits, jellies, and hot sauce, among others.

The company expanded by opening stores in other airports in Curaçao (2006), Chile (2007), Miami and St. Thomas (2008), Antigua and Barbuda (2009), and Mexico (2010) To do so, Britt created a multidisciplinary team that researched and intensively toured the target countries to understand the underlying themes attracting travelers. These were then used to open country-

specific stores and products. Cabinet color, fixtures, music, decoration, and store staff and uniforms were all carefully selected to create an interactive space in harmony with each country and culture. In 2010 Britt obtained a new contract at Santo Domingo International Airport in Dominican Republic and will open 6 stores in 2011. In January 2011 Café Britt was competing for two new stores' concession at the Juan Santamaria International Airport and to regain another one that it had lost to other retailer a few years before. Britt's executives were very optimistic in relation to obtaining those concessions as the airport operator's experience with other retailers had not been good.

Additionally, it decided to compete in March 2011 for an important site in the Daniel Oduber International Airport in Liberia, in Guanacaste, Costa Rica, recently granted to the same operators of the Juan Santamaría Airport. By late 2010, Café Britt had over 76 stores in airports, hotels, and tourist destinations in nine countries, with more than 4,500 SKUs (Exhibit 2).

Wholesale Distribution

In parallel with opening stores in airports, hotels and tourist sites, Britt also pushed for broader distribution in the Latin American markets it had entered. At home in Costa Rica, Café Britt originally contracted with CEFA, a technologically savvy distributor, for exclusive distribution to all retail channels except hotels and restaurants, in order to achieve broad national coverage. However, since 2000, aiming at better service Café Britt itself began distributing the product to the retail channels until 2009, when it decided to work with DHL for local distribution, excluding distribution to its own stores.

To consolidate its presence in hotels and restaurants, in 2000 Café Britt entered into an agreement with the regional hotel chain Camino Real Intercontinental, to serve as the exclusive supplier of coffee to its operations in Costa Rica, both in the room with coffee bags for the coffee maker and in the hotel restaurants. Six months later, it was contacted by Marriott and Barceló (from Spain), both of which had extensive operations in Central and Latin America, to be their local supplier. This offered the potential to expand regionally, particularly now that trade openness had been reached in most countries of the region.

Café Britt took advantage of these agreements and developed a platform for restaurants and cafés, the HORECA (hotels, restaurants and cafés) channel, to offer a wide range of products, including various ways to prepare coffee, cold drinks and its line of chocolates and candy, under the Café Britt, Chocolates Britt and Britt Nuts brands, all supported by the firm's high quality standards. Not only did the program allow Café Britt to distribute its products, but it also gave it a chance to offer technical assistance and training on how to prepare drinks and distribute French presses and other machines to make beverages. This way Café Britt expanded its customer base, including retail channels. By 2010, it had 1,500 Horeca accounts in Costa Rica, 200 in Peru, 80 in Chile and 50 in Mexico, while customers in other countries, including the U.S., amounted to 300 (Exhibit 3).

Organizational Structure and Values

Café Britt was characterized by continuous search for quality and excellence, especially in terms

of products. To do so, it followed four key principles: communication, commitment, creativity, and character. The Britt team communicates constantly in a simple, sincere, and timely fashion. In terms of commitment, Café Britt produces results on time, with close attention to detail. It anticipates customer needs and desires to create new, profitable ways to ensure customer satisfaction. Finally, Café Britt believes in doing the right thing. It adheres to all applicable regulations and is accountable for the use of resources and knowledge. All of these principles encourage a suitable work environment and help develop a customer-friendly environment¹.

The firm's headquarters were located in Costa Rica and CEO Pablo Vargas reported to the Board and its Chair, Philippe Aronson. Operations in Peru and Chile were handled by the Regional South America's Director from Peru, with assistance from an Administrative Manager in Chile. Mexico had a General Country Director responsible for overseeing all operations there. As in the case of Peru and Chile, his work included wholesale distribution to supermarkets, store supervision and development of both businesses. For the USA and the Caribbean, a Regional Director operated from Costa Rica, focusing mainly on stores as there was no wholesale distribution in the region. The Costa Rican operation, in addition to a General Finance and Administration Manager dealing mainly with manufacturing, human resources, and legal issues, was directly supervised by two people: the Commercial Director, who was in charge of wholesale distribution of Britt products to supermarkets and specialty stores, and the Retail Director, responsible for overseeing airport and hotel stores as well as stores in tourist sites across the country. In addition, the Stores Director also advised Regional Directors on store management. Finally, there was a small group of Corporate Directors, including Finance, Innovation, and Information Technology (Exhibit 4).

By 2010 the company employed over 1,000 people, had a solid economic performance (Exhibits 5 and 6) and expected revenues close to US\$100 million for 2011.

Café Britt in the US

Direct sales accounted for 91% of sales in the U.S., and 7% to Canada. The remaining 2% were sales made to other countries. There is a Department for International Sales, serving wholesale customers who supplied supermarkets and other small retailers. Points of sale at airports, hotels, and tourist sites in Latin America as well as the Coffee Tour in Costa Rica were useful to publicize Café Britt among tourists from around the world, and especially those from United States. Many fell in love with the brand and joined the "Coffee Lovers Program". Commercial Director Fernando Castro explained that "this approach was possible thanks to the products' and the brand's 'sense of place' which, through flavors, brought consumers back to their experiences to the site they visited". Those flavors were typical not only of Costa Rica but also of those countries where Café Britt operated. By 2010, the "Coffee Lovers Program" had more than 140,000 members. Looking to relive the experience or as a result of recommendations, they bought the goods from their homes either through the company website, by telephone, by fax or by mail.

In 2010, 75% of direct sales were made through the company website, 21% by phone, and the remaining 4% by other means, with sales reaching close to \$6 MM. Café Britt's growth of e-commerce in 2010 amounted to 7%, while the growth of the e-commerce industry in the United

States reached 9%. In the last strategy process conducted in September 2010, senior management had proposed sales of \$20 million by 2015. Marianela Monge, Direct Marketing & Customer Service Manager, was considering alternatives to achieve this goal, including strengthening affiliate programs where Café Britt uses companies like Commission Junction, Google and LinkShare and these companies related those belonging to their networks to Café Britt, in line with characteristics and geographic region of those Café Britt wished to contact. The idea was for Café Britt to conduct an advertising campaign through banners and buttons, selecting keywords related to its business. By 2010, this type of initiative contributed 14% of Café Britt's online sales. Other tools Café Britt intended to use were "pay per click" and "pay per action" sites where the company paid for showing a keyword and then paid each time someone clicked on the word (Exhibit 7). Pay per call involved showing the firm's phone number with the company paying every time someone clicked on it and contacted Café Britt this way. In addition, Café Britt invited people to visit the grocery and gourmet food section from Amazon. Also, it had sales presence in sites such as Alice and Ebay and had a staff member responsible for updating information and launching promotions on social networks such as Facebook and Twitter. Despite this range of possibilities, Marianela was not sure of what tools to focus efforts on, and whether there were other ways to grow their business based on experience gained by the company which were currently not being considered.

The most effective program, as a web sale driver, has been the emailing campaigns representing 36% of the website sales. Being also the best cost effective program compare to affiliates or e-mark (paid per click or per action) initiatives. Affiliates being the most expensive of the programs, but second in efficacy. Also Amazon initiatives (retail or grocery stores) or other like them are expensive, exposure for the brand and products favoring Amazon.

The most traded product in the U.S. was coffee. Costa Rican coffee accounted for 91.1% of sales while Peruvian coffee accounted for 2.5%. Next were chocolates (4.9%), crackers and seeds (1.2%). Other Café Britt branded goods (Espresso cups and French presses canisters, among other) accounted for 0.2%. Mexican coffee, which had recently entered the market, accounted for the remaining 0.1%. This resulted from the fact that coffee was the most traditional product in the company and also from the prestige of Costa Rican coffee as premium coffee. However, the company strived to promote and improve sales of all of its products through special promotions, Web page advertisement, electronic and physical mailings to members of the Coffee Lovers Program and through free samples given in addition to products ordered. The increase in sales and customer base was influenced by three major factors: number of visitors coming to the stores and/or the Coffee Tour; those coming to the company's Web site while searching for high-quality coffee, and recommendations from other consumers. Consumer perception about the company and its products was very positive. After offering its products through direct sales for over 15 years, Café Britt had achieved a high degree of brand loyalty (Exhibit 8) making customer recommendation highly likely.

Coffee, Confectionery, and Cookies -- Industry Trends and Characteristics in the US

Coffee Industry

Coffee was the largest agricultural commodity traded on world markets and the second most traded commodity after oil, and its production and consumption were widespread. Producing countries were in developing regions of the world and relied on coffee exports for foreign exchange. Between 1997 and 2000, non-producing countries accounted for 76% of world consumption, while in 2010 they accounted for 67%. A growing concern about the effects of caffeine on health, combined with changing lifestyles that placed less emphasis on breakfast, were at work to reduce coffee consumption in the US. Per capita consumption of coffee in the U.S. had dropped from 3.1 cups a day in 1961 to 1.7 cups a day in 1996. Thirteen years later, in 2009, consumption was up to 2 cups per day, the equivalent to 4.1 kg of coffee per capita/year.ⁱⁱ This compared very favorably when compared to Latin American countries. For instance, annual consumption per capita was 3 kg in Costa Rica, 1.2 kg in México, and 0.5 kg in Peru.ⁱⁱⁱ

In 2008, the US coffee industry included some 300 companies with combined annual revenues of about \$8 billion.^{iv} The retail coffee market in the U.S. comprised three sectors: soluble or instant coffee, ready to drink (RTD), and whole bean or ground coffee. Combined market share for Kraft Foods, Sara Lee/DE, Procter & Gamble, and Nestlé was 45%^v; including Starbucks, market share ranged between 75% and over 80%.^{vi} As a segment of roasted coffee, gourmet or specialty coffee had increased from 3.6% of total sales in 1983 to 37% in 1997. Sales grew from \$45 million in 1969 to \$1 billion in 1990 and \$2.2 billion by 1996. Currently, “specialty” refers both to whole-bean sales and to coffee beverages sold in coffee bars and cafés.^{vii} By 2009, specialty coffee sales accounted \$13.65 billion.^{viii}

Within the gourmet coffee segment, coffee from a single geographic region accounted for 30% of sales, flavored coffee for 25%, blends for 20%, decaffeinated coffee for 15%, and dark-roast for 10%. Prices for gourmet coffee were several times higher than those for mass-marketed brands, and these could vary widely in line with the reputation of specific coffee-growing regions. Coffee grown between 1,200 meters and 1,600 meters above sea level normally received a price premium, but this was not always right or consistent. For example, some Hawaiian coffees grown below 600 meters above sea level –i.e., lower-quality– enjoyed the same price premium over Costa Rican coffees than Hawaiian Kona coffee, grown above 1,200 meters. Most consumers could not distinguish between excellent and good coffee. Thus, much of the premium was due to marketing and branding efforts.

The number of specialty cafés had increased from 200 in 1989 to 10,000 in 2000. Between 2000 and 2005, the number of cafés reached 21,400 or roughly one café per every 14,000 Americans. By late 2008, there were approximately 27,715 specialty cafés.^{ix} Some 47% of all cafés belonged to chains such as Starbucks, The Coffee Beanery and Java Centrale and the rest were small local stores. Many cafés sold bags of ground or whole-bean coffee for home consumption. Starbucks offered special blends and single-origin coffee from such famous coffee-growing regions as Tarrazú (Costa Rica,) Antigua (Guatemala,) Kona (Hawaii,) and Java (Indonesia) which it bought as green beans from exporters in each of these countries. According to where coffee was prepared or consumed, the National Coffee Association of USA reported that 86% of the population age 18 and over drank coffee at home, 26% in cafés, 15% at work, 10% at restaurants, and 3% at convenience stores/gas stations.

Specialty coffee sales at grocery stores amounted to \$915 million (with an annual growth rate of

12%, compared to 3% for non gourmet coffees). Gourmet coffee accounted for just 14.5 % of coffee sales in supermarkets, but an increasing number of gourmet coffee brands were available countrywide.^x These included Starbucks; national brands such as Millstone Coffee (acquired by Procter & Gamble in 1995) and Seattle's Best Coffee; regional brands such as Pure Roast Coffee in the West Coast, Green Mountain Coffee in the Northeast and Pan African Coffee in New Jersey; and foreign brands from both producing and non-producing countries such as Illycaffè Goroka and Coffee from Italy and Papua New Guinea, respectively. Brands from coffee producing countries were scarce and almost none had national distribution, though the Colombian Coffee Producers' Association was using an aggressive advertising campaign to raise consumer awareness regarding Colombia as a high-quality coffee producing country. It also provided information through its website identifying the U.S. brands that featured pure Colombian coffee, including Maxwell House Colombian Supreme (Kraft,) Café Sarks (Nestlé,) Folgers Colombian Supreme (Procter & Gamble) and Sam's Club Great Value (Realty Foods.)

Although the whole mail-order coffee market accounted for only \$100 million in sales in 1996, margins for this segment were 40% greater than for supermarket sales. Over the last few years this segment underwent quick growth thanks to the Internet. Participants included giants like Kraft (whose brand, Gevalia, had been available through mail order since 1984,) national gourmet chains like Starbucks, which offered its coffee by mail order through America Online, and many small U.S.-based firms that set up websites for information and mail order. Some smaller roasters were also participating in the mail-order segment. Armeno Coffee Roasters, a Massachusetts-based company featured coffee from Brazil, Costa Rica, Hawaii and Jamaica, as well as blends and decaffeinated varieties. It offered same-day roasting for any order of coffee and regular deliveries through its Armeno Express program. In 2009, Green Mountain Coffee Roasters Inc. was the company with the top coffee sales by Internet ranking 96 among top 500 Internet Retailers and 10 in the Food/Drug category, sales close to \$ 170 million (Exhibit 9).

There were also mail-order operations that specialized in particular type of coffee. For example, Lucidcafe was a California-based company that offered Jamaican coffee via the Internet. Adams Organic Coffees, based on San Francisco, offered only organic coffees from different origins in single-origin, blended, decaffeinated and flavored varieties. Other online operations offered coffee from a specific coffee-producing region. The Maui Coffee Co. shipped coffee directly from Hawaii and featured only two varieties of Hawaiian coffee, Kona and Maui. Honduras Cigar & Coffee Company offered coffee from different regions in Honduras for direct delivery to the U.S.

The US Confectionery Industry

The U.S. confectionery industry consisted of some 1,600 companies, with revenues exceeding \$20 billion. Major actors included The Hershey Company, Mars, Nestlé USA, and U.S. Cadbury, recently acquired by Kraft. The industry comprised three major segments, namely, companies processing cocoa into chocolate; companies using chocolate to manufacture candy, and companies making candy without chocolate^{xi}. In 2008, manufacturing companies grew 3.1% over the previous year, mainly as a result of stronger exports. Wholesale confectionery sales increased 2.0% (Exhibit 10).^{xii}

A weak economy in 2008 and higher retail prices, caused by the rise in commodity prices, impacted consumers. On average, consumers increased their spending on confectionery only by 1.1% to \$92.9 dollars (\$ 52.6 corresponded to chocolate confectionery) per year, while the amount of purchased candy per person decreased by 4%, falling to 23.8 pounds.^{xiii} Products were marketed through different channels (Exhibit 11). By late 2009, confectionery sales through channels such as supermarkets reached \$ 4.9 billion. Sales through convenience stores amounted to \$4.6 billion; those made through Wal-Mart added up to \$4.0 billion, \$ 2.8 billion through drugstores, and those through other mass market outlets totaled \$1.4 billion, among other channels. Chocolate candy sales accounted for more than 55% of total confectionery sales. Between 2008-2009 and 2009-2010, sales of chocolate candy in various forms increased 4% and 5%, respectively (Exhibit 12).

According to the National Confectionery Association (NCA) trends in chocolate consumption were changing, with a discernible preference for dark and gourmet chocolates. Dark chocolate had increased by 17% from 2003 to 2004^{xiv}, and although growth has slowed more recently as the category grew 9%, between 2008 and 2009, it was significantly higher than the growth in regular chocolates, which was 4%. Gourmet chocolate sales had been growing even faster, racking up growth rates in the high 20 and low 30% range. For example, between 2007 and 2008, gourmet chocolate consumption increased 32%. All of this had been driven by advertising campaigns on the benefits of chocolate for health thanks to its antioxidant and aphrodisiac properties. Companies producing chocolate on a massive scale began to develop chocolates with these features and increasing numbers of companies with their own brand names emerged. Currently chocolate with exotic flavors (citrus, spices, salty, and fruit flavored) and chocolates highlighting the place of origin are packaged and sold as gourmet chocolate.^{xv}

The US Cookie Industry

The cookie and cracker manufacturing industry comprised some 300 companies with joint revenues close to \$11 billion. Major companies included Nabisco (a subsidiary of Kraft,) Kellogg's snacks division, Campbell Soup's Pepperidge Farms unit, Snyder's-Lance, and Interbake Camp. Approximately 16% of these companies accounted for over 90% of industry revenues. It was estimated that by 2010, cookie and cracker demand would have grown 2.4% over the previous year.^{xvi}

To position themselves in this industry, manufacturing companies had to be willing to fight for shelf space and mind share among consumers, which involved heavy investment in both trade promotion and consumer advertising. For example, Kraft USA spent 6.5% of net revenue every year. Moreover, crackers and cookies had to compete with a huge number of products purchased on an impulse basis, such as chips, seeds, energy bars, baked goods, fast foods and home-baked products.^{xvii} In 2008, biscuits ranked eighth among products of choice in the food category and third in the snacks category, with sales worth \$4 billion through channels such as grocery stores, drugstores and mass merchandisers (excluding Wal-Mart).^{xviii}

Retail Channels in the US

According to Datamonitor, by 2009, total revenues for the US food retail industry amounted to

\$859.1 billion. Between 2005 and 2009, the annual growth rate was 5.3%. The industry was consolidated with large chain supermarkets or hypermarkets wielding more power over smaller specialty, luxury or organic food outlets. Hypermarkets, supermarkets and discount stores were powerful in terms of negotiating with manufacturers; therefore they were able to offer lower prices to consumers, while small grocery retailers had less flexibility in relation to product pricing.^{xxix} Sales of hypermarkets, supermarkets, and discount stores in 2009 accounted for 80.2% of the US food retail industry overall value, with total revenues of \$688.7 billion. On the other hand, convenience stores and gas stations generated revenues of \$94.1 billion in 2009, equal to 11.0% of the industry's aggregate revenues. Food and drink specialty stores generated \$17.2 billion, i.e., 2%.^{xxx}

Euromonitor International, a USA grocery retailer report, indicated that food specialty retailers –whose value grew 2% in that year– accounted for the largest share of food/drink/tobacco specialty retailers in 2010. As consumers had more discretionary income, they were beginning to visit specialty retailers once again to purchase specialty food items, such as chocolate confectionery and premium steaks, often as gifts. The gourmet food retailer sector performed better in 2010 than in 2009, growing by 1%. However, this sector was threatened by improved special product sections in many U.S. supermarket chains.^{xxxi} For example, Safeway stores offered a selection of food and general merchandize and feature a variety of specialty departments such as bakery, delicatessen, flowers, and drugstores. In addition, many stores offered Starbucks cafés and adjacent fuel centers.^{xxii}

Some retailers focus exclusively on one segment. For example, Whole Foods Market operates a natural and organic food supermarket chain, with 20,500 SKUs on average, aimed at customers looking for natural or gourmet food. Its product portfolio comprised seafood, grocery, meat and poultry, bakery, prepared foods and catering, specialties (beer, wine, and cheese,), coffee and tea, nutritional supplements, vitamins, body care, and educational products such as books, in addition to flowers, pet products, and household goods.^{xxiii} Whole Foods Market owns and operates 299 retail stores, 288 of which are located in the US, six in Canada, and five in the UK. In addition to these, the company operates two produce procurement centers, four seafood-processing and distribution facilities, and a specialty coffee and tea procurement and brewing operation. It has 10 regional distribution centers which dispense a full range of products to its stores across the US, Canada and the UK. In addition, the company has five regional commissary kitchens and six baking facilities, all of which dispense products to the stores. The US is Whole Foods Market's largest geographical market and accounted for 97% of total revenues (\$8.7 billion) in 2010, an 11.9% increase over 2009. Canada and the UK accounted for 3% of the total revenues (\$270.2 million) in 2010, that is, a 20.1% increase over 2009.^{xxiv}

Retailers are now also using other alternatives to sell. “MexGrocer, for instance through its website MexGrocer.com, streamlines the shopping process by eliminating the driving to multiple stores in search of authentic Mexican food items not commonly in stock at conventional grocers. This is a nationwide online grocery store for hard-to-find, non-perishable authentic Mexican food items, household products, cooking tips, Mexican recipes, Mexican cookbooks, religious goods and jewelry from Mexico. The company offers more than 3,000 specialty Mexican and Latin products from imported and national leading brands. It has sold to over 15,000 cities in all 50 states of the US and Washington D.C. Its distribution center is located in San Diego,

California and Fedex, UPS and USPS ensure expedient, reliable delivery of all orders nationwide. The company offers an advertisement service, where other firms can introduce their products in its stores and newsletters, sending samples of them to consumers nationwide”.^{xxv}

E-commerce in the USA

Many traditional producers of goods and services are working to transform their business’ processes into E-commerce processes in a drive to lower costs, improve customer service, and increase productivity, with varying degrees of success.^{xxvi} According to the Census Bureau of the USA Department of Commerce, retail sales from food and beverage stores by 2005 through E-commerce amounted to \$549 million, that is, 0.1% of total retail sales, and by 2008 they amounted to \$880 million, i.e., 0.2% of total retail sales. In operations primarily engaged in retailing all sorts of merchandise using non-store means including catalogs, toll-free telephone numbers, or electronic media, such as interactive television or computer (electronic shopping and mail-order houses), sales of food, wine and beer through E-commerce accounted for \$1.4 billion, (46% of total sales,) while in 2008 sales accounted for \$2.3 billion dollar, that is, 59.8 % of total sales.^{xxvii}

Total E-commerce retail sales in the U.S. for the third quarter of 2010 amounted to \$41.5 billion, up 4.0% up from the second quarter of 2010. Besides, in the third quarter of 2010 E-commerce retail sales increased an estimated 13.6% as compared to the third quarter of 2009. Throughout 2010, the E-commerce industry grew 9% and some firms such as Forrester predicted a 7% growth for 2011 while more encouraging forecasts indicated growth between 10% and 12.5%.^{xxviii}

Global Airport’s Stores Industry

Passenger traffic, waiting time between flights, and travelers lead time to take a flight are the perfect combination to offer a variety of goods and services at airports. Dufry was a company that had taken advantage of commercial space and influx of people to position itself at various airports, to reach 1,500 million potential customers worldwide. The company offered a wide variety of products through various shops including: a. “General traveler” that carried a wide range of brands and covered a broad range of prices. They typically carried more than 50,000 SKUs, with emphasis on tobacco, alcoholic beverages, food, confectionery, perfumes and cosmetics; b. “News and convenience” aimed at customers who were not price-conscious or were not looking for specific brand names, offered newspapers, magazines, books and convenience products such as confectionery and electronic goods to travelers; c. "Branded boutiques" operated under renowned brand names such as Hermes, Armani, Victoria's Secret, Lacoste, Omega or Bulgari; and d. "Specialized stores" which were aimed at very specific markets and segments. For example, "Colombian Emeralds International” offering watches and jewelry products and other shops specialized in confectionery or electronic products.^{xxix} Dufry’s revenues for 2009 and 2010 amounted to \$ 2.6 billion and \$ 2.8 billion, respectively. Dufry revenues for North, South and Central America (including the Caribbean) were \$765.2, \$579.7 and \$437.5 million, respectively.

Aldeasa is another company engaged in developing airport stores such as boutiques, luxury

goods stores, duty-free and specialized stores. In addition, it had souvenir shops intended to spread cultural richness and different countries' traditions, including original and typical goods such as books, decorations, food items, T-shirts, gifts, key chains, stationary and other accessories. Aldeasa was present in 49 airports, 20 countries and four continents. It had 60.000 square meters of retail space and over 3,700 employees. In the Americas it was found in Chile, Mexico, Panama, Peru, Colombia, Netherlands Antilles (Curaçao) Canada (Vancouver) and the USA (Atlanta and Orlando.)^{xxx} Aldeasa sales in 2010 reached \$ 802.1 million.^{xxx1} In addition to these two companies, there are many others running a variety of small-scale stores with different products and services and competing to meet travelers' needs.

Stores Manager Adriana Echandi stated that the airport store business grew quickly over the last 20 years as a result of concessions. For example, the Miami International Airport had now an area of some 8,500 square meters, with capacity for more than 126 stores, with the goal to increase the number of stores to 250. This had led to establishing duty-free stores, gift shops, specialty shops, and food and beverage shops.^{xxxii} The same was true at many airports in the continent. Chile's had 4 duty-free shops, 70 shops and 21 restaurants^{xxxiii}; that of Peru had a commercial area of 10,422 square meters with 66 stores^{xxxiv}. Finally, Adriana recalled that the Miami International Airport moved 16.4 million people per year, Peru and Chile 9 million people each, while the Juan Santamaría Airport moved about 3 million people.

Brand Positioning

In the discussions about how to grow the business, one key question that had emerged and received extensive attention and discussion was the question of how to position the Britt brand. An outside consultant was hired and he explained that "brand names usually start as undifferentiated products, despite the fact that a brand is something different from a product. The brand name's success or failure in the market depends on the product's quality or functionality on the one hand and on the intangible benefits that the brand provides the customer." The consultant had noted that a brand transcends the product or service. It has life of its own but it feeds on the original product. A product is made in a factory, while a brand that the consumer purchases is a combination of the tangible and product features, the bundled services, and intangible benefits.^{xxxv} The brand image is all the information recorded in the consumers' minds about the product or service from the many contacts s/he has with it." The consultant had argued that "brands are born when customers and consumers, collectively, are able to perceive that a product has a unique identity that differentiates it from similar products and can also describe the unique set of benefits it offers. Generally, when developing new products under one brand, they carry with them the brand identity and values".

To illustrate his arguments, the consultant pointed to Apple. Apple makes and sells computers, mobile phones, mp3 players, hard disks, music and videos. These are all stitched together under the Apple master brand, which endorses each and every product sold by the company and conveys the promise of innovative, beautiful, and easy to use products (e.g., iPhones, iPad, Mac) and services (e.g., iTunes; Apple stores).

The consultant also commented on the idea of an international brand. He noted that "an international brand offers a common message to the consumer across markets, that is, the brand

identity and strategic positioning are kept constant across the markets, although the product offerings can be adapted to local consumer demands. The marketing activities, to the degree possible are standardized across markets, although here too, the activities can be locally adapted to meet local consumer preferences and mores, as well as political and regulatory compunctions. The decision to internationalize a brand thus depends on the product, markets, consumers, and political issues, among others, and a detailed analysis must be undertaken to see if it will benefit the company. There are arguments for and against brand internationalization. On the one hand, one could argue that markets are becoming increasingly similar or that similar segments exist in all markets. Add to this the development of economies of scale to create a competitive advantage, and there is a strong argument to develop an international brand. On the other hand, some suggest that, by carefully analyzing markets, one can identify significant variations in consumer needs and preferences, and develop local offerings that are based on this intimate knowledge. Such offerings and messages meet the local needs better, leading to greater brand acceptance and loyalty.”

Britt Group encompassed several products that go by brands such as Café Britt and Britt and services such as the Britt Shops (Exhibit 13). It was noticeable that by learning about the Café Britt brands some consumers initially associated it with a coffee shop or café. A similar reaction was that of consumers who thought chocolates, biscuits and other products exclusively contained coffee flavors given the brand association with Café.

So, the first question was, was there a common thread that tied them all of these different businesses and brands together? There seemed to be a general belief that there was a common thread, in that Britt evoked a sense of place, although what exactly that was, was not well articulated or agreed upon. CEO Vargas said that “The Britt brand(s) evoke a taste of the most authentic flavors of fine products from Latin American countries. Britt brings the people, the colors, the smells, and flavors of these lands to its consumers. It celebrates the rich cultures from memorable places. Coffee and chocolate products, that create a memorable impact on the feelings of the traveler.” Adriana Echandi, Britt Shops Director said “Britt stands for prestige, consistent quality, service, vision of innovation, and gifts of excellence. It is what consumers saw in Costa Rica or Peru, or another country they visited. Britt was a local leader in that country and the consumer tried the product at his/her hotel, at a shop when taking some tour, like say whitewater rafting, or maybe s/he came to our Coffee Tour. I consider the following as the sentiments of the Britt brand: excellent quality--beyond what is expected and always constant; something different; charming and soothing; intelligent and innovative.” And, Fernando Castro, Britt Brands Director noted “Britt is all about the joy of taking with me a high-end product that has the authentic flavors of the place I live in or just visited. Keywords that are associated with the brand are authenticity, self indulgence, gratifying memories (vacations), exotic flavors, and the perfect gift.”

Thus, as a first step, Vargas and his team had to agree on whether or not to have a consistent international strategy for Britt and, if so, what could the master brand stand for that would capture the essence of the offering of the different businesses and markets that the group was already engaged in; what was this sense of place that they all thought captured the essence of the Britt brand? Britt was a premium brand in Costa Rica for both visitors and local consumers. In addition, it had successfully managed to extend its Costa Rican experience to other countries.

Might any brand changes to develop a consistent international offering impact consumers' perception and unravel the efforts made over the past 25 years.

The second issue that Vargas and his team needed to address was whether to expand in to the large, highly competitive, and difficult US market or build on the gains that it had already made in Latin America. Since the company began diversifying its activities with the Coffee Tour it had acquired a lot of skills and capabilities. The Coffee Tour gave it skills in managing a service operation. Retailing and internationalization taught it skills in store design and managing services to dealers at airports, hotels and other locations. To stock its stores it had acquired the capability to identify suppliers and manage supply chains to keep its stores stocked with the right merchandise at the right time. The Albertson's and Sam's experience in the US had many positive aspects, although with negative results. On one hand, Britt learned how to deal with highly competitive customers and what to expect from them. On the other, Britt learned in Albertson's the importance of advertising to move a product in a supermarket and in Sam's that not every place in the US is a good location for gourmet coffee. The best results in both cases were obtained in high end neighborhoods.

Should the Britt brand expand in to the US? If so, how did this decision interact with the brand positioning definition that was also on the table? Which aspects of its business and how should Britt expand in the US, if at all? Should it build the existing mail order business? Should it consider expanding through opening more Britt Shops like the ones in Latin America or at the Miami International Airport? Should it target fine hotels and restaurants in the US as it had done in its early days in Latin America? Should it reconsider supermarkets and, if so, what lessons could it take away from the earlier experience with Albertson's and Sam's Club? Finally, targeting specialty stores was still another option. Ultimately it was a decision that Vargas needed to make. It was a very significant decision as it could totally change the firm's direction shifting it to the next level if all went well, but if it did not, it could fatally damage the Group's future.

Exhibit 1 New Concept of a Britt Shop



Source Cafe Britt 2011. Our Britt Shop : by Senses of Palce. Accessed Feb 20. <http://brittshop.com/by-sense-of-place>

Exhibit 2. Britt Shops Location



Source: Cafe Britt. Our <http://www.brittshop.com/by-locations>

Exhibit 3. Major hotels and supermarket chains where Café Britt was sold.

COUNTRY	NUMBER OF CUSTOMERS	MAJOR HOTELS	SUPERMARKET CHAINS
COSTA RICA	1,500	<ul style="list-style-type: none"> • HOTEL PARADISUS CONCHAL • HOTEL COSTA RICA MARRIOTT • HOTEL LOS SUENOS MARRIOTT • HOTEL FOUR SEASONS • HOTELES HILTON 	<ul style="list-style-type: none"> • AUTOMERCADO • WAL-MART • FRESH MARKET
PERU	200	<ul style="list-style-type: none"> • HOTEL JW MARRIOTT • HOTEL SWISS HOTEL • HOTELES LIBERTADOR • HOTEL EL MONESTARIO • TREN MACHU PICHU (ORIENT EXPRESS) 	<ul style="list-style-type: none"> • SUPERMERCADOS WONG
CHILE	80	<ul style="list-style-type: none"> • HOTEL MARRIOTT SANTIAGO • HOTEL VALLE NEVADO 	<ul style="list-style-type: none"> • SUPERMERCADOS JUMBO • SUPERMERCADOS LIDER
MEXICO	50	<ul style="list-style-type: none"> • HOTEL FAIRMONT MAYAKOBA • HOTEL JW MARRIOTT CANCUN • HOTEL MARRIOTT CASAMAGNA CANCUN • HOTELES PALACE • HOTELES ROYAL 	<ul style="list-style-type: none"> • SUPERMERCADOS SUPERAMA • SUPERCENTERS DE WAL-MART • HEB

Exhibit 4. Grupo Britt N.V– Organizational Chart

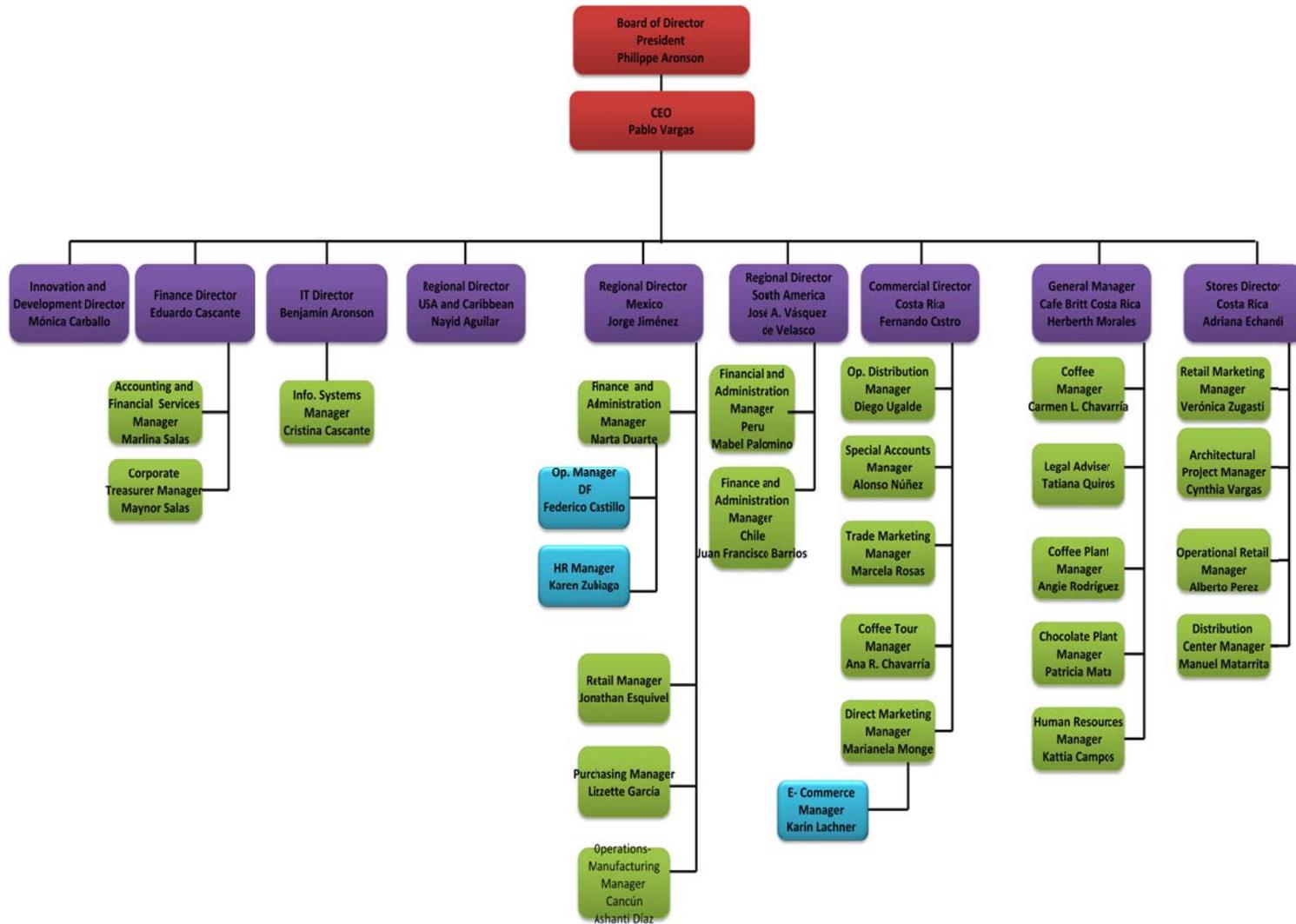


Exhibit 5. Grupo Britt N.V – Income for 2007, 2008, 2009, and 2010.

	For the twelve months ended December 31,							Average Annual Growth
	2007	2008	2009	2010	Annual Change			
	US\$ (000)				2007-2008	2009-2008	2010-2009 %	
Revenue								
Sales	58,968.0	66,039.0	60,355.0	70,345.0	12.0	-8.6	16.6	6.6
Green coffee sales	5,314.0	1,804.0	632.0	352.0	-66.1	-65.0	-44.3	-58.4
Total revenue	64,282.0	67,843.0	60,987.0	70,697.0	5.5	-10.1	15.9	3.8

Source: Grupo Britt N.V. Financial Report 2010.

Exhibit 6. Grupo Britt N.V. – Financial Statements 2008, 2009, and 2010

Year		Direct Market/Web site	Café Teatro/Casita	CR Retail	Peru	Curaçao	Chile	St. Thomas	Miami	Antigua	Mexico Retail	New Caledonia	CR Café Britt	Others	Total
2008	Revenue	5,211.0	-	20,570.0	11,617.0	3,399.0	10,410.0	-	784.0	-	-	-	10,791.0	5,061.0	67,843.0
	Results from opening activities	1,194.0	-	3,402.0	2,598.0	743.0	2,373.0	-	-127.0	-	-	-	1,497.0	120.0	10,604.0
2009	Revenue	5,151.0	1,898.0	15,362.0	11,717.0	2,865.0	10,255.0	647.0	1,701.0	68.0	-	-	9,241.0	2,081.0	60,986.0
	Results from opening activities	1,219.0	353.0	2,899.0	2,316.0	312.0	1,859.0	-170.0	257.0	-139.0	-	-	1,423.0	-184.0	10,146.0
2010	Revenue	5,505.0	1,481.0	15,599.0	13,564.0	2,395.0	12,538.0	1,899.0	1,329.0	1,490.0	1,259.0	442.0	11,450.0	1,745.0	70,696.0
	Results from opening activities	1,415.0	-30.0	2,020.0	3,090.0	26.0	3,353.0	-383.0	129.0	82.0	1,107.0	-109.0	2,200.0	-424.0	12,476.0

Source: Grupo Britt N.V. Financial Report 2010.

Exhibit 7. Britt and main e-competitors: Pay per Click payment estimate for 2011

Company	PPC Budget	April Clicks	Google PPC Keywords	Yahoo PPC keywords
Café Britt	\$26 - \$46	15 - 21	19	9
Green Mountain Coffee	\$310 - \$515	94 - 118	98	1
Coffee For Less	\$667 - \$1,116	385 - 504	157	3
Gevalia (Kraft Foods)	111 - \$177	23 - 29	19	1
Peet's Coffee	\$10 - \$19	64 - 80	1	1
Starbuckstore.com	\$2,959 - \$5,179	1,119 - 1,419	167	1
Godiva.com	\$911 - \$1,570	658 - 883	280	1

Source: <http://www.alexa.com>

Exhibit 8. Client's comments

*"I have been working in the coffee business for about 1.5 years now, and have been a coffee lover for much longer. A friend of mine brought back some of your coffee from a trip to Costa Rica. I found it to be some of the best I had ever had, including the much-touted Jamaican Blue Mountain! Thank you." Scott Spencer, Norfolk, VA.**

*"Please close my standing order of Britt Coffee for participation in the Coffee Lover's Club. I will be relocating outside the US, to Bosnia and will not have mailing privileges at this new post. I have enjoyed Café Britt for the past seven years, four while living in Latin America and purchasing it locally and then during these past three years in the US by purchasing it through your wonderful program. I've got many of my fellow coffee drinkers hooked on Britt and hope you continue to have success with your business." Clay Epperson,**

*"We were in Costa Rica in March of this year. We bought quite a bit of coffee and gave some of it as presents. We're sorry now we gave some away. It is outstanding. I was pleased to find you on the web site and to be able to order. I will save your order form and order in advance when we run low. The brand in America, which is so popular, doesn't hold a candle to Café Britt. Someone just gave us 4 pounds and we are giving it away. I'd rather have your product. Thanks." Louis D. Liay, Urbana, IL**

*I just recently returned from a mission trip to Costa Rica, and during the week I was in your beautiful country I was served Britt coffee each morn. I found out very soon that I tasted the best coffee I have ever had in my life. Before I left Costa Rica I bought four bags of Britt and I found out from another friend of mine that we can buy it here in Houston at the Festa stores. But I am going to look into your order form and probably order the coffee straight from you. Thank for a great cup of coffee. Every morn when I make a pot of Britt coffee it reminds me of the wonderful time I had in your country Costa Rica, thanks "Paul R. Renfro, Houston,**

*On a trip to Costa Rica I had picked up a bunch of Shade Grown coffee, which was delicious. When I ran out I ordered online to restock the house. To my surprise Café Britt had so many to offer, I tried the Peru Pachamama Organic & it was awesome! It only Pachamama for me now. By Vicki from Melbourne, FL., on July 23, 2008***

*Easily the best coffee on Earth. I was in the Sacred Valley in Peru and I bought this coffee freshly ground from a market there. My intention was to give it to the villages as I hiked the Inca trail, but the coffee smelled so good I had to keep it. I drink this coffee black and steeped in a pot. By Maxwell Sayles from Calgary, Alberta, Canada on July 5, 2010***

*Great Coffee. Vacationed in Costa Rica at the Grand Papagayo and every morning they served this coffee at the Resort. Every morning it was hilarious to look around the restaurant to see how many people were anxiously waiting to get this coffee and hot milk delivered to their tables.... Was so pleased to find out it could be ordered and shipped to my home. Especially pleased to learn the cost is not that much more than buying inferior coffee at my local grocery store. By Cliff from Bellingham on Jan. 27, 2011***

*I found the Peru Dark Roast to be very enjoyable, however, I am still partial to the Costa Rican Dark roast. The Peru Dark Roast is ideal for someone who is looking for a smooth a light taste & brew :) By Jane from Melbourne Beach on Jan 9, 2011***

* Source: Arturo Condo and Michael Porter, "Café Britt" (Harvard Business School, 1997,) p. 14

** Source: Café Britt. Latest review. Accessed Feb 20. <http://www.cafebritt.com/>

Exhibit 9. Major mail order companies, 2009

Year 2009	
Companies	Web sales
Green Mountain Coffee	\$ 166,392,162.00
Coffee For Less	\$ 14,000,000.00
Gevalia (Kraft Foods)	NA
CoffeeServ Inc.	\$ 14,000.00
Peet's Coffee (2009 estimate)	\$ 8,560,000.00
Starbuckstore.com (2009 estimate)	\$ 1,140,000.00
Boca Java Corp.	NA
Godiva.com (2009 estimate)	\$ 4,220,000.00
Total	\$ 194,326,162.00

Source: Mariana Monge, Direct Market and Customers Service Manager, based on Internet Retailer data.

Exhibit 10. U.S. Confectionery Manufacturers Sales, 2008.

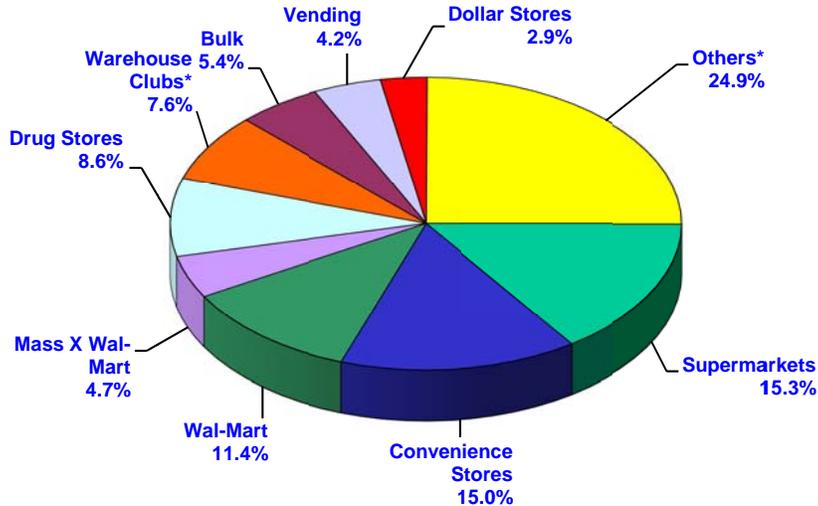
Apparent Consumption	Retail	Wholesale	% Increase	2006 lbs	% Increase
Total Confections	\$28.3 billion	\$18.4 billion	+2.0%	7.2 billion	-3.1%
Chocolate Candy	\$16.0 billion	\$10.4 billion	+1.5%	3.4 billion	-3.7%
Non-chocolate Candy	\$8.6 billion	\$5.6 billion	-2.2%	3.2 billion	-2.2%
Gum	\$2.7 billion	\$1.9 billion	+20.7%	0.4 billion	-6.6%
Not specified	\$0.8 billion	\$0.5 billion	+3.1%	0.2 billion	-1.0%

Source: National Confectionery Association. 2009. Summary of 2008 Sales and Consumption Data Based on the Dept of Commerce 311D. Accessed Mar 12

<http://www.candyusa.com/IndustryResources/ReportsDetail.cfm?ItemNumber=1644>

Exhibit 11. Market share per distribution channel in confectionery retailing, US 2007.

* Others include: Department stores, food service and ingredient sales, fundraising, give-aways, independent grocers, mail order/Internet, military, specialty/candy stores, theaters and concessions.



Source: National Confectionary Association. Annual Confectionary Industry Review. Industrial Review 2007.
<http://www.candyusa.com/Sales/content.cfm?ItemNumber=1440&navItemNumber=2685>

Exhibit 12. Candy Chocolate Sales in Food, Drug and Mass Outlets (including Wal-Mart)

Category	Dollar Sales			Unit Sales		
	2008	2009	2010	2008	2009	2010
Total chocolate candy	\$ 6,918,557,810	\$7,218,570,000	\$7,613,390,000	4,014,991,430	4,201,921,000	4,442,808,000
Chocolate candy box/bag/bar < 3.5oz	\$ 1,136,957,360	\$1,258,694,000	\$1,386,261,000	1,599,282,380	1,679,377,000	1,812,881,000
Chocolate candy box/bag/bar > 3.5oz	\$ 2,807,668,361	\$2,888,379,000	\$3,001,710,000	1,006,813,161	1,090,356,000	1,109,447,000
Chocolate candy snack size	\$ 933,049,274	\$942,248,300	\$1,053,233,000	431,030,529	467,809,200	545,620,800
Gift box chocolates	\$ 280,784,115	\$280,009,600	\$281,820,200	62,908,684	67,636,850	66,082,620
Novelty chocolate candy	\$ 11,930,920	\$5,667,787	\$5,434,228	1,148,198	1,431,455	1,235,743
Seasonal chocolate and seasonal candy	\$ 5,110,178	\$4,089,478	\$5,758,903	2,426,552	2,012,881	2,779,464
Seasonal chocolate Christmas candy	\$ 479,924,742	\$511,135,400	\$537,909,800	224,692,165	240,111,800	252,618,000
Seasonal chocolate Easter candy	\$ 578,150,498	\$641,720,400	\$708,628,800	346,827,424	370,758,100	394,970,100
Seasonal chocolate Halloween candy	\$ 130,609,012	\$143,135,200	\$133,396,000	54,617,489	55,648,820	53,147,680
Seasonal chocolate Valentine candy	\$ 405,668,646	\$400,637,300	\$354,767,700	163,628,207	164,726,300	140,222,200
Sugar free chocolate candy	\$ 148,705,052	\$142,853,300	\$144,470,400	56,115,627	62,052,240	63,803,810

Source: Case writer with data from National Confectioners Association.

<http://www.candyusa.com/Sales/content.cfm?ItemNumber=1494&navItemNumber=2681>

Exhibit 13. Britt Group Brands, Café Britt Coffee, Britt chocolates and Café Britt cookies.



Source: <http://www.cafebritt.com/>

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