

Caffee Making as Art: illycaffè

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illycaffè, the family-owned Italian company located in Trieste, produces and sells a unique single blend of premium-quality coffee (i.e., the illy coffee) worldwide. Its blend is sold in more than 140 countries in all continents. In 2015, at the consolidated level, the operating revenue (turnover) was 448,305,897 Euros (+12.98% compared to 2014), sales were 437.1 million Euros (+11.85% on 2014), net income reached around 3.7% of turnover (16,570,614 Euros: +38% in comparison with 2014), and employees were 1177 (+8.58% compared to 2014). Exports accounted for more than 60% of total sales (Amadeus Database 2016; illycaffè 2016a, pp. 6–7 and p. 102; illycaffè 2016b; Scarci 2016a, 2016b).

Thus, thanks to a real “obsession” for quality, from coffee beans to coffee cups (Illy 2015a), illycaffè has advanced a winning and innovative business model, which has contributed to radically change the entire coffee sector (Fontevicchia 2013; Illy 2015a, p. 91 and p. 203).

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1 Profile of the Company

Francesco Illy (in Hungarian, Ferenc Illy) was born in 1892 in Temesvár (currently, Timișoara in Rumania), at that time part of the Austro-Hungarian Empire. When he was sixteen years old, he went to Vienna seeking his fortune and there he started his business activity. After the First World War, he decided to live in Trieste where also one of his sisters lived. Thanks to its port, Trieste, which was annexed to the Kingdom of Italy at the end of the war, was a leading city from the cultural and commercial standpoint and cafés and coffee were grounding institutions of its cosmopolitan milieu. In Trieste, Francesco Illy married Doris, a piano player, born in Johannesburg from an Irish mother and a father from Trieste: she was the teacher of his sister's daughters. Furthermore, he started to work in the spice, then cocoa and later coffee trading sector (Andriani and De Toni 2008: 87; Illy 2015a: 27 and 48).

In 1932 Francesco Illy introduced a first innovation, which is still crucial for the success of the illy blend: the pressurization process. In particular, via an exclusive technology patented all over the world, the roasted illy coffee is packaged under pressure, together with inert nitrogen. In this way, essential flavors and aromas are trapped and protected far better than through the still prevailing vacuum packaging method. Moreover, thanks to this solution, the roasted coffee starts a maturing process similar to what happens with the finest wine in *barrisques* (Illy 2015a: 32–33 and 48; illycaffè 2016a: 10; illycaffè 2016c). A second innovation is strongly related to that: in fact, the best way to extract the precious oils and aromas from the coffee is the “espresso” technique and, in 1934/1935, Francesco Illy developed *Illetta*, the prototype of the modern espresso coffee machines, where separate heat and pressure functions are employed, in order to avoid that the taste of the coffee could be burnt, by extracting oils and aromas through high-pressure water at a controlled temperature of no more than 90 Å°C degrees (Illy 2015a: 30–33 and 48; illycaffè 2016a: 10; illycaffè 2016d and 2016e).

In the meantime, in 1933 illycaffè was founded by Francesco Illy thanks to a 50/50 partnership with Hausbrandt, a recognized roasting company located in Trieste (Hausbrandt 2016; Illy 2015a: 28 and 48–49; illycaffè 2016a: 10). When Francesco Illy died in 1956, his son

Ernesto took the lead and, at the beginning of the '60s, got the 100% ownership of illycaffè (Illy 2015a: 49).

Ernesto Illy studied chemistry at University of Bologna, in a certain sense to complement and strengthen the knowledge base of the firm. In fact, his father was an inventor and had accounting and managerial skills but no scientific background, which was badly needed to improve the quality of coffee.¹ So, after his graduation in 1947, Ernesto joined the family business and his role was fundamental for the illy success (Illy 2015a: 35–40 and 49).

Ernesto Illy was chairman of illycaffè from 1963 to 2005 and honorary chairman from 2005 to his death, in February 2008 (Andriani and De Toni 2008: 87; Illy 2015a: 35). He was, at the same time, a scientist and an entrepreneur, and an unstoppable promoter of the culture of coffee all over the world (Illy 2015a: 35; Prince 2008). He had a dramatic impact on the evolution of the coffee sector, especially in the US, where, thanks to his efforts, was affectionately known as “Papa Bean” (Illy 2015a: 39–40; Prince 2008).

Ernesto Illy... was widely known as a perfectionist of coffee, an evangelist of espresso and one of the world authorities in the science, technology and business of espresso coffee... Corby Kummer, author of *The Joy of Coffee*, said of Ernesto Illy on the New York Times: ‘He ran what amounted to the Bell Labs of coffee in Trieste’ and ‘he was an international leader in the science of grading and choosing the coffee; in promoting research on how coffee should be grown; on engineering the machines and the way it’s roasted and brewed.’ The tireless work of Ernesto Illy has made people all over the world realize that a cup of espresso is the most sophisticated way of drinking coffee... (Andriani and De Toni 2008: 87)

When he died, the Illy Family decided to establish the Ernesto Illy Foundation to nurture his cultural and scientific legacy. The Foundation is chaired by his wife, Anna Rossi Illy (Ernesto Illy Foundation 2016; Illy 2015a: 140).

The third generation of the Illy family, that is, the children of Ernesto and Anna Rossi, married in 1952, is comprised of complementary talents.

Francesco, the creative of the family, in the '80s and '90s launched three very important initiatives in the field of art and design: the introduction of the photograph as an important communication vehicle for the illycaffè's identity and values, which later, in the new century, led to the collaboration with Sebastião Salgado; the illy Art Collection project for the development of special sets of coffee cups (and, since 2006, cans) through the involvement and the engagement of international leading and emerging artists, and the production of the Francis Francis stylish coffee machines (Illy 2015a: 40, 50, 132, 140, and 154–156).

Riccardo, who started to work in the family business in 1977, brought an innovative approach to strategy, marketing, and distribution, which also led to the establishment of a marketing department within the firm and a strengthened sales force in Italy and abroad. His efforts allowed illycaffè to become the leader in the Ho.Re.Ca. (Hotels, Restaurants, and Cafés) channel, opened new marketing opportunities in the grocery and office sectors, and reinforced the market positioning of the firm via a clear differentiation strategy focused on the “one-blend-one-brand” concept and a related prominent premium price. Riccardo Illy was elected mayor of Trieste in 1993 and 1997, member of the Italian Parliament in 2001, and governor of the Friuli Venezia Giulia Region in 2003. He ceased his political activity in 2008; he is currently the chairman of Gruppo illy SpA (that is, illy Group joint stock company), the holding company of the family (Andriani and De Toni 2008: 85; Andriani et al. 2015; Illy 2015a: 50–51 and 62; illycaffè 2016a: 8 and 10; Mura 1993; Sacchi 2016)

Anna has been working in the purchasing department and has developed a direct and personal relationship with the local coffee producers, especially in Brazil, where she lives for one-third of the year. Thanks to her work on field, the Illy Prize for Quality Coffee was established in 1991 in Brazil and, since then, was coordinated by her (Illy 2015a: 40–41, 51, and 63; illycaffè 2016a: 10).

Andrea, the youngest son and the current chairman of illycaffè, started to work in the quality control department of the family firm in 1990, where he introduced the total quality principles, after a stay at Toyota in Japan. Graduated in chemistry at the University of Trieste, he developed the unique illy blend through the support of the illycaffè's

team and the entire family (Illy 2015a: 62–63). Andrea Illy was appointed chief executive officer (CEO) of illycaffè in 1994, after his brother Riccardo, and chairman in 2005, following his father Ernesto (Illy 2015a: 34, 42, and 51; Possamai 2014). He fostered the global success of the firm via an unstoppable process of innovation and improvement affecting products and processes, and a deep strategic thinking focused on the real drivers of the family firm, that is, its culture, identity, and values (Fontevicchia 2013; Illy 2015a; illycaffè 2016a: 10–11). In line with his grandfather's and father's legacy, his life project is helping make a better world through coffee (Illy 2015a: 12; Illy 2016).

The results achieved by illycaffè are impressive (Amadeus Database 2016; ctPRESS 2016; illycaffè 2016a, 2016h):

- It operates in more than 140 countries, throughout all continents.
- illy coffee is served by about 100,000 retailers (bars, cafés, and so on). In more detail, 1764 (of which 1500 in Italy) “Artisti del Gusto” (*Artists of Taste*), that is, top baristas, promote a fitting consumption experience all over the world. Artisti del Gusto is a network fostered by illycaffè to enhance, support, and value the professionalism and the artisanal expertise of the best coffee bars in preparing and serving a perfect espresso (illycaffè 2016i).
- 29 new mono-brand (i.e., illy) stores has been opened in 2015 and, worldwide, they are now more than 230 (with different formats: espressamente illy, illy caffè, illyshop, and illyteca), in franchising or directly managed. Around 40 stores are expected to be opened in 2016 (Scagliarini 2016; Scarci 2016a).
- More than 13,000,000 people visited the Coffee Cluster during Expo Milano 2015. The pavilion was coordinated by illycaffè, Official Coffee Partner of Expo 2015, in collaboration with ICO (International Coffee Organization): it was the “greatest celebration of coffee ever” (2015). On October 1, 2015, during the first International Coffee Day and the Global Coffee Forum held at Expo, the Milan Coffee Legacy, conceived as an addendum to the Milan Charter (2015), was presented. In Andrea Illy's words, “it affirms that Coffee brings well-being and pleasure in consumer countries as well as social and economic development in producer countries, in a

virtuous circle that both the public and private sector must continue to promote” (illycaffè 2016a: 4; see also: Illy 2015b; illycaffè 2015b, 2015c).

- The *University of Coffee* (“Università del Caffè”) has 25 campuses all around the world. Founded in 1999 in Naples and now headquartered in Trieste, the University aims at spreading the culture of coffee: it provides all players of the coffee supply chain, from coffee growers to baristas and fans, with comprehensive academic education and practical training covering every aspect of the product. Around 180,000 people have been trained since 2000 including more than 30,000 trainees in 2015: 190 producers, 15,810 professionals, 3662 consumers, and 11,800 Expo visitors participating in the courses organized in the Coffee Cluster (illycaffè 2016a: 23–24; illycaffè 2016g).
- The leading illycaffè Research & Technology Development is composed of 2 departments for research on quality control (one in Trieste and one in São Paulo, Brazil) and of 5 specialized laboratories: AromaLab, SensoryLab, BioLab, TechLab, FoodScienceLab. As of 31 December 2015, illycaffè patent portfolio included 338 registered patents (illycaffè 2016a: 89). 2.4 million Euros have been invested in R&D activities in 2015 (illycaffè 2016a: 88). With regard to quality control, every day 550 tastings are carried out to guarantee the excellence of the product (illycaffè 2016a: 35).²
- Over the years, illycaffè has got five certifications/registrations: in 1992, Qualité France on the compliance of products; in 1996, ISO 9001 on the quality management system; in 2003, ISO 14001 on the environmental management system; in 2004, EMAS (Eco-Management and Audit Scheme) registration, and, finally, in 2011, the Responsible Supply Chain Process certification released by DNV, which recognizes the sustainability of the policies and practices adopted by illycaffè along its entire supply chain. illycaffè was the first company in the world to obtain this very demanding certification³ (Illy 2015a: 79–81; illycaffè 2016a: 21).
- As of December 31, 2015, at the consolidated level, illycaffè had 1177 employees (+8.58% compared to 2014) (illycaffè 2016a: 102);
- As of December 31, 2015, sales were 437,138,053 Euros (+11.85% on 2014).

In reference to the key financials, the operating revenue (turnover) increased from 254,032,375 Euros in 2006 to 448,305,897 Euros in 2015, with a CAGR (i.e., compound annual growth rate) of 6.51% over a nine-year period. (Amadeus Database 2016).

We can better understand the remarkable expansion of illycaffè if we consider that in 1977, when Riccardo joined the business, sales were less than 5 million Euros, and in 1990 when Andrea started to work in the firm, they were around 30 million Euros. So, in the following two decades, they have been decupled (Illy 2015a: 41–42; Mura 1993).

Furthermore, in the '90s exports accounted for 20% of total sales (Scagliarini 2016), now they are at 68% (Scarci 2016a): therefore, illycaffè has become a real global player. In particular, in 2015 sales in the EMEA (i.e., Europe, Middle East, and Africa) region grew by 8%, in the North American region, which is the most important market after Italy, they increased by 23%, and in China, which is the region with the fastest growth for illycaffè, by 60% (ctPRESS 2016). illycaffè aims to reach a 20% of its sales just in the US market (Scagliarini 2016): in 2015, Italy accounted for 38% of illycaffè sales, EMEA for 37%, USA and Canada for 15%, and the rest of the world for 10% (illycaffè 2016a: 37).

In 2015, the value added created by illycaffè's business activities amounted to 149,878,000 Euros (increased by 9% if compared to 2014) (illycaffè 2016a: 102).

With regard to Italy,

According to data provided by IRI, the institute which measures Italian Modern Trade market data, illycaffè has a quota equal to 4.1 percent of the overall coffee total (stable, compared to its percentage in 2014) and 10.7 percent in the sector of ground espresso beans. According to ... Databank Cerved Group, illy is the number one roaster in the Ho.Re.Ca sector, ... with a 2014 quota of 8.8 percent (in 2013 it was 8.9 percent). (illycaffè 2016a: 16)

On May 2, 2016, for the first time in the history of illycaffè, an external manager, that is, Massimiliano Pogliani, was appointed CEO of the firm (ctPRESS 2016; illycaffè, 2016f and 2016g; Polizzi 2016; Scarci 2016b).

Massimiliano Pogliani comes to illycaffè after two decades of leading positions, especially in marketing, commercial and retail areas, in premium and luxury brands companies, such as Saeco/Gaggia (coffee: 1998–2003), Nespresso (2003–2008), Nestlé Super Premium (a division of Nestlé established to foster the growth of some company brands in the super-premium consumer segment: 2008–2012), and Vertu (the luxury mobile phone brand: 2012–2015) (illycaffè 2016f and 2016g).

Moreover, Andrea Illy was confirmed as chairman, the sister Anna was confirmed as member of the Board being responsible for Corporate Reputation and Strategic Purchasing, the brother Francesco joins the Board as responsible for Brand Equity, while Riccardo left the Vice-Presidency of illycaffè, taken over by Marina Salamon, a well-known Italian entrepreneur and manager. He remains on the Board as representative of the sole shareholder, that is, illy Group, of which he is chairman. Finally, the mother Anna Rossi Illy is still honorary chairman of illycaffè (illycaffè 2016f and 2016g).

In this way, new managerial competences are going to integrate and support the efforts of the third generation of the Illy family, in order to address the challenges related to the increasing complexity and size of the firm, and to guarantee a successful transitional phase toward the emerging fourth generation, composed of nine cousins (ctPRESS 2016; illycaffè 2016f and 2016g; Polizzi 2016; Scarci 2016b).

2 Illycaffè as a Progressive Business

As defined by the grandfather Francesco when the company was founded, the ultimate goal (that is, “the dream”: Illy 2015a: 12–13) of illycaffè is offering the best coffee in the world/to the world (in Italian: “offrire il migliore caffè al mondo”, where “al mondo” means, at the same time, in the world and to the entire world) (Illy 2015a: 13).

This is like a mantra and a sort of “mission/passion/obsession” (Illy 2015a: 11) that shapes the Illy family and its business.

In more detail, the mission of illycaffè is the following:

To delight all those people, throughout the world, who cherish the quality of life and beauty, through the best coffee nature can provide,

enhanced by the best available technologies and by art. (illycaffè 2016a: 9)

The vision of the firm is as follows:

Our objective is to become a worldwide reference point in the culture and excellence of coffee: an innovative company offering the best products together with the best locations to enjoy them, thereby becoming a leader in the top-quality sector. (illycaffè 2016a: 9)

And, finally, its values are the following ones:

illy is a stakeholder company with the intention of improving the quality of life through ethics and excellence.

Therefore, the fundamental values are:

Excellence. A passion for quality, beauty and continuous improvement.

Ethics. The creation of long-term value through transparency, sustainability and personal growth. (illycaffè 2016a: 9)

All these elements are deeply rooted in the Illy family and its story, culture, and identity. As Ernesto Illy said: "...Ethics is the common thread. We are Waldensians"⁴ (Andriani and De Toni 2008, p. 87). Thus, in the value proposition advanced by illycaffè, pleasure, quality, and ethics are closely intertwined.

The top-quality *Arabica* blend, at the basis of the growth and competitive success of illycaffè, is deeply rooted in strong, progressive, and collaborative relationships with farmers (Illy 2015a; Perrini and Russo 2008; Tencati 2011).

illycaffè buys green coffee directly from the farmers that produce the highest-quality coffee beans in South and Central America, India, China, and Africa. The production of this kind of coffee requires great personal, economic, and managerial efforts to the local farmers. illycaffè remunerates these efforts by paying Arabica coffee beans about 30–35% more than the market price (illycaffè 2016a: 101; Perrini and Russo 2008: 90).

Therefore, illycaffè and the local suppliers develop long-term, mutually beneficial relationships and build robust partnerships according to a virtuous cycle of sustainability based on four principles (Perrini and Russo 2008: 112; see also Andrianiet al. 2015):

- Sustainable development and quality are an inseparable pair;
- 100% of illy coffee is bought directly from local producers;
- Quality is a tool for improving the living conditions of farmers over time;
- A fair price is always applied.

Supportive linkages, mutual respect and listening, know-how transfer and ad hoc training to enhance and strengthen the skills of the selected producers, fair margins to ensure profits and resources for improving the overall quality of life of the local communities: these are the key features of the supply chain management policies deployed by illycaffè (2016k; see also illycaffè 2013, 2014a, 2015a, 2016a).

This collaborative attitude (Tencati 2011; Tencati and Zsolnai 2009) has been complemented by specific actions on the environmental side (illycaffè 2016a: 66–85), addressing ecosystems' health, energy, water and waste management, and reduction of the carbon footprint in order to fight climate change, which is one of the most important threats to the agriculture, and, in particular, to the coffee production (Illy 2015a: 216). With regard to this point, illycaffè is working to improve its performance in the transportation and logistics area, also through the adoption of the Life Cycle Assessment (LCA): more specifically, “[t]he most significant volumes of weight in overall incoming transportation is represented by green coffee. All incoming material is transported by sea, which has the lowest environmental impact” (illycaffè 2016a: 82 and 83). The extensive use of LCA has also allowed to improve packaging features, for example, by introducing an important solution affecting the preservation and distribution of ground coffee, that is, *Refilly*, “the innovative system to refill the classic 250-gram tin can” (illycaffè 2016a: 90).

Especially because of these efforts and the innovative sourcing policies developed by illycaffè, the company has received several international recognitions and awards. For example, since 2013 illycaffè (the

only Italian company selected) has been included among the World's Most Ethical Companies by Ethisphere, and in 2014 the independent association ICRT (International Consumer Research & Testing), which groups over 35 consumer organizations, has identified illycaffè as the leading company in the world with regard to the commitment to social and environmental responsibility toward coffee growing countries in Latin America, Africa, and Asia (Ethisphere 2016; ICRT 2016; illycaffè 2016a: 11; illycaffè 2016; R.I.T. 2016).

These policies are at the core of the overall value proposition provided by illycaffè, which aims to develop and spread the culture of coffee through several initiatives, including a continual interaction with the world of contemporary art⁵ (illycaffè 2014b; Zsolnai and Wilson 2016).

In the Illy's view (Illy 2015a: 119–122; illycaffè 2016m), a cup of coffee is a clear symbol of the concept of *kalokagathìa*, which was used by the ancient Greeks to identify the ideal of the perfect union of beautiful and good according to an integrated, harmonious ethical and aesthetical perspective. And via that cup of coffee, it is possible to reach a condition of “*eudaimonia*” (“happiness,” “flourishing”) (Kraut 2014) (Illy 2015a: 164–168). In fact, an espresso is a complex product, which requires passion and devotion for its preparation, provides pleasure, and fosters conviviality, sharing, and reciprocity: “... the pleasure of food should be shared, and dining is mainly an expression of sociality” (Tencati and Zsolnai 2012: 349), and coffee is a fundamental component of this view, like in the Italian tradition.

According to this perspective, for sure, coffee is not a commodity, is a specialty, or, even better, is excellence (Illy 2015a: 28, 199–205, and 214).

Moreover, excellence is the *trait d'union* among all products offered by illy Group (Gruppo illy 2016; illycaffè 2015a: 8; Sacchi 2016):

- of course, the illy blend, composed of nine different top-quality Arabica coffees (Illy 2015a, p. 63, p. 65, pp. 68–71; illycaffè 2016n), but also
- the Domori chocolate, which is the best chocolate in the world according to *The Chocolate Tester*, the reference standard in the chocolate world (The Chocolate Tester 2016);

- the tea by Dammann Frères;
- the wine by Mastrojanni, and
- the fruit preserves by Agrimontana.

All these products are characterized by what Riccardo Illy calls “a disruptive quality” (Sacchi 2016).

3 Emerging Challenges

The coffee sector is passing through a profound transformation called the “third wave of coffee:”

The first wave of American coffee culture was probably the 19th-century surge that put Folgers on every table, and the second was the proliferation, starting in the 1960s at Peet’s and moving smartly through the Starbucks grande decaf latte, of espresso drinks and regionally labeled coffee. We are now in the third wave of coffee connoisseurship, where beans are sourced from farms instead of countries, roasting is about bringing out rather than incinerating the unique characteristics of each bean, and the flavor is clean and hard and pure. (Gold 2008)

Drinking coffee is becoming more than a fast, substantially poor, habit, calling for a deeper care and knowledge by baristas and their customers. This means an increasing demand for specialty (i.e., high-quality) coffee vs. a parallel, considerable reduction of the commodity (i.e., “bulk”) coffee consumption (CBI 2016; D’Costa 2011).

illycaffè is one the best representatives of the Italian “pocket multinationals” (Colli 2002), that is, global, successful players but with a limited size if compared to the prevailing corporations. Despite its dimensional limits, illycaffè was an innovative first mover and changed the entire coffee sector, playing a crucial role in the “third wave” transformation through its pioneering initiatives: starting from its entry in the US market in 1980 (Andriani and De Toni 2008: 86; Illy 2015a: 39 and 202) to the Ernersto Illy’s search for quality coffee in Brazil since the end of ’80s (Andriani and De Toni 2008: 86–87; Andriani

et al. 2015; illycaffè 2016a: 10), to the introduction of the Illy Prize for Quality Coffee in Brazil⁶ in 1991 (Andriani and De Toni 2008: 87; Andriani et al. 2015; Illy 2015a: 63–65; illycaffè 2016a: 10), to the establishment of the University of Coffee in 1999 (illy 2016a: 10) for the knowledge transfer toward the local farmers and the promotion of the culture of coffee, to the partnership with Coca-Cola to launch in 2008 *illy issimo*, a range of ready-to-drink coffee beverages (Fontevicchia 2013; Illy 2015a: 92–93; illycaffè 2016a: 11), and so on.

However, this evolution has mainly benefited real giants⁷, like Starbucks, Nestlé with Nespresso, and Jacobs Douwe Egberts (JDE) and Keurig Green Mountain, both recently bought by JAB Holding, a privately held investment firm (Key 2015).

So, the challenges illycaffè is facing are the following:

- Confirming the uniqueness of the illy blend worldwide, by fostering the superior Italian quality and tradition in the coffee field (Possamai 2014);
- Addressing the competition of the market leaders (such as Nestlé’s Nespresso or Starbucks), avoiding the “mainstream” trap;
- Addressing the competition of niche/local coffee roasters, which, also thanks to specialized traders (see, for example, Olam Coffee, 2016), are trying to reproduce some components of the illycaffè’s business model/value proposition, such as high-quality coffee, and direct relationships with farmers (Various Authors 2014).

The change in the illycaffè’s governance can be explained also taking into account this strategic perspective.

4 Conclusions

illycaffè aims at offering the best coffee in the world/to the world and, in order to do that, sustainability and innovation have characterized all its efforts (Illy 2015a: 103–112). Therefore, it has been crucial to develop direct relationships with local farmers, share knowledge with

them and all players along the supply chain via the Università del Caffè, and involve artists with the goal of making espresso a unique and multi-sensory experience, “to create an emotional and intellectual involvement of its customers” (illycaffè 2016a: 44; see also: Illy 2015a: 19, 119, and 136–137; Zsolnai and Wilson 2016).

All these elements make illycaffè unique but, at the same time, its innovative policies and practices have fertilized the entire sector and contributed to change the coffee market worldwide.

However, what is, now, the future for illycaffè? The only possible answer is continuing to strive for excellence in a global market, which will continue to expand and which will become more and more sensitive to quality and sustainability (Fontevicchia 2013; Illy 2015a: 213–218).

Every day 3 billion cups of coffee are served (Illy 2015a: 90); 25 million families work on coffee production in more than 70 coffee growing countries (Illy 2015a: 19), and between 600 and 800 million people worldwide depend on coffee (from production to final delivery) for their full or partial daily survival (Wallengren 2016).

Every day over 7 million cups of illy coffee are consumed (illycaffè 2016a: 37). This means that there is still room enough for an increasing impact on the quality, that is, the sustainability (Tencati 2015), of the entire sector, and, given its importance, of the global development.

5 Questions to Address

What is the idea of quality behind illycaffè and the illy Group?

Is innovation a crucial lever to foster the illycaffè's competitive success?

And is the quality of the relationships with the different stakeholders important to support the unique value proposition of the firm?

What is the role played by the “Università del Caffè” in the illycaffè's business model?

Is the role of the Illy family essential to understand the history of the firm?

Notes

1. “A chemist was needed in every generation to continually improve the coffee” (Illy 2015a, p. 44).
2. The current illycaffè’s headquarters and the related first laboratory were opened in 1965 in Trieste. This site is still the only production plant for the illy blend in the world (Illy 2015a, p. 38, p. 49; illycaffè 2016a, p. 10). Thanks to the strengthened focus on R&D introduced by Ernesto Illy, illycaffè launched the third radical innovation (after the pressurized packaging and the modern espresso coffee machine) in the coffee sector, that is, the single-serve coffee pods. “The system, called ESE (*Easy Serving Espresso*) became an industry standard” (illycaffè 2016j; see also: Andriani and De Toni 2008, p. 87; Illy 2015a, p. 38; illycaffè 2016a, p. 10).
3. Therefore, illycaffè “goes *beyond* the principles of *Fair Trade*” (Zsolnai and Wilson 2016, p. 1535). According to Andrea Illy, “[w]ith fair trade, companies pay premiums for the sake of altruism, but you don’t get extra value,... with a certification, we seek that extra value for the price we pay, this stimulates improvement and raises the bar, we expect this to be enduring” (Fontevicchia 2013).
4. “Waldensians... are Christians who belong to the family of Protestant churches. Waldensians have been present in Italy since mediaeval times: repressed by the civil and religious authorities until the mid-nineteenth century, only from then onwards were they able to express their faith throughout the whole of Italy. There are currently about 45,000 members of the Waldensian churches of Italy and America” (Chiesa Evangelica Valdese 2016a). Their view is characterized by strong moral rigor and caring (Chiesa Evangelica Valdese 2016b; Encyclopædia Britannica 2016).
5. The same illy logo was reframed by James Rosenquist, one of the founders of the Pop Art movement, in 1996, and the illy original white coffee cup was conceived by Matteo Thun, one of the best Italian designers, in 1991 (Illy 2015a, pp. 129–130, pp. 137–139; illycaffè 2016a, p. 10).
6. Over more than twenty years, more than 10,000 producers participated in the contest and over 2 million Dollars have been awarded. Since autumn 2016, the Prize has become the Ernesto Illy International Prize, in order to select the best coffee in the world and involve the illycaffè’s farmers in Latin America, Africa and Asia (R.I.T. 2016).

7. In a certain sense, some of them have tried to imitate some components of the illycaffè's business model: consider, for example, the Italian sounding of Starbucks' products (Scagliarini 2016) or Nespresso, which, thanks to the targeted use of the shared value concept (Porter and Kramer 2011), defines itself as "The Sustainable Quality Coffee Company" (Nespresso 2016).

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