

Recommendations and Implementations for Espresso Market Expansion:

An Analysis of Top Priorities when Choosing an Expansion Destination

Important Factors	Priority	Italy	Brazil	China	Germany	India	Japan	U.K.	U.S.
Coffee Consumption	9	63	6	1	8	2	4	3	5
Income/Capita	8	32	3	2	5	1	6	7	8
GDP	7	28	3	2	7	1	5	6	8
Coffee Sales	6	24	6	3	7	1	5	6	8
Illy Coffee Sales	5	n/a	4	n/a	7	3	5	6	8
Urbanization	4	16	8	2	5	1	3	6	7
Proj. Market Growth	3	n/a	6	7	2	8	4	5	3
Market Concentration	2	4	n/a	8	6	7	3	4	5
Ease of Doing Business	1	4	2	3	6	1	5	7	8
Totals		171	207	105	282	97	209	221	308

Resulting Priorities

Year 1	Year 2	Year 3	Year 4	Year 5
6	5	7	2	8
7	4	3	4	3
8	3	6	5	7
9	2	8	6	8
10	1	5	7	8

5-Year Implementation Timeline

	Year 1	Year 2	Year 3	Year 4	Year 5
Year 1					
-Initiate Expansion to German Market					
-Arrange agreements with franchisee					
-Open direct-franchise located in Frankfurt Germany					
-Hire & train employees					
-Set work standards, quality control systems					
Year 2					
-Evaluate current progress of franchise					
-Open a second direct franchise location					
-Locate in Potsdamer Platz, Berlin					
-Hire & train employees					
-Set work standards, quality control systems					
Year 3					
-Continue evaluation of initial Frankfurt franchise, begin first year evaluation of Berlin location					
-Open multi-unit franchisees, should the franchisee wish to operate 2 locations, in Frankfurt and Berlin					
Year 4					
-Evaluate franchises in current operations					
-Open 3 master franchise locations, 2 in Munich and 1 in Hamburg					
-Hire & train employees					
-Set work standards, quality control systems					
Year 5					
-Evaluate franchises in current locations					
-Maintain operations in existing franchises					
-Reanalyze markets, and begin expansion into US market					