

Esmeralda (A)

The World's Best Coffe

IAMA 2009

Ernesto Gallo

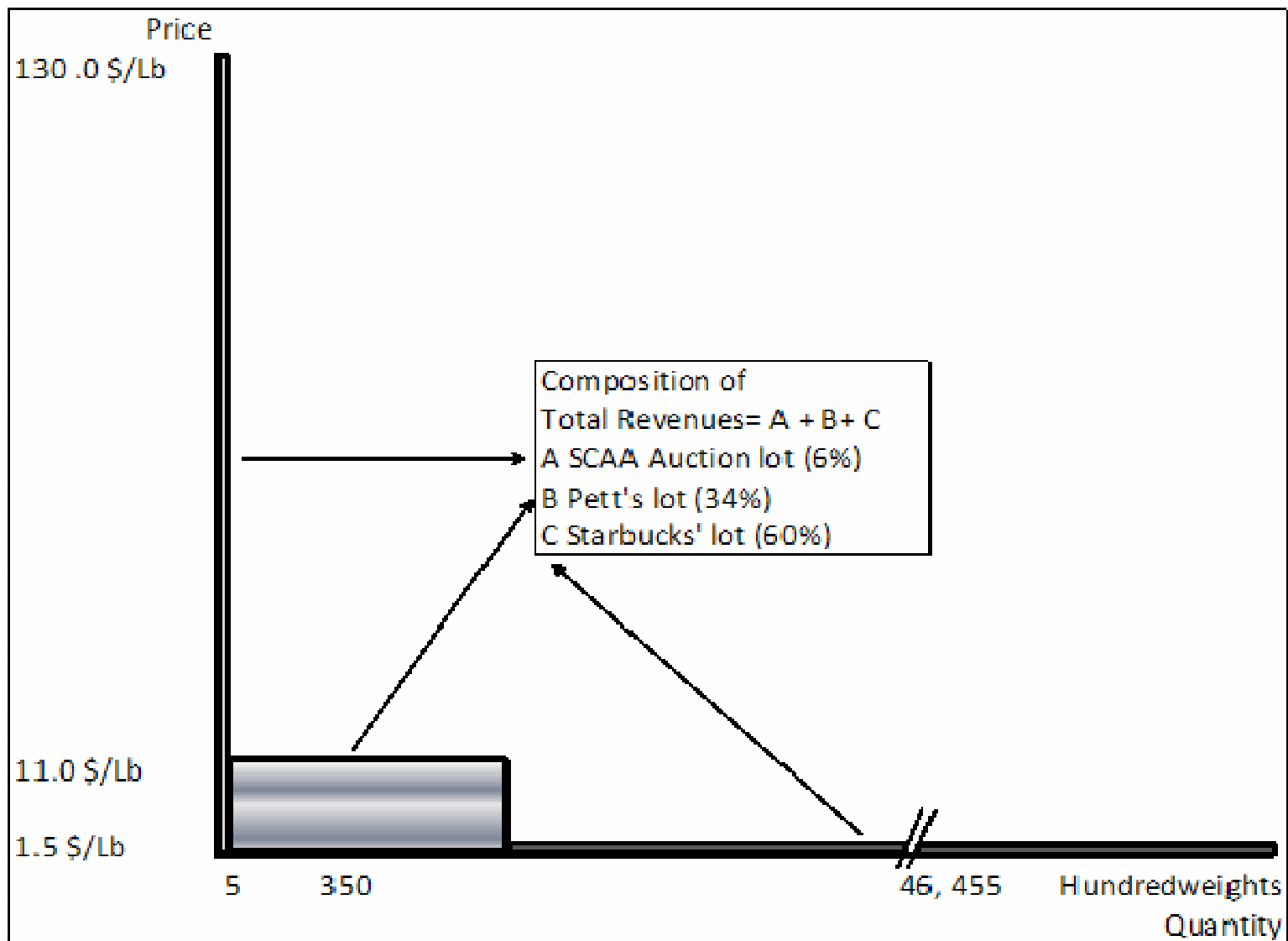
Zamorano University

Esmeralda (A)

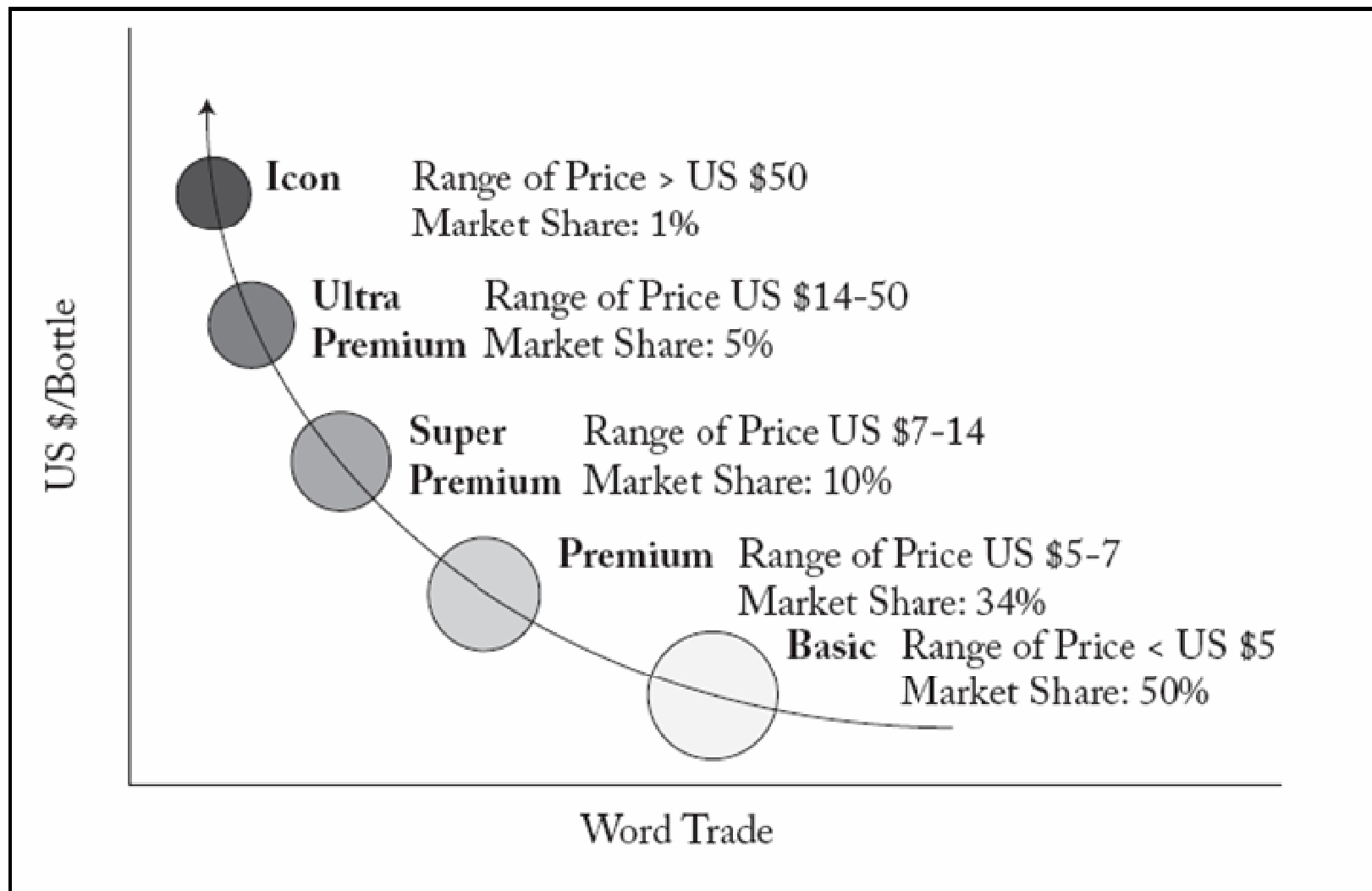
The World's Best Coffee

- Panamá.
- Auction Price US\$ 130/Lb. Software up to 99.99
- Coffee Price as Commodity is \$0.5/Lb to \$1.20Lb.
Fall of the Coffee Agreement.
- 3 markets: Auction; Peets, \$11, Starbucks \$1.5
- The Firm Breaks Even
- They want to sell their 2 expensive lots in a private auction, “Just like the Rothschild’s wines”.

Market Segments and Revenues



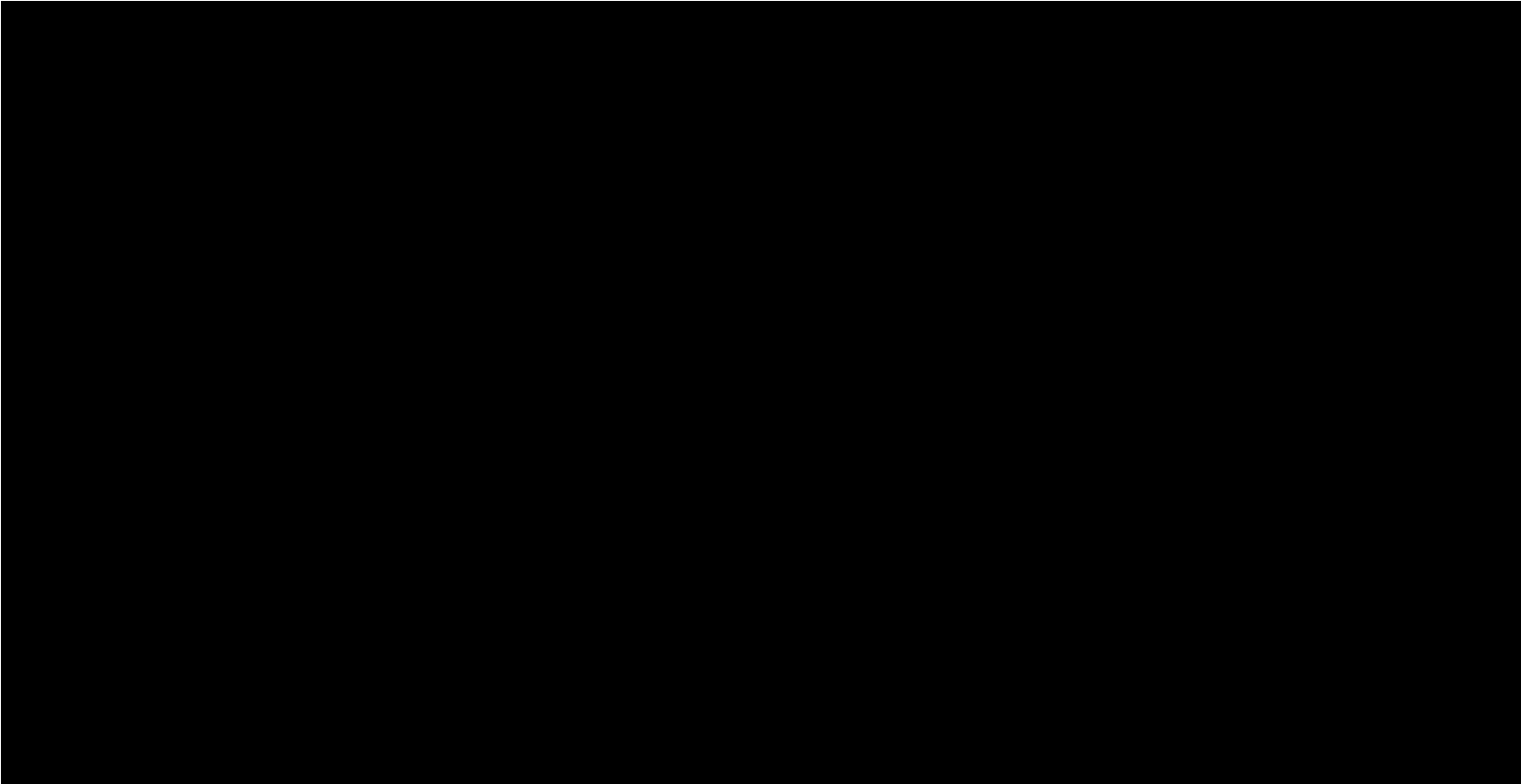
Wine Segments



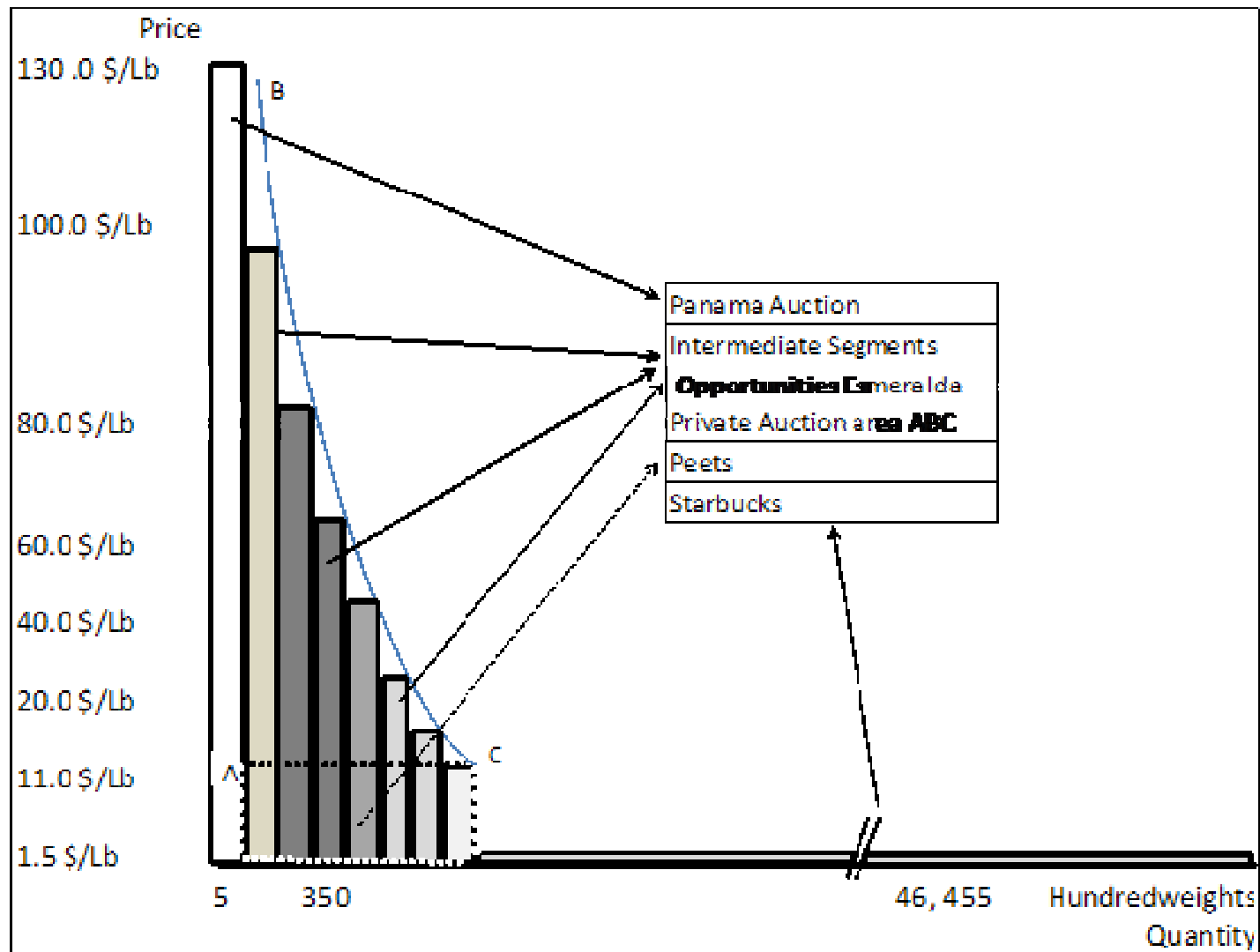
Problems

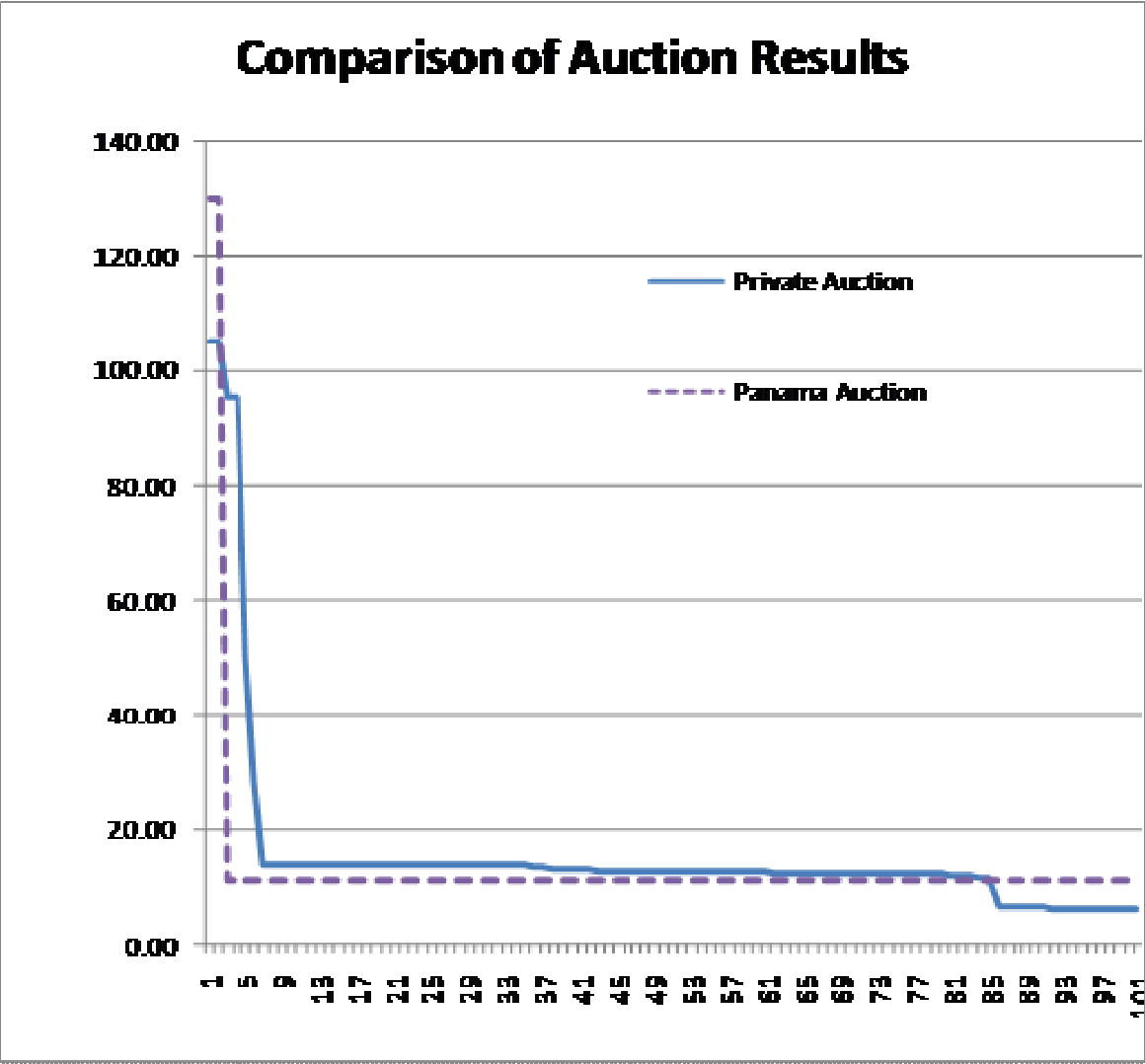
- Negative EVATM
- Worsened because of Land Prices and Opportunity Cost of Capital
- Auction Technology
- Logistics

EVA Creation



Price Discrimination and Revenues

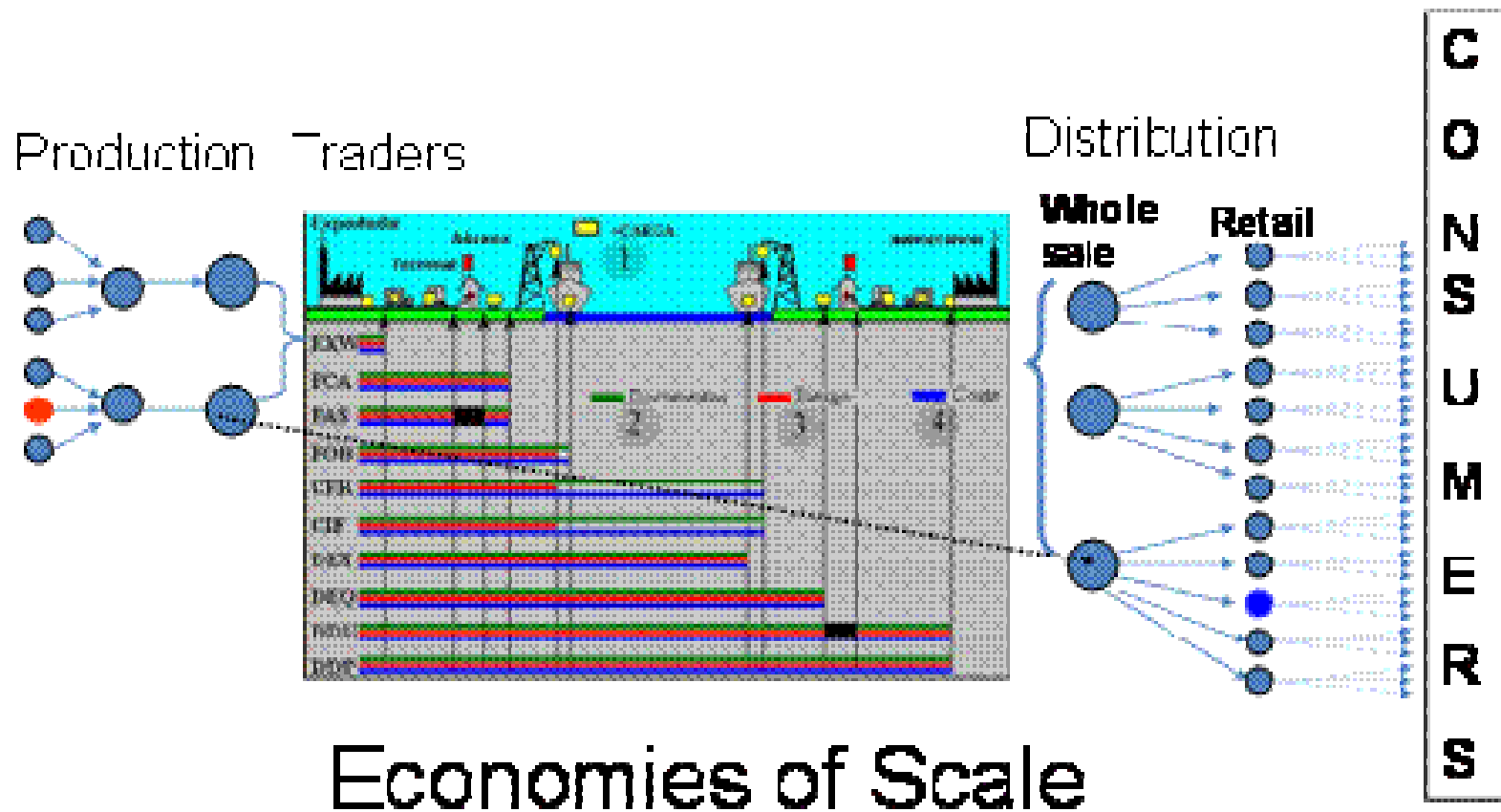




Marginal Revenues \$ 92,000

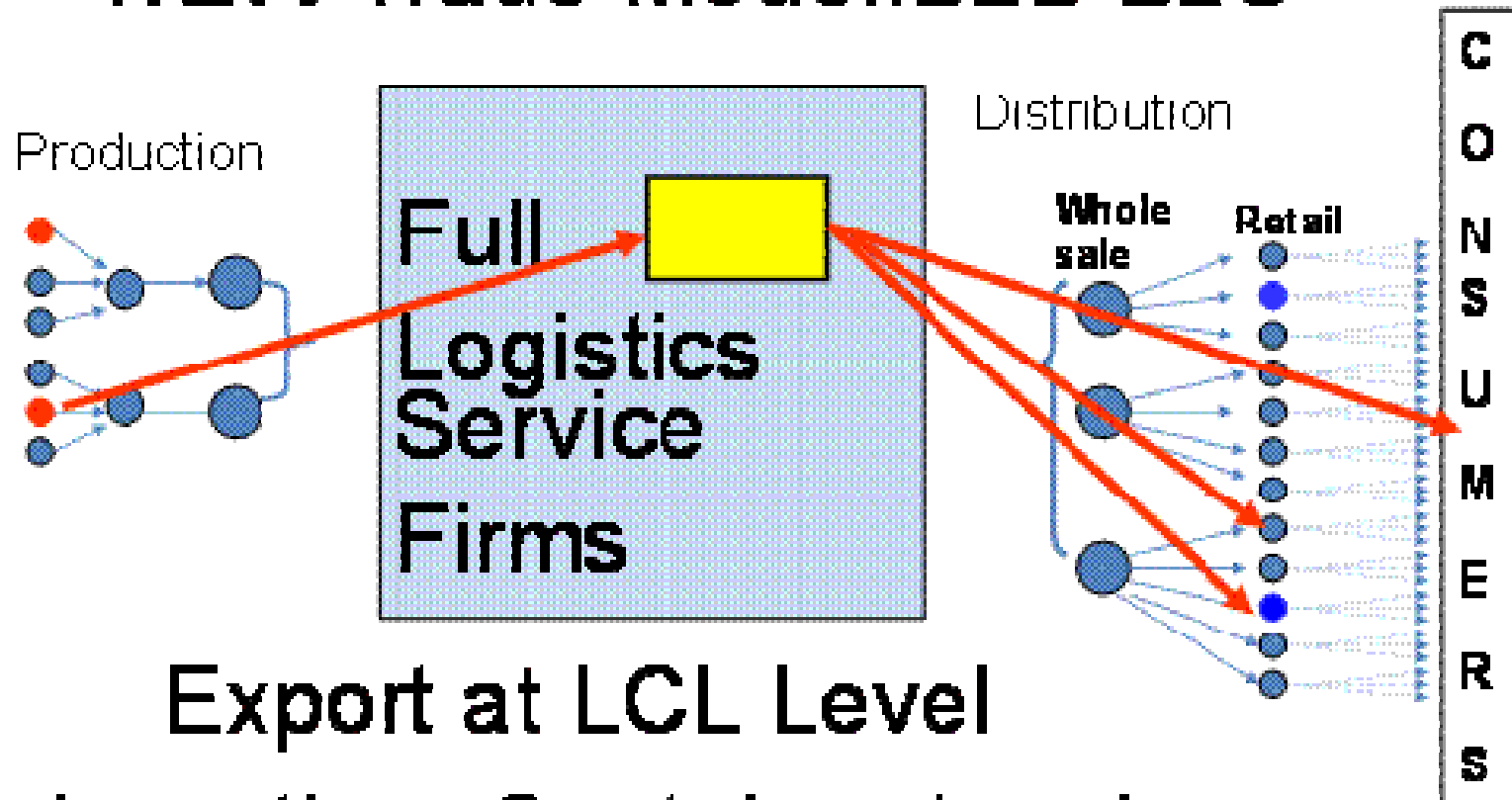
Logistics

Traditional Trade Model



Logistics

NEW Trade Model: B2B B2C



Export at LCL Level
Less than Container Load