

Illy + Coca-Cola = Ilko

Eleonora Mazzucchi (March 28, 2008)



Illy and Coca-Cola are collaborating to bring the premium gourmet coffee brew in "chilled" can form. The black espresso and milk varieties will be released into European markets next month, and around the world-- including the U.S. and Asia-- in early 2009. Starbucks best watch its back.



Just because Italians don't like mass-marketed American coffee (read Starbucks), it doesn't mean Italian companies don't either. In fact Italian giant illycaffè, Italy's most recognizable coffee brand abroad, is joining forces with Coca-Cola to create just such commercial fare: canned ready-to-drink (RTD) coffee beverages. You'll see the three "chilled espresso" varieties, Caffè, Cappuccino and Latte Macchiato, hit American shelves in 2009 where they're expected to compete with the popular Starbucks range.

But the cold canned-coffee goodness that Austrians, Croatians, and Greeks didn't even know they wanted will be available to them as soon as next month, when Ilko Coffee International, the name of Coca-Cola and illy's joint venture, releases the coffee products across Europe—a year ahead of Asia and the Pacific.

Muhtar Kent, Coca-Cola's president, says of the deal in his company press release: "Illy is a proven leader with an uncompromising commitment to high-quality espresso coffee and a strong history of innovation with whom we are proud to partner." And illy is also presumably "proud to partner" with Coca-Cola into a \$10 billion-dollar RTD market they hope to dominate. The RTD coffee category has been growing rapidly over the last few years, with a global growth rate of about 10% every year. illycaffè's Chairman, Andrea Illy, added that the partnership with Coca-Cola squarely put illycaffè "into the world of strategic alliances".

For Coca-Cola this is just another foray into the realm of non-carbonated, non-soda beverages. The company has been seeking to expand its lines—of teas, coffees, and waters—ever since health-conscious consumers, tired of ballooning guts and hillbilly-yellow teeth, cut coke out of their diets. Coca-Cola exec Vinay Kapoor will head the successfully launched addition, Ilko Coffee, in Milan.

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