

Nespresso was created in 1986 as a subsidiary of the Swiss group Nestle. These cubes are located in prominent European airports, and represent innovative selling and communication media for the brand. For example, fully automated distributors called Nespresso Cube have colored walls made of cases of capsules on display with an interactive interface. Recently, Nespresso has been facing some serious competition and is at risk of losing market share to Jacobs Douwe Egberts, formed from the strategic merge of the Dutch Douwe Egberts and the American Mondelez. While all its competitors sell in retail stores, Nespresso distributes its products only from a distance--through the Internet and mobile devices, or in one-of-a-kind boutiques. Nespresso works with the advertising agency McCann World to create the "ultimate coffee experience" in all its dimensions of communication. The communication strategy of Nespresso strongly contributes to the success of the brand. In Europe, since 2006, actor George Clooney and the famous slogan "what else?" The brand's unique and original positioning has allowed it so far to keep the competition--Tassimo (Mondelez), Senseo (Sara Lee), and in particular the Nespresso compatible capsules (today more than 50 brands offer capsules that fit in the Nespresso machines)--at bay. It was initially supplier to the coffee machine market but it was only after its repositioning to the high-end segment of the consumer market that Nespresso became a global success. In Asian countries, the communication focuses on the fact that Nespresso symbolizes the perfect cup of coffee at home or at high-end restaurants. With this high-end and unique positioning, the company reaches profitability levels that are only recorded in the luxury industry. The strategy was efficient because the capsules represented 92 percent of the brand's turnover as compared to a meager 4 percent for espresso machines. They benefit from exclusive offers and limited series, are informed of innovations and creations, and receive a magazine subscription. Since 2010, they have adapted to receiving capsules from competitors.