



We must innovate and seek new markets. Ideas are nothing if they do not materialize.

Pablo Gonzalez Cid

Café Punta del Cielo, a brand created in 2004 by Pablo González Cid, by 2015, had positioned itself with 100% Mexican gourmet products, according to *Expansión* ("Starbucks y Punta..." 2015). According to *Entrepreneur* ("5 claves para...", 2016), some lines that the company has are: pressurized coffee cans, espresso *pods*, canned beverages, as well as coffee extract and cold brew. Its products are sold and offered by airlines, supermarket chains, and hotels.

In April 2019, the highest occupancy percentage in Mexico's coffee shop market was Starbucks, with 46.9 percent. Then, Café Punta del Cielo with 11.6 percent, while The Italian Coffee Company reached 10 percent (Statista in "¿Quién es quién...", 2020).

The brand promotes the gourmet quality of its products. Therefore, it focuses on proposing a sober lifestyle for adults and coffee connoisseurs who seek personalized treatment. Consequently, Café Punta del Cielo competes in Mexico against several chains. As the Marketing Director, Elizabeth Vela, points out: "We want to capture the most demanding [customers], who do not spend hours in a coffee shop. (in "Starbucks y Punta..." 2015).

Due to the unexpected arrival of COVID-19, different types of companies had to make various adaptations in order to operate. The limitations of coexistence and the need of safe distance, the new hygiene and sanitation measures, have forced organizations to redefine their forms of operation. As a result of environmental changes and constraints while companies takes care of their employees and customers, profits have decreased.

In the same way that Café Punta del Cielo, other chain coffee shops such as Starbucks and Nescafé hope to regain the industry's pre-pandemic growth rate. The now called "new normal" has forced these companies to focus their attention on their e-commerce

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channels, redesign their plans for expansion, as well as carry out hygiene measures to transmit and provide security to their customers.

However, the confinement that the pandemic has implied, coupled with the economic crisis and unemployment growth in Mexico, has resulted in an increase in the consumption of coffee at home, since according to the Nielsen consultancy (in Forbes, 2020), the purchase of roasted and ground coffee rose by 33% from April 26 to May 7, 2020.

Pablo highlights patience in the face of the first setbacks and points out the importance of professionalizing a business by avoiding variations in service and quality that are key parts of the brand. González Cid (in Forbes, 2020) explains that, although several openings were planned, it would be necessary to analyze each one in greater depth, to renegotiate rents and conditions required at least for a period of time until a certain amount of transactions are achieved. Pablo González hopes that towards the end of the year things will tend to normalize due to the gradual return to everyday activities.

The Story

After suffering an automobile accident and with little money in his pocket, Pablo González Cid, 19 years old, decided to quit his studies for a degree in Business Administration. He began working as a delivery man in a brokerage house to develop business ideas and generate income. To, among other things, pay the accident's damages; since the salary he earned would not be enough (Valls, 2013).

He teamed up with a friend to sell fresh fish and seafood in restaurants; this activity allowed him to meet the best establishments in this sector in Mexico. His refrigerated distribution system was the trunk of his car (Endeavor, n.d.). Pablo explained that this experience made him realize that he was the owner of his time. He also realized that he was earning "20 times more," reaching the following conclusion: "This is really my thing" (Valls, 2013).

Simultaneously, he entered the coffee business because his parents acquired a foreign franchise named Gloria Jean's Coffees and opened seven branches. Pablo affirmed that the aroma of coffee conquered him: "coffee turned on a switch in me, which made me passionate about it and changed my life" ("Pablo González Cid...", 2012). For this reason, he left the marketing company to focus on the coffee franchises of his family. He even opened one of these coffee shops in a mall located at Polanco, Mexico City ("Pablo González Cid...", 2012). Pablo (at Endeavor, n.d.) stated that he was successful with the coffee shop and soon positioned himself in Mexican coffee consumers' interest. However, when competition arrived, this segment became saturated with American chains that brought the need to offer a different concept and innovate. "If you think success has arrived, you are wrong" ("Pablo González Cid...", 2015) (see **Video 1**).

Video 1. Pablo González Cid, Café Punta del Cielo

<https://www.youtube.com/watch?v=gQb2rdC337A>

Source. Smart Speakers, 2015.

Pablo thought about exploiting what was made in Mexico. In general, he realized that foreign coffee was perceived to have better quality. When people consumed national coffee, they did just because they feel "pity" or to "support" national producers. It was believed that Mexican coffee was not of good quality. Among other things, he said, "because the labels showed poor, sweaty workers" (Endeavor, n.d.).

González Cid decided to turn this perspective around and break the vicious circle of selling through compassion. He considered that to gain the consumers' taste, it was necessary to highlight the true qualities and advantages of what was produced and made in Mexico. The national coffee covered the quality characteristics to compete globally, which would maximize profitability. He convinced his family with this idea, to leave aside the foreign coffee franchise and put efforts to innovation, to begin a 100% Mexican gourmet coffee brand.

Brand development

Pablo explained that he did not have 10 million pesos to develop the technology in telling his story. Still, he did have a passion for doing so. The incentive was achieving success at all costs, which led to the founding of his own company (Valls, 2013).

For five years, he worked to make real the initial idea of his business. He always thought about a recommendation he received: coffee should taste like it smells because it would be a success. He began to with the challenge of packing freshly roasted coffee without losing its aroma.

He began to pack it in cans and bags, but the coffee gases caused them to explode. A friend suggested that he use car oil cans that have superior resistance compared with conventional cans. Pablo contacted a company with these cans, which gave him a hundred of them for his experiments.

Later he bought a gift canning machine in a stationery store and tested an oil can, which did not deform or explode. Still, when he opened it, he realized that it was a bomb. He thought of putting a spring in the lid (like a toy) to prevent it from blowing up when the can was opened, but it didn't work either. To continue with the tests, he went to his uncle, a chemist, and a friend who worked in a canned goods store to ask for advice. After these experiments, Pablo designed a functional valve. He achieved his goal: the can did not explode, and the coffee did not lose its aroma ("Pablo González Cid...", 2012).

González Cid says that the process of preserving the aroma of coffee was a big challenge. When he did the tests to store the product in its packaging, the wrapper would break: "With each attempt, I made and failed, I felt that the coffee challenged me" ("Pablo González Cid...", 2015).

Passion for coffee

Pablo recognizes that he had not been an outstanding student. But the desire to learn about coffee motivated him to acquire this *commodity*¹. He recalled that when he

¹'s knowledge, a raw product with no value-added, unprocessed. No distinguishing feature (Castro, 2019).

identified that Mexico's coffee industry had great potential, he visited national and international coffee growers in countries such as Brazil and Costa Rica. He also took courses in various cities in Europe and the United States.

Once he assimilated the information, he realized that the business opportunities were not in the commodity (see **Image 1**), but in the production chain: technology for planting, harvesting, roasting, production, distribution, and marketing of coffee (Endeavor², n.d.) (see **Image 2**).

Image 1. Coffee beans



Source. Pexels, 2020.

Image 2. A cup of coffee



Source. Pexels, 2020.

He explained that at the International Espresso Fair in Venice, he discovered the filter paper capsules (called *pods*), which contained a certain amount of coffee to make a "perfect" espresso (Valls, 2013). Upon returning, some events encouraged him to open the first store of Café Punta del Cielo with a new Mexican coffee concept. He developed and patented his espresso capsules and created coffee-based canned beverages and a can with an air valve that allowed to preserve the aroma of freshly roasted coffee. He even published a book specializing in the subject. He confessed that his motivation shot up when he achieved all of this ("Pablo González Cid...", 2015). In February 2020, Café Punta del Cielo had 149 branches (<https://puntadelcielo.com.mx/sucursales-punta-del-cielo/>) (see Video 2).

Video 2. Meet a franchise: Café Punta del Cielo

<https://www.youtube.com/watch?v=veEmPANqsl8>

Source. Jinetes Capuccino, 2015.

² Endeavor has led a global High impact Entrepreneur movement since 1997. Selects and supports a group of entrepreneurs to scale their businesses, generate quality jobs, contribute to their communities' economic and cultural development, transmit their history, dedicate time or resources to the next generations of High Impact Entrepreneurs. They seek to inspire future generations to innovate and take risks (<https://www.endeavor.org.mx/nosotros/>).

A company on top of the sky

A 100% Mexican company, Café Punta del Cielo, has dedicated itself to the production of different modalities of gourmet coffee. Coffee grown in the highest parts of the mountains of Oaxaca, Veracruz, and Chiapas, was the inspiration for the name. High altitude coffee is born in optimal temperature, amount of light and oxygen to achieve better growth and thus obtain a better quality of the bean. This is where the name's origin comes from; coffee grown very close to the clouds "at the tip of the sky."

The company offers a high added value in its products, which are impeccably cared from the cultivation to the final product without leaving aside innovation and service, to face the global competition, with its own technology, besides seeking satisfaction of the demands and tastes of the customers permanently (see **Video 3**).

Video 3. New products (duration 10 sec.)

<https://www.youtube.com/watch?v=gwasrfOgwZs>

Source. Café Punta del Cielo (puntadelcielo.com.mx), 2020.

The company's logo is a top view of an espresso coffee cup. The objective is to reflect the joint efforts in an integral way to deliver the value proposal: a perfect cup of coffee (puntadelcielo.com.mx/nosotros/).

Another brand differentiator is offering the service "Vamos contigo" (Going with you), given by qualified baristas who attend to social or corporate events (business, weddings, expos, symposiums, among others), with a portable coffee bar, so that people can taste coffee (puntadelcielo.com.mx/camos-contigo/).

Café Punta del Cielo is committed to offering the client the product's total quality; this is its mission. Its vision is to position Mexican coffee as one of the best in the world. Its values are oriented to give the best of itself to deliver the value proposition, which reflects the above: commitment, passion, quality, customer service, perfection, and teamwork.

The company's philosophy is centered on 1.- Recognize Mexican growers' effort in the strict selection of coffee, always looking for the best quality. 2.- To trust the collaborators that store the coffee in the best conditions. 3.- To cover the clients' demands to satisfy their needs when taking care of the grain's delicate roasting. To take care of every detail in the packaging and product design. 4.- To deliver these products on time to their stores. 5.- To proudly recognize their baristas for giving impeccable service. 6.-To thank each collaborator for giving "the best flavor of Mexico in a cup."

Technological advances

Endeavor (n.d.) explained that during a visit that Pablo made to them, bruises were visible on his arms, which the businessman referred to as having "fought" with a coffee maker machine. González Cid revealed that the secret of a good coffee did not depend only on the quality of the bean but also on its coffee maker's preparation. He pointed out that Italian coffee machines are known for being the best. But, their prices are high, which led him to learn about the engineering of coffee machines, boilers, control cards, resistors, and electronic systems, among others, to develop his own designs. After several

attempts and explosions, he managed to master the technology and patent several coffee makers, competing with the Italian ones with lower prices (see **Image 3**).

Image 3. Coffee maker brand Café Punta del Cielo



Caféina 01

Source. Café Punta del Cielo (puntadelcielo.com.mx), 2020.

On the other hand, Pablo remembered that the primary battle was growth and the financing needed when he started his business. First, "because nobody believes in you" and, secondly, because growing requires financing with bank loans, partners, or own money (the last one, generally limited). He resorted to banking, but when his concept was already materialized ("Pablo González Cid...", 2015).

"Get out of your heads those myths, that with one idea you will magically become a millionaire" ("Pablo González Cid...", 2015). "There is much difference between people who set up a business and entrepreneurs. I've always said that to be an entrepreneur, there has to be a factor of innovation" ("Pablo González Cid...", 2012).

Pablo affirmed that the brand's concept went beyond a simple cafeteria. Its market was visualized as a triangle of billiard balls, in which the balls were the big companies, and with his company sought to cover the spaces between them, the unattended "holes." He explained that the three lines of business of the brand are the cafeterias, the sale of coffee in self-service stores, and the Caffeine Bar. The last one focuses on the development and commercialization of coffee machines and other related products.

The company is committed to being socially and environmentally responsible. From beginning to end, it monitors the product supply chain. It creates programs that care for the environment and technologies that reduce the carbon footprint and meet the international standards for health and safety. The coffee capsules they manufacture are 100% biodegradable and 100% hygienic.

Missionary of entrepreneurship in Mexico

Pablo explained that it was necessary to have the best collaborators for achieving success and make an excellent team to take care of business management (Valls, 2013). According to *Entrepreneur* (in "5 claves para...", 2016), the main lessons the founder said

he had learned are (a) entrepreneurship is innovation: you must always aspire to more. The golden rule is that innovation is commercially successful for going from an SME to a multinational. (b) the best advice he was given was never giving up: discipline and perseverance are a must. To succeed, you have to learn to fail, (c) there's a price: to sacrifice time with friends and family, (d) it is essential to surround yourself with people who know how to manage, and (e) it is essential to have a *smartphone* to stay in continuous communication with employees, to solve some issues, and to answer emails.

Pablo recommends to entrepreneurs that when they have an idea, develop it, shape it, do pilot tests, see how it works, and how the market reacts (Endeavor, n.d.). He states: "Ideas are

worthless if you don't bring them down to earth and turn them into a reality" ("Pablo González Cid...", 2015). A successful idea "has a soul." Besides the concept and design, you need to offer something different that nobody has.

González Cid points out that whoever undertakes a business requires patience, not to make hasty decisions and not give up in the face of the first setbacks (Endeavor, n.d.). For professionalizing the business, it is necessary to standardize procedures, have control, avoid variations in service and quality of the brand, as consistency strengthens the image of a company. You have to avoid being a "changarro"³.

Pablo has taken very seriously to share the passion that has kept him motivated, working for years to have a gourmet brand of Mexican coffee and transmitting to those who desire to undertake a business. Forcefully he says: "I want to be a missionary of entrepreneurship in Mexico" (Pablo González Cid..., 2015).

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³ "Small shop, poorly stocked or any small place with few resources where some service is offered" (RAE, 2010)

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