

CORTILIA: FROM FARM TO FORK¹

"Next year, Cortilia will turn 14. It is no longer a start-up; it has become a young company. It can no longer be treated as a baby that needs constant support. It must evolve into a teenager that begins to create value.

This is what our shareholders expect and what we believe we can achieve together as a team. We closed 2023 with accumulated losses of 14M EUR, and if things continue as planned, we will end this year at -6M EUR.

*I feel 2025 could be our year—a year to prove that the e-grocery industry can be a profitable business, even in a market like Italy."*²

Andrea Colombo, CEO of Cortilia. September 2024

FROM FARM TO FORK: THE CORTILIA CONCEPT

Cortilia was an Italian online retailer specializing in the home delivery of fresh, high-quality food products, promoting a sustainable consumption model and supporting local agriculture.

Cortilia's value proposition was based on two key attributes: quality and service. It offered customers fresh, short-supply-chain, premium products accessible with just a click and conveniently delivered to their homes in a cardboard box, replicating the experience of shopping at a local market. Delivery times varied from same-day service (in Milan, Monza, and their respective provinces) to next-day service (in over 600 towns in Lombardy, Emilia Romagna, Piedmont, and Liguria) or express national delivery for the rest of Italy.

¹ Case published by the Research Division of San Telmo Business School, Spain. Prepared by Julio Audicana Arcas and Marisa Martinez Jimenez have prepared this working paper based on interviews with the Cortilia. This case is developed only as the basis for class discussion. Cases are not intended to illustrate any judgement on the effective or ineffective management in a specific situation.

Copyright © march 2025, Fundación San Telmo. Spain.

The reproduction of all or any part of this document or its storage and/or transcription in any form and by any means, whether electronic, mechanical, photocopying, recording or otherwise, without express authorization from Fundación San Telmo is hereby strictly prohibited. To order copies or request permission to reproduce this case, please contact with Case Publishing Department, calling +34 954975004 or by email to casos@santelmo.org.

² All the comments included in this Case come from Andrea Colombo or a member of his committee.

Cortilia required a minimum order of 29 EUR but did not charge for standard delivery³, which, while not fast, offered a wide time frame and precise scheduling, with a service level exceeding 99%.

Its customers were middle-to-upper-class Italians aged 35 to 55 who sought to enjoy the taste of authentic products without the need to visit a physical store.

Creating an account on Cortilia was easy and had no cost. The account linked the customer to their postal code, which determined the available product assortment. Once logged in, customers could choose between placing a one-time order or subscribing to a box of fruits and vegetables (available in various sizes and for weekly or bi-weekly deliveries), which could be supplemented with other products such as seafood, meat, pasta, and bread...

Cortilia could be accessed via its website (www.cortilia.it) or its mobile app. The website, designed to provide a comfortable and functional shopping experience, was primarily used for first-time purchases, where new customers sought inspiration and wanted to explore Cortilia's entire offering. However, most recurring orders (70%) were placed through the app, which was faster and easier to navigate.

Implementing this innovative value proposition was no easy task and was fulfilled by relying on two fundamental pillars.

- **Products and suppliers that guaranteed quality:** Cortilia worked with over 250 suppliers across various categories, mostly fresh produce⁴. Product selection was handled by the purchasing team, comprised of category management specialists and, more importantly, product experts⁵ who could assess quality and discern nuances.

Since 2021, Cortilia had been developing its own private label⁶, adding its name to high-quality essential products that either lacked a recognized brand or were recipes created specifically for the company, such as Cortilia's Panettone, juice, and brownies. (See Exhibit 1: Discovered by Cortilia).

- **Punctual and efficient delivery service:** Cortilia was a technology-driven company. One of its key differentiators was its software, which was developed in-house.

In 2024, the IT team, including consultants, comprised 18 people and operated with an annual budget of over 500,000 EUR to stay at the forefront of innovation. After 10 years, they had significantly enhanced the usability and customer experience of both the website and the app. Moreover, they believed that their operations software far exceeded the standards used by those traditional retailers that had added an online channel.

³ Delivery was available within four hours of placing the order. Additionally, they offered fast delivery in Milan for an extra fee.

⁴ In the past year, they had added categories such as personal care and pet products.

⁵ Many of the team members had graduated at the University of Gastronomic Sciences in Pollenzo.

⁶ The "Discovered by Cortilia" project. <https://about.cortilia.it/produttori>

Alongside its software, the second cornerstone of its service differentiation was logistics. Their semi-automated warehouse combined with an advanced routing program enabled a service level exceeding 99% for delivery times and 99.92% accuracy in delivered contents.

In addition to quality and service, the Cortilia concept offered another inherent attribute: sustainability, which had been a core value since its inception. Not surprisingly, its suppliers—referred to as partners—were carefully selected not only for the quality of their products but also for the authenticity of the stories behind them. Cortilia made these stories visible and built genuine alliances with its partners.

Since 2020, Cortilia had been a BCorporation⁷, and since 2022, a certified B Corp⁸. Along with transparent management and a focus on stakeholders, they aimed to reduce their carbon footprint as much as possible. They prioritized the use of paper and cardboard over plastic, worked to minimize waste, and had implemented a circular system with the plastic boxes that suppliers used to deliver their fruit and vegetable products.

Cortilia and its successfully developed and implemented value proposition had gradually built a narrative that resonated with the public. By 2022, it had achieved brand recognition of over 50% in the Milan area and a consideration rate exceeding 30%. It had become a benchmark company in terms of quality and sustainability.

THE EVOLUCIÓN OF CORTILIA

- **INITIAL PURPOSE**

The project, initially called Geomercato, was launched in Milan in 2011 as a subscription-based platform offering Milanese residents a selection of fruit and vegetable products. Farmers themselves delivered the produce in boxes, optimizing delivery routes.

In 2012, the company rebranded as Cortilia and introduced a new 4,000m² platform that made it possible to combine products from multiple suppliers in a single order and use its own delivery fleet. Also, the initial categories of fruit and vegetables were expanded to include others such as meat and fish, cold cuts and dairy, pasta, and rice—always ensuring the products aligned with the quality attributes associated with the brand.

The company began to grow during a period when consumer adoption of technology intersected with the rising trends of slow food and organic products. These trends were highlighted during Expo Milan 2015, which carried the theme "Feeding the Planet, Energy for Life."

⁷ This is a type of for-profit business entity that includes the pursuit of a social and/or environmental good in its bylaws. This model is recognized in various European countries, including Italy.

⁸ BCorp is short for Benefit Corporation, a designation for companies that hold an internationally recognized certification, which entails 'meeting rigorous standards of social and environmental performance, public transparency, and legal accountability.'