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Defining a Business Plan for “Alquímico” Coffee Shop

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Abstract

Title: “Defining a Business Plan for Alquímico Coffee Shop”

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Honduras is a coffee producing country in Central America with one of the best quality arabica beans in the world. This project aims to develop a business plan for a Honduran specialty coffee shop in Lisbon, Portugal. The main goals include creating a coffee shop that not only serves specialty coffee, but also provides students with a quiet environment for studying as well as offering Honduran coffee beans to the intended target market.

To achieve this objective, data was collected on the coffee shop and business environment, and a survey was conducted to gain insights into the target market, interests as well as studying the competitors. The collected data was analyzed to support the development of this business plan, incorporating various marketing strategies to effectively promote the coffee shop.

The business and marketing strategies were conceptualized with a focus on the coffee shop segment to generate customer interest, as well as showing the use of these marketing strategies to promote the coffee shop. Additionally, an analysis of the business environment, including micro and macro-level factors was conducted to gain comprehensive understanding on the sector.

Finally, a financial analysis was performed to assess the feasibility of the project, including an evaluation of operational costs, projected sales, and cash flow projections. The results of this analysis support the viability of Alquímico coffee shop.

Keywords: Business Plan, Specialty Coffee Shop, Coffee Shop, Coffee, Honduras

Resumo

Título: “Definindo um Plano de Negócios para a Cafeteria Alquímico”

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Honduras é um país produtor de café da América Central com um dos grãos arábica de melhor qualidade do mundo. Este projeto visa desenvolver um plano de negócios para uma cafeteria de especialidades hondurenhas em Lisboa, Portugal. Os principais objetivos incluem a criação de uma cafeteria que não apenas sirva café especial, mas também proporcione aos alunos um ambiente tranquilo para estudar, além de oferecer grãos de café hondurenhos ao mercado-alvo pretendido.

Para atingir esse objetivo, foram coletados dados sobre a cafeteria e o ambiente de negócios, e uma pesquisa foi realizada para obter conhecimentos sobre o mercado-alvo, interesses e estudar os concorrentes. Os dados recolhidos foram analisados para apoiar o desenvolvimento deste plano de negócios, incorporando várias estratégias de marketing para promover eficazmente a cafeteria.

As estratégias de negócios e marketing foram conceituadas com foco no segmento de cafeterias para gerar interesse no cliente, além de mostrar o uso dessas estratégias de marketing para promover a cafeteria. Além disso, foi realizada uma análise do ambiente de negócios, incluindo fatores de nível micro e macro, para obter uma compreensão abrangente do setor.

Finalmente, uma análise financeira foi realizada para avaliar a viabilidade do projeto, incluindo uma avaliação dos custos operacionais, vendas projetadas e projeções de fluxo de caixa. Os resultados desta análise sustentam a viabilidade da cafeteria Alquímico.

Palavras-chave: Plano de Negócios, Café Especializado, Cafeteria, Café, Honduras

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1. Introduction

Studying in cafés has become a popular trend among students and professionals alike. It provides a change of scenery from the traditional study environment, such as libraries or at home, and allows for a more relaxed and social atmosphere. The ambient of coffee shops can provide a refreshing and stimulating experience in comparison to the usual and monotonous study spaces. Being in a space surrounded by people who are working, and studying can also break the monotony of being in a silent library.

This project's goal is to develop a business plan to launch a specialty coffee shop in Lisbon, Portugal, aimed to bring to the European market the best of Honduras's coffee, partnering with Paila Coffee Roaster and Compañía Hondureña del Café. Paila is a company founded by members who enjoy fine coffee. The need for accessibility, sustainability, and consistency in the quality of the food that is consumed is where this journey starts. The ability to produce unique coffee of export quality is made possible by growers and experts who are trained to follow processes from harvest through processing. Paila processes each variety of coffee, which is harvested in the Honduran highlands, with particular and tailored roasting profiles, maximizing the flavor, and creating a one-of-a-kind experience with every drink. Along with all of the coffee producers they collaborate with, Paila Coffee employs a total of 20 people. Coffee shops from Honduras in particular, but all of Latin America, make up 80% of their clientele. There is only one variety of coffee available, and it has a smooth body and flavors of chocolate, fig, and hazelnut. To emphasize the caramelization and its inherent sweetness, the processing is done with a medium roast. Because of Paila Coffee's superior quality, a variety of specialty coffees may be made using its coffee beans. They were formally recognized as coffee exporters in 2020. Paila exports around 0.06% of the coffee produced in Honduras.

Compañía Hondureña del Café is a family business dedicated to the commercialization and export of coffee of the highest quality, which has managed to consolidate itself among the best, thus exceeding expectations and satisfying the demands of its clients worldwide. They have renowned clients like Starbucks, Texas A&M University, among others. They count with 50 employees working for them and are one of Honduras's leading coffee exporters with an average of 22.5% of exportations in the coffee market and have obtained a fair-trade seal. They export mostly arabica coffee beans all over the world and have a foundation that helps Hondurans in impoverished areas. Paila Coffee and Compañía Hondureña del Café export the

same profile of coffee beans, the difference being that Paila is an artisanal roaster and Compañía Hondureña del Café is one of Honduras's biggest coffee exporters.

“Honduras remains the 5th largest coffee exporter globally, with 4 percent of the world's coffee exports.” (USDA, 2022)

Honduras, located in Central America, is one of the world's leading coffee exporters. It is famous for its commercial and specialty Arabica beans, which are grown in its mountainous regions. Honduras is now one of Latin America's largest coffee producers, competing with Costa Rica, Guatemala, and Colombia.

The business plan will analyze the competitive landscape of the local market, and identify the strengths, weaknesses, and opportunities, as well as outline the marketing strategy detailing all the channels in which the café will promote its unique perspective, and the impressive taste of Honduran coffee.

Alquímico was selected as the name to portray the coffee shop in this business plan, and it will be created with students in mind, offering a cozy and friendly space for them to interact, study, and take pleasure in all of the products available (see Appendix C). There is a definite demand for a coffee shop that meets students' needs. Alquímico coffee shop will provide a wide selection of reasonably priced menu options and will also be a place for students to interact and work together by providing high-speed Wi-Fi, and a quiet study area.

In order to cater to customers who are not students, Alquímico will offer a distinct section within the coffee shop that will provide a comfortable and friendly environment for coffee and socializing. By providing different areas to cater to both, student, and non-student consumers, Alquímico will potentially expand its customer base and enhance its appeal to a broader audience by promoting its use of exclusively Honduran coffee beans. This approach has the potential to augment the coffee shop's overall profitability, while still retaining its distinct identity as a student-focused establishment.

“Studies show that millennial students prefer to choose café or restaurants as a place for learning while they're eating. They do not want to study in campus or library due to a tedious atmosphere and stressful around campus according to students' opinions. A new definition of "space"

(informal space) as a place for learning is found. The café caters to the imagery of erudite, cosmopolitan, and up-to-date youths, all of which are appealing. As a conceptualized space the humble café has transcended beyond its calling as a pit stop and has been reborn as an expression of academic life, combining knowledge production and mood booster, serious knowledge, and playfulness.” (Purwadi, Manurung, 2020)

Overall, a student-focused café that also has space for other consumers provides the combination of the two ideals: a warm and inclusive space for students and a welcoming and enjoyable setting for other guests. This business plan aims to validate the feasibility and potential of this coffee shop.

Research Questions

Main Research Question

- Defining a business plan for Alquímico coffee shop.

The following questions will help guide the structure of this business plan.

- Is Lisbon a potential market for a specialty Honduran coffee shop?
- Who are the target customers of the shop, would they value the Honduran coffee experience?
- How can the coffee shop differentiate itself from existing competitors in the local market, and what marketing strategies can be used to attract and retain a loyal customer base among students or persons who work remotely?

A review of the literature on the aspects covered by the research questions can be found in chapter two. We will discuss the qualitative and quantitative approaches used to address the research issues in chapter three. The full business plan for Alquímico Coffee Shop will subsequently be presented, complete with a market analysis and financial projection. The study's theoretical portion will look at the elements to consider before launching a business.

2. Literature Review

The forces influencing a company's success or failure are growing increasingly intense and complex. The material on this literature review tries to contextualize the results of a coffee shop operation's process and to give knowledge about management and marketing techniques needed to make a company's business plan successful.

2.1. What is a business plan?

As Barrow et. al. (2001) mentions "Perhaps the most important step in launching any new venture or expanding an existing one is the construction of a business plan."

Business plans allow for the conveyance of a comprehensive roadmap to accomplish predetermined goals and operate as a physical representation of the business owner's proactive approach. It makes it easier to evaluate the entire company impartially and objectively. The process of writing a business plan forces the owner to carefully assess the competitive environment and gain competitive advantage. (Moore, Haag,1997)

Castrogiovanni (1996) considers business planning as a widely recognized and essential component of pre-startup preparation. A business plan according to him, is a written document that describes the current state of a firm and outlines its desired future.

The business plan is the result of a strategic thought process or planning process, according to Nunn and McGuire (2010). Lenders, potential investors, and coworkers inside the firm might use it to explain the strategic direction developed during this process. Developing a strategic direction is necessary for any company because it helps the management and staff to use their collective knowledge, expertise and to assist to choose the best course for the organization in order for it to succeed.

Individuals can achieve excellence in their operations by using business plans. It Is typical for entrepreneurs to launch their companies without a formal business plan, resulting in a bigger time commitment and more significant expenses A business owner may also struggle to notice when the company is heading in the wrong direction without a business plan in place. According to Haag it is vital that the company plan contain a mission, values, strategy, objectives, and projected results in order to solve these difficulties. (Haag, 2013)

2.2. How to create a business plan?

Developing business plans is a key task for entrepreneurs, according to Rogoff (2003), because of its function in acquiring funding for the creation and growth of a company. Business plans are frequently viewed as requirements for obtaining funding and other crucial resources.

The Business Model Canvas (Osterwalder, Pigneur, 2010) is a framework outlining nine key elements, which, when used by entrepreneurs, increase the likelihood of designing a business model that ultimately achieves success. The Business Model Canvas simplifies the understanding of a business model by presenting it in a simple, relevant, and understandable manner.

“The nine building blocks of the business model canvas are the following:

- Customer Segments
- Value Proposition
- Channels
- Customer Relationships Segments
- Revenue Streams
- Key Resources
- Key Activities
- Key Partnerships
- Cost Structure.”

2.3. Differentiation Strategies

A differentiation strategy tries to be distinctive in its industry. It chooses one or more traits that many buyers in an industry regard as vital and positions itself distinctively to suit the customers needs. (Porter, 1985)

Differentiation tactics are often evaluated in terms of “value added.” The associated literature is based on the structural frame, with “inputs, operations, actions, and outputs” serving as descriptors (Bolman & Deal, 1997), and they represent the market's shared belief and serve as the lens through which managers sort external information. (Olson et al., 2019)

Product differentiation includes offering a well-regarded version of a tangible product. Organizations have acknowledged the need of understanding fluctuations in consumer preferences quickly and correctly in order to give value and attract customers. As a result, they seek to build and produce more complicated goods providing levels of elevated client support and strategy. (Maina, Kagiri, 2016)

In companies, innovation is referred to the ability to accept and implement fresh ideas, or products. It is closely associated with the introduction of novel concepts. Innovation entails cultivating a culture that welcomes the newest ideas and actively pursues alternative approaches to its operational processes. This results in the production of new operational methods that will satisfy the clientele. (Nasution et al., 2011)

2.4. Marketing Strategies

A marketing strategy, according to Varadarajan (2010), is a unified set of decisions that assists the company in making critical decisions regarding marketing activities in the markets and segments, with one specific goal: communicating, and delivering value to customers in exchange for achieving specific objectives.

2.4.1. Marketing Mix

Marketers must have a deep and in-depth understanding of the marketing mix concept, its main components and the appropriate management techniques generate value for both organizations and customers, in order to efficiently sell products, marketers may improve consumer satisfaction, foster loyalty, and eventually create mutually beneficial relationships by efficiently using the marketing mix. Marketing strategy in dynamic and competitive markets must adjust constantly to address new problems or developments. (Faria, Ferreira, 2021)

2.4.2. Marketing and Social Media

Harmeling et al. (2017) propose two types of marketing strategies employed by companies on social media platforms to interact with customers: “task-based and experiential engagement”. Task-based engagement programs involve structured activities that encourage customer participation, such as writing reviews and recommending the establishment, and are typically implemented during the initial stages of a company’s social media marketing efforts. On the other hand, experiential engagement initiatives use immersive events, such as multisensory

experiences, to stimulate motivation and create emotional connections with customers. As a result, companies engagement initiatives are viewed as a spectrum that is extended from proactive measures to monetary incentives.

Social media has become an integral part of marketing communication for businesses, allowing them to reach a wider audience. Soedarsono et al. (2020) highlight that “marketing has touched the use of social media in implementing marketing strategies.” Nowadays, practically all companies use social media as a marketing strategy. Before engaging in marketing communication, methods are put in place to help each other achieve the desired goal; These techniques involve persuasion, information and selling products to customers via social media.

According to Hughes, Swaminathan, and Brooks (2019), blogging is one of the biggest venues for paid individuals to spread their influence. In these years, it is called content creation. These individuals upload posts and videos, and many followers choose to receive information from them. As a result, these followers are likely to be very active in this community. This high level of interaction between the blogger and the consumer helps to improve and develop engagement in numerous parts of this strategy.

2.4.3. Brand Experience and Experiential Marketing

In recent years, marketing researchers have reached an agreement regarding the primary objective of marketing, which is the effective management of the consumer experience.

Brakus, et al. (2010) have studied the concept of brand experience. Brand experience encompasses a range of responses, including “sensations, feelings, cognitions, and behavioral responses”, that are evoked by various stimuli associated with a brand’s design, identity, packaging, environments, and communications. Brand experience emerges across diverse contexts, and within this framework, the researchers have defined it as subjective consumer responses triggered by specific experiential attributes related to a brand in these particular concepts. By conducting their study, they have demonstrated that brand experience can be deconstructed into four distinct dimensions: “sensory, affective, intellectual, and behavioral”. Furthermore, these dimensions are differently induced by different brands. To facilitate the measurement of brand experience, the researchers devised a concise and easily administered scale comprising of only 12 items. From a psychometric standing point, the scale demonstrated

internal consistency and consistency across multiple samples and studies. Importantly, when compared to other commonly used measures and scales in the field of branding research, the brand experience scale has displayed discriminant validity.

Brand experience influences loyalty and satisfaction through its relationship with brand personality.

2.5. Tam-Sam-Som Analysis

Masterson and Phillips (2017) emphasize the significance of market size, which can be estimated using two key points: “sales volume and sales value”. Sales volume refers to the quantity of goods sold, whereas sales value represents the amount customers spend on the volume of goods.

The Total Addressable Market (TAM) is determined by multiplying the number of potential end users by the revenues generated by each end user per year and multiplied by the average purchase. It is important to note that the TAM represents the total potential market, not specific market segments. From the TAM, the focus should then shift to determining the Serviceable Available Market (SAM) based on the proposed solution.

The Serviceable Obtainable Market (SOM) refers to the specific segment the company aims to reach. To be able to obtain this segment, it is crucial to demonstrate the cost of customer acquisition, the cost of servicing customers, and the expected consumer lifetime value.

(Aulet, Ursache, 2013)

The total addressable market, or TAM for Alquímico in this context would encompass the entire population of the metropolitan area of Lisbon, as this area includes a significant number of students and workers who commute from surrounding areas into the city.

3. Methodology and Research Methods

This study will utilize a mixed methods approach, which will involve both qualitative and quantitative methodologies. The qualitative approach will be based on secondary data analysis and will primarily focus on conducting a thorough market analysis. On the other hand, the quantitative approach will involve gathering primary data to better understand the target customers and their preferences. This will enable the study to identify key features the customers value and prioritize, which will ultimately inform a development of a successful business plan.

A qualitative approach provides a more comprehensive understanding of the experiences and opinions of the target audience. A qualitative approach methodology can offer a more comprehensive and detailed insight of the market and client needs, which can be helpful in creating a thorough and successful business plan. The macro environment that makes up the business study is where it is established which limitations can affect the market in which the business will operate. To determine whether Lisbon is a potential market for specialty Honduran coffee, we will utilize the TAM-SAM-SOM analysis.

To study customer perception and willingness to use, a quantitative methodology will then be applied. Data for the quantitative analysis will be gathered using surveys. The data will be evaluated using R, a language for statistical computing and graphics. Following this, it will be simple to spot trends, patterns, and connections between different variables. Inferences about the business plan that are meaningful will be made with the aid of this analysis. In principle, using a quantitative approach to surveys is an effective way to acquire information and reach findings that are statistically significant.

With the help of the surveys, it is intended to learn the following:

Demographic analysis: By analyzing the age, gender, income, and education levels of survey participants, it is possible to tailor the marketing efforts to appeal to their preferences and needs.

Location analysis: By examining the distance that participants are willing to travel to visit a coffee shop, it can determine the optimal location for the business.

Customer preferences analysis: By examining the factors that participants consider important when choosing a coffee shop, such as discounts, loyalty rewards, convenient location, comfortable seating, and free Wi-Fi, you can design a customer experience that meets their expectations and differentiates your business from competitors.

The surveys were made via the program Qualtrics and distributed digitally through a link to respond to the survey. There were 3 types of statistical analysis tools used are linear regression, ANOVA test and Chi-Test. The chi-test, also known as the chi-square test, is a statistical analysis used to detect if two categorical variables are significantly associated. To determine the relationship between the categorical variables, such as "Gender," "Age_range," and the "Honduras_shop" variable. The chi-test was employed in this study because it allows to investigate the association between categorical factors and customers' inclination to frequent the shop frequently, the chi-test was appropriate in this situation. The chi-test, which is frequently employed when working with categorical data, can shed light on the importance of relationships between variables.

ANOVA, or Analysis of Variance is a statistical test that is used to compare the means of two or more groups. With the use of an ANOVA test, the means and the categorical variables were compared: "Age_range" and "Income_range" with the "Honduras_shop" variable at various levels. It allowed to assess whether there were statistically significant differences in the mean values of "Honduras_shop" among several groups, ANOVA was the right choice in this situation.

In this analysis, regression was used to examine the relationship between the variables: "Age_range", "Gender", and "Income_range" and the dependent variable "Regular". Regression was useful in this situation since it allowed to investigate the nature and strength of the link between these factors and customers' desire to frequent Alquímico on a regular basis. Regression analysis can help discover statistically significant relationships between variables and provide light on the factors influencing the client's preferences.

Depending on the type of data and study issue, a different statistical test was applied. Regression was used to model correlations between variables, ANOVA was used to compare means across several groups, and the chi-test was used to evaluate links between categorical variables. Each

test was chosen based on how well it suited the particular analysis being done and the research question being addressed.

Upon completion of the survey analysis, the business plan is outlined. The business plan encompasses various key components, including a SWOT analysis, a business model canvas, and an in-depth analysis of marketing strategies.

Furthermore, a financial analysis is presented, detailing the estimated expenses, potential revenue streams and projected cash flow analysis.

4. Business Environment

An external analysis encompasses a concise overview and interpretation of external factors that may or may not impact market performance and business operations.

4.1. Macro-Environment Analysis of Portugal

A macroenvironment analysis looks at the bigger societal and environmental elements that have an impact on the performance and success of a company. The macroenvironment study considers a wider range of problems that are outside of an organization's control yet have a big impact on how well it does its job and how successful it is.

4.1.1. Political and Economic Analysis

The National Institute of Statistics in Portugal show that the population of Lisbon, the capital city of Portugal, was estimated to be 547,733 in 2020. (INE, 2021). The population of the metropolitan area of Lisbon is estimated to be 3 million in 2023. (Macrotrends, 2023)

“The Portuguese Republic is a democratic state based on the rule of law, the sovereignty of the people, plural democratic expression and political organization, respect for and the guarantee of the effective implementation of the fundamental rights and freedoms, and the separation and interdependence of powers, with a view to achieving economic, social and cultural democracy and deepening participatory democracy.” (Constituição da República Portuguesa, Art.2, 1976)

According to the World Bank (2021), Portugal’s gross domestic product, for the year 2021 amounted to \$217.3 billion. Over the past years, Portugal has experienced a consistent and stable growth in its GDP since 2013, with an annual growth rate of 2.1%. However, the emergence of the Covid-19 pandemic has had a significant adverse impact on Portugal’s economy, resulting in a contraction of 7.6% in its GDP in the year 2020.

In February 2023, the annual inflation rate in Portugal experienced a fourth consecutive monthly slowdown, reaching 8.2%, representing the lowest rate since May 2022. The increase in prices for certain sectors was less pronounced, including energy (1.9% compared to 7.1% in January), transport (2.6% compared to 4.8%), and housing and utilities (6.9% compared to 8.1%). Conversely, the inflation rate accelerated for food and non-alcoholic beverages, reaching 21.5%, the highest rate since May 1985, compared to 20.6% in the previous month.

Additionally, the leisure and recreation sector experienced an inflation increase to 4.1% from 2.7%. (INE, 2023)

4.1.2. Tam Sam Som Analysis

For an effective business plan, accurate market sized figures are essential. This analysis helps businesses in assessing the viability of their products and enables them to approach investors with good confidence in the outcome.

- **TAM (Total Addressable Market):**

The TAM represents the total market demand for the product. In this case, the total population of the metropolitan area of Lisbon will be considered, which is estimated to be around 3 million people (Macrotrends, 2023). Since Alquímicó targets the entire population, the TAM would be 3 million people.

- **SAM (Serviceable Available Market):**

The SAM represents the portion of the TAM that the business can realistically reach and serve. Assuming that Alquímicó targets 40% of the population between the ages of 18 and 64 (Pordata, 2021), based on market research and potential market share. Therefore, the SAM would be:

$SAM = TAM * \% \text{ of target market}$

$SAM = 2,100,000 * 0.40$

$SAM = 840,000 \text{ people}$

- **SOM (Serviceable Obtainable Market):**

The SOM refers to the portion of the SAM that the business can realistically capture within a specific timeframe. Alquímicó claims to be able capture 15% of the target market within the first year of operation, the SOM would be:

$SOM = SAM * \% \text{ of market capture}$

$SOM = 840,000 * 0.15$

$SOM = 126,000 \text{ people (yearly) or } 345 \text{ (daily)}$

4.1.3. Coffee Shop Sector

In Portugal, there are 496,852 coffee shops. 89.46% of them are micro-businesses. 33% of the coffee shops mentioned are located in the Lisbon metropolitan region. The graph below depicts the profitability of the Portuguese coffee shop industry. In 2017, the return on assets was 8%, while the return on equity was 8.8%. The numbers shift in 2021, with the return on assets falling to 7.6% and the return on equity falling to 8.2%. This data was gathered using the NACE 56301, the sector code for coffee shops in Lisbon. (Banco de Portugal, 2021)



Figure 1: Profitability of Coffee Shops in Lisbon

Source: Banco de Portugal

4.2. Micro-Environment Analysis

A microenvironment evaluation a method for examining the aspects in a company's immediate surroundings. These surroundings usually have a direct impact on the operations and success of a firm. It is necessary to analyze internal and external aspects that influence a company's ability to accomplish goals.

4.2.1. Product Analysis

The primary goal of Alquímico is to provide specialty coffee drinks to people who value good coffee, such as students and other individuals. It will offer both the opportunity to sit inside and enjoy drinks to go. Alquímico will provide a variety of meals, including salads, bowls, sandwiches, as well as pastries and snacks. The primary differentiating approach suggested is to provide students with a quiet space that is tailored to their requirements and student discount cards so they may return to the store multiple times.

Moreover, Alquímico will offer coffee prepared entirely from beans grown in Honduras. Honduras has developed over the last twenty years into one of Central America's biggest coffee

exporter of commercial grade arabica coffee. The countries coffee sector has made great strides to improve their quality from commercial grade to specialty grade coffees. As a result of this improvement, Honduras is now the fourth largest coffee exporter in the world. (ICO,2021)

4.2.2. Competitor Analysis

Lisbon's coffee market is very competitive. Around the city, specialty coffee shops are abundant and offer a variety of coffee and beans, homemade foods, and high-speed Wi-Fi. The competition for Alquímico varies, but the main rivals are specialty coffee shops that offer a variety of coffee drinks, such as an iced latte or a mocha latte, along with flavorings, spices, and vegan milk options, as opposed to those that only offer regular coffee drinks, such as an espresso or a cappuccino, without milk substitutes or flavorings. There are 20 such entries for specialty coffee establishments on Google Maps and Trip Advisor. Alquímico will need to establish itself in this competitive sector.

The main competitors are:

- Copenhagen Coffee Lab: With several locations in Lisbon, Copenhagen Coffee Lab is known for specialty coffee drinks made from single-origin beans from around the world.
- Fábrica Coffee Roasters: This specialty coffee shop roasts its own coffee and offers a variety of drinks and food.
- Hello, Kristof: This is an independent coffee shop that offers specialty coffee drinks and healthy food options.
- Comoba: They count with two locations in Lisbon, and they serve specialty drinks and homemade food items.
- Choupana Café: They are known for their artisanal breads and pastries, and specialty coffee drinks made with high quality beans.
- Heim Café: Specializes in Nordic-inspired coffee and as well as a variety of coffee brewing methods.
- Starbucks Coffee: With several locations around the city, and a renowned name, specialty, and seasonal drinks, as well as several food offerings.

The coffee shops listed above were selected because they are comparable to Alquímico. Other specialty shops do not offer seating or working areas and prohibit the use of electronics. Since

Alquímico’s main competitors are specialty coffee shops that allow customers to spend more time and offer similar products, only these types of businesses were considered in the analysis. Using the researcher's own observations and online Google reviews, the following table was created (Google, 2023). The scale used to evaluate the coffee shops ranged from 1 to 5, with a score of 1 indicating the highest prices and 5 indicating the lowest prices. Interestingly, none of the coffee shops analyzed in this study offered student discounts or quiet study spaces. Despite having numerous competitors, Alquímico stands out for its unique features. The prices of the coffee shops were compared by studying their menus extensively, and the prices were evaluated in relation to each other. Additionally, it was noted that none of these coffee shops served Honduran coffee.

Comparative Characteristics	Copenhagen Coffee Lab	Fábrica Coffee Roasters	Hello, Kristof	Comoba	Choupana Caffé	Heim Café	Starbucks Coffee
Location	5	5	4	5	4	4	5
Price	3	2.5	2.5	2	4.5	4.5	4
Meals	3	3	3	3	4	4	3
Service	4.5	5	5	4.5	3	5	3
Ratings from Reviews	4.3	4.5	4.6	4.5	4.2	4.6	3.5
Product Features	5	5	5	5	5	5	3
Discount Cards	0	0	0	0	0	0	0
Appearance	4.5	3.5	5	5	4	4	3
Quiet Areas	0	0	0	0	0	0	0

Figure 2: Competitor’s Comparative Characteristics
 Source: Google Reviews

In summary, this study found that all the specialty coffee shops analyzed have favorable Google ratings and a strong market position. However, their services are mostly limited to walk in customers who want to have a coffee or maybe something to eat. A shared drawback among these coffee shops is the absence of a quiet space. Furthermore, none of these coffee shops provide discount cards for the students. Alquímico, on the other hand, distinguishes itself from its competitors by offering a quiet study space and student discounts, as well as the use of Honduran coffee beans to manufacture their drinks.

4.2.3. Competitive Advantage

To achieve a competitive advantage over its competitors in the market, a company must have better ways for researching commercial activities or operating at lower costs while still meeting

consumer demand. Alquímico, in this regard, should evaluate its competitors and resources carefully to compete effectively in the market and differentiate itself. One of the primary methods of gaining competitive advantage is through differentiation. Alquímico's best differentiation strategy involves the use of high-quality Honduran coffee beans, creating student-centered quiet areas within the coffee shop, and offering student discounts as an incentive to visit the shop. By emphasizing these unique features and positioning itself as a student-friendly coffee shop, Alquímico can distinguish itself from its competitors and increase its chances of success in the Lisbon coffee shop market.

5. Description of the Business

The aim of this project is the opening of a specialty coffee shop named Alquímico in Lisbon, Portugal. The main distinguishing characteristics of this project are two. First, accessibility for students who do not want to go to libraries, to have the option of a coffee shop with quiet areas, enough areas to charge your devices, comfortable seating and the accessibility of food and drinks. Students will be offered a student discount card, so they are motivated to come back frequently. The second distinguishing characteristic is that all of the coffee will be made from Honduran coffee beans. The main distributors for the coffee will be Paila coffee and Compañía Hondureña del Café. Paila's coffee profile is distinct with a smooth body and flavors of chocolate, fig, and hazelnut and Compañía Hondureña del Café, offers fresh aromas and a note of fine cocoa, as well as subtle notes of caramel. Relaxing music and a laid-back atmosphere will create a pleasant atmosphere for those who want to enjoy a cup of coffee, eat something, and enjoy a moment in this coffee shop.

5.1. Brand

Previously mentioned in earlier sections, the brand being promoted is Alquímico Coffee Shop. Nowadays, alchemy is often associated with the pursuit of inner transformation, spiritual growth, and a deeper understanding of the essence of the human experience. As specialty coffee is a fusion of various elements that come together to create a unique beverage and coffee itself is an experience, the name Alquímico was a natural fit. The logo for Alquímico is simple, depicting a hand holding a portafilter while preparing coffee, with natural tones and black outlines used. Natural hues are commonly linked to attributes such as health, sustainability, and authenticity, all of which are qualities sought after by numerous consumers in brands and products. The logo also serves to highlight Honduran coffee, thereby increasing the value of the brand.



Figure 3: Alquímico's Logotype

Source: Self Elaboration

5.2. Internal Analysis and Positioning

An internal analysis of a coffee shop business entails determining its strengths and limitations. Plans can be established by examining available resources and identifying areas of the company that need to be improved. Alquímico can create a strategy to reduce risks and profit on every opportunity.

5.2.1. Survey

A survey (see Appendix A) was conducted, to 100 residents of Lisbon, Portugal, to understand and study their needs, as well as to study the feasibility of Alquímico Coffee Shop.

Figure 4 compares the demographic profiles of students and non-students. It should be emphasized that a sizable majority of the survey respondents are students, as this was the chosen demographic. The survey was distributed through university and friend groups.

Student vs Non-Student Demographics



Figure 4: Student vs Non-Student Demographics

Source: Survey Data

Figure 5 depicts the age range of the survey respondents. 48% of the respondents were between the ages of 25 and 34, 28% were between the ages of 18 and 24, and the remaining respondents were 35 or older. Because this poll was distributed through university groups, which were the intended target audience, the age range is as follows.

Age Range

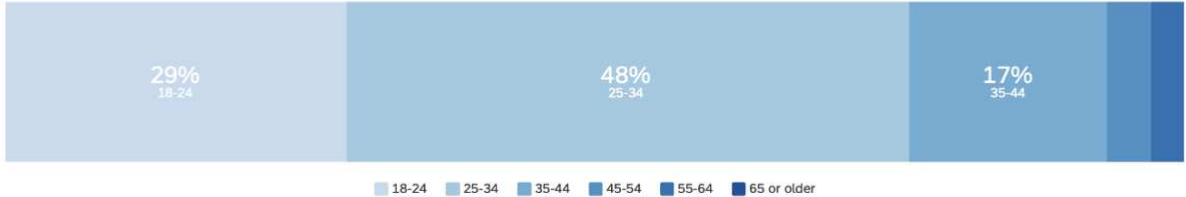


Figure 5: Age Range

Source: Survey Data

Figure 6 illustrates the percentage of male and female respondents, 51% being male and 49% being female.

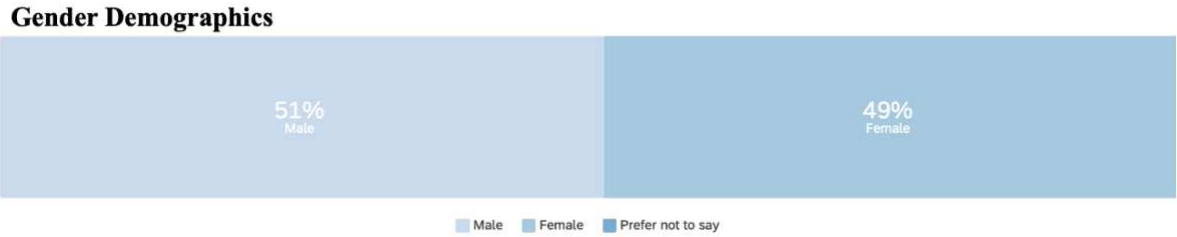


Figure 6: Gender Demographics
Source: Survey Data

Figure 7 depicts the frequency with which respondents drank coffee. According to the data, a sizable fraction, 72%, responded drinking coffee on a daily basis. Furthermore, 18% of the respondents said they drank coffee a few times each week, while the remaining 10% said they drank coffee occasionally, rarely, or never.

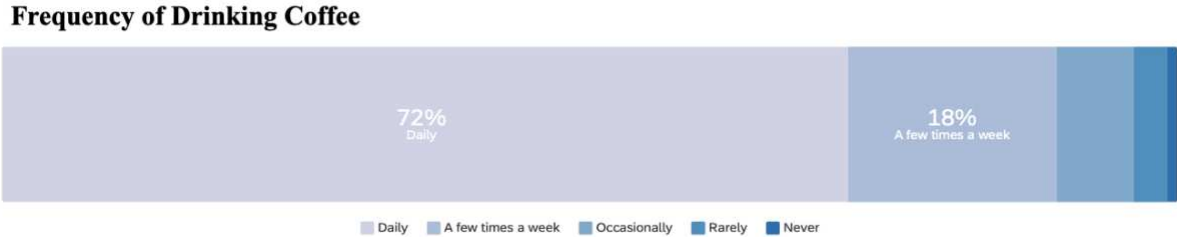


Figure 7: Frequency of Drinking Coffee
Source: Survey Data

Figure 8 illustrates the annual income range of the respondents; it is clear that lower income individuals are more willing to visit the coffee shop.

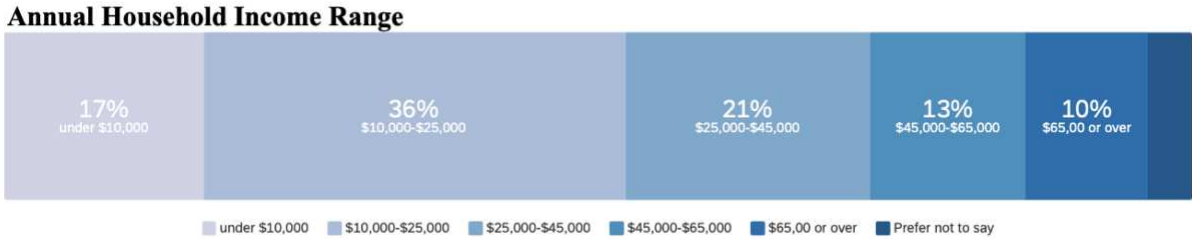


Figure 8: Annual Household Income Range
Source: Survey Data

The mean, median, and standard deviation are shown above of the "Often_coffee" variable, which represents the frequency of coffee consumption, for the data in Lisbon. You can interpret the results by looking at the mean, median, and standard deviation values.

Mean, Median and SD Frequency of “Often_coffee”

Mean_frequency	Median_frequency	SD_frequency
1.417476	1	0.786208

Figure 9: Mean Median and SD Frequency of “Often_coffee”

Source: Survey Data

Interest in Honduran Coffee

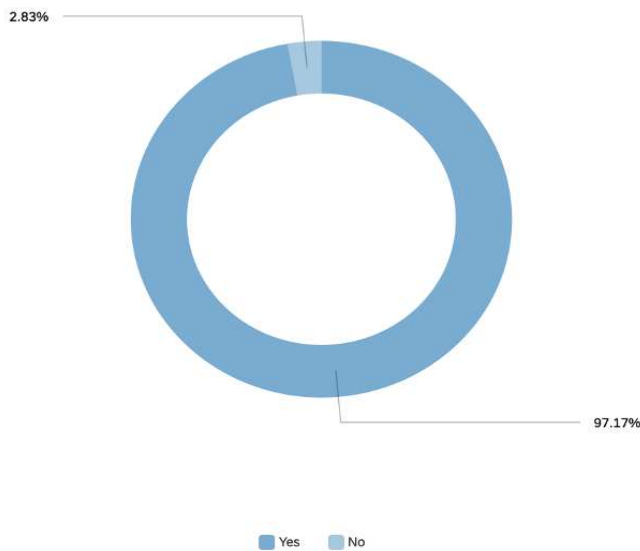


Figure 10: Interest of Lisbon residents in Honduran Coffee

Source: Survey Data

In Lisbon, survey respondents were asked whether they would be interested in visiting a coffee shop that exclusively sells Honduran coffee. The graphical representation of the data demonstrates that all of the surveyed persons expressed a noticeable inclination to visit Alquímico. Figure 10 presents the percentage of individuals. 97.17% responded yes and 2.83% responded no.

Correspondingly, two ANOVA tests were performed, to assess whether there was a significant difference in means between two or more categorical groups. The categorical groups for the first ANOVA test were: Coffee quality among different age groups, and the second one: coffee quality between students and non-students.

ANOVA Test 1: Coffee Quality Among Different Age Groups					
	Df	Sum	Mean Sq	F Value	Pr(>F)
Age_range	1	0.03	0.0305	0.036	0.85
Residuals	105	88.94	0.8471		

Figure 11: Coffee Quality Among Different Age Groups

Source: Survey Data

ANOVA test 1 concluded that there was no significant difference in coffee quality among different age groups.

ANOVA Test 2: Coffee Quality Among Students and Non-Students					
	Df	Sum	Mean Sq	F Value	Pr(>F)
Age_range	1	0.03	0.0305	0.036	0.85
Residuals	105	88.94	0.8471		

Figure 12: Coffee Quality Among Students and Non-Students

Source: Survey Data

ANOVA test 2 revealed that there was no significant difference in coffee quality between students and non-students.

Regression Analysis				
Demographic_Variable	Coefficient	Standard_Error	P_Value	Significance
Age_range	0.3156815	0.09433926	0.001147656	Significant
Gender	0.1496555	0.1599817	0.351764032	Not Significant
Income_range	-0.1526277	0.06434056	0.019558796	Significant

Figure 13: Regression Analysis

Source: Survey Data

The above illustrated regression analysis concludes the following statements:

Age_range: The coefficient estimates for Age_range is 0.31568 with a standard error of 0.09434. The p-value ($\Pr(>|t|)$) is less than 0.05 ($p = 0.00115$), indicating that age range is a statistically significant predictor of willingness to be a regular client. The positive coefficient suggests that as the age range increases, the likelihood of being a regular client also increases.

These findings imply that the target market may someday shift from students to the general population.

Gender: The coefficient estimate for Gender is 0.14966 with a standard error of 0.15998. However, the p-value ($\Pr(>|t|)$) is not statistically significant ($p = 0.35176$), indicating that gender may not be a significant predictor of willingness to be a regular client in this analysis.

The coefficient for Income_range is -0.15263 with a standard error of 0.06434, and the p-value ($\Pr(>|t|)$) is less than 0.05 ($p = 0.01956$), indicating that Income_range is a significant predictor of whether someone will be a regular client. The negative coefficient suggests that as Income_range increases, the probability of being a regular client decreases.

Thus, we can conclude that both age range and income range are significant predictors of regular client status, with older age ranges and lower income ranges being associated with a higher likelihood of being a regular client. However, gender does not appear to be a significant predictor in this analysis.

Based on the survey findings, the main reasons that will lead people to select Alquímico over other coffee shops were associated with quiet areas, easy access, high-quality coffee, and student discounts. It's worth noting that this data was gathered solely from the respondents who expressed a willingness to visit the coffee shop.

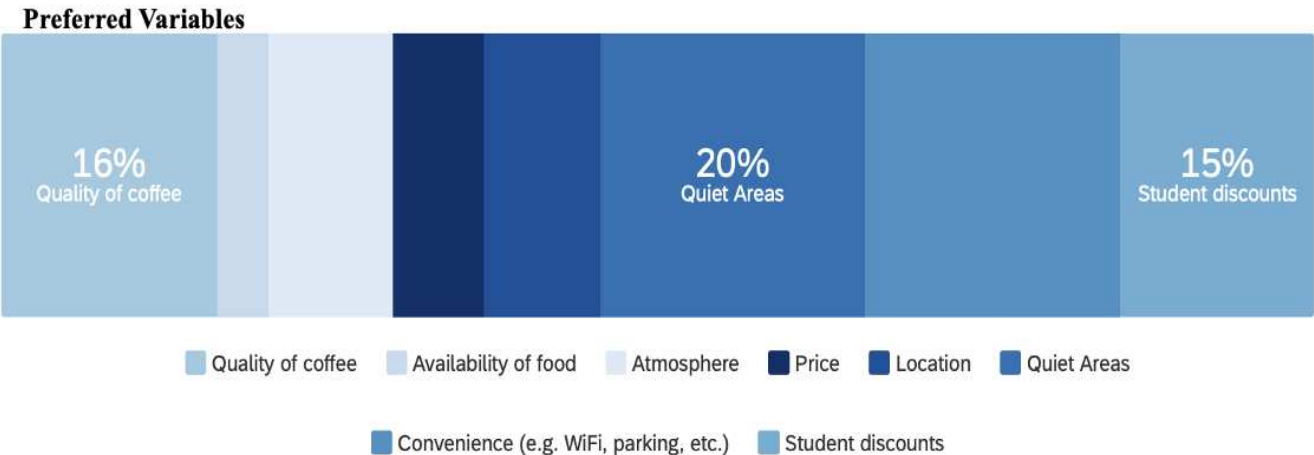


Figure 14: Preferred Variables to Visit the Coffee Shop

Source: Survey Data

A chi-test was subsequently performed, which examines the level of independence between two categorical variables. Specifically, the chi-tests compared two variables in each case. The first test involved the variables: “student” and “Honduras_shop”, while the second compared “often_coffee” and “Honduras_shop”, the third one tested the variables “Coffee_type” and “Honduras_shop” and the fourth test examined “coffee_beans” and “Honduras_shop”.

Pearson's Chi-squared test
data: df\$Student and df\$Honduras_shop
X-squared = 0.33646, df = 1, p-value = 0.5619

Figure 15: Chi-Test 1
Source: Survey Data

Pearson's Chi-squared test
data: df\$Often_coffee and df\$Honduras_shop
X-squared = 4.0211, df = 4, p-value = 0.4032

Figure 16: Chi-Test 2
Source: Survey Data

Pearson's Chi-squared test
data: df\$Coffee_type and df\$Honduras_shop
X-squared = 4.3774, df = 5, p-value = 0.4965

Figure 17: Chi-Test 3
Source: Survey Data

Pearson's Chi-squared test
data: df\$Coffee_beans and df\$Honduras_shop
X-squared = 1.3351, df = 2, p-value = 0.513

Figure 18: Chi-Test 4
Source: Survey Data

The findings of the chi-test indicate that there is no statistically significant relationship between the variables tested and the variable “Honduras_shop.” Therefore, you may conclude that these variables are likely not significant predictors of whether the target customers of the shop would value the Honduran coffee experience.

5.3. Target Customer Base

Based on the survey referenced in section 5.2.1, with the regression analysis (see Figure 13), the target customer base has been identified. The survey sample as a whole expressed interest in visiting the coffee shop (see Figure 10) and was subsequently divided into two distinct groups.

- Income range

Lower income ranges associated with a higher likelihood of visiting Alquímico.

- Age Range

Older age ranges associated with a higher likelihood of visiting Alquímico.

Market Segmentation	Target Market	Product Positioning
<p>Demographic:</p> <ul style="list-style-type: none"> • Lower income individuals • Middle to high age ranges <p>Behavioral:</p> <ul style="list-style-type: none"> • Frequent clients 	<p>Target Audience:</p> <ul style="list-style-type: none"> • Age Range: 25 + • Income: lower to middle class 	<p>Attribute-Based Positioning</p> <ul style="list-style-type: none"> • Honduran coffee beans • Quiet areas for students • Seasonal drinks • Distinct brewing methods

Figure 19: Segmentation, Target, and Positioning Table

Source: Survey Data

5.4. Location and structure

Alquímico would be best located in the center of the city. The most profitable locations would be, Baixa-Chiado, or Rossio. According to NHL Insights, people can easily notice the ideal sites by walking or driving past them, mentioning that the more people see the business, the more interested they become. (NHL Insights, n.d.)

The coffee shop will be located in a rented area. To ensure a comfortable working atmosphere, the layout of this coffee shop should include a front space for normal customers and a back section specifically designated for our students and remote workers.

The proximity of the city center to the metro station enables convenient access for students from various universities to visit the coffee shop. The universities in Lisbon are dispersed across different parts of the city. Considering this, a central location becomes optimal in order to cater to students from these diverse educational institutions.

5.5. Mission and Vision

Our mission is to provide a warm, inclusive environment where students can come together, interact, and learn. We are dedicated to providing tasty, economical, and sustainable food options that are both healthy and attractive. With cozy seating, free Wi-Fi, we hope to promote creativity, collaboration, and personal development.

Our vision is to establish a thriving, welcoming community that embraces both native and foreign cultures, encourages creativity, and promotes education. We want to be a place where people go to meet new people, enjoy great food and beverages, take in the best of our city, and enjoy the greatest coffee Honduras has to offer. Our coffee shop is designed to be a welcoming space where everyone feels at home, whether they are students, professionals, or families.

5.6. Business Goals

- Provide a distinctive and superior coffee experience: By sourcing only the best Honduran coffee beans, the café can aspire to become known for offering the best coffee experience in the area. This objective can assist in setting the cafe apart from competitors and drawing in clients who are looking for a superior coffee experience.
- Develop a devoted clientele: By providing a warm environment and attentive service, the cafe can hope to develop a devoted clientele of students, professors, remote workers, or anyone who wants to take advantage of the quiet areas. This may entail recognizing customers by name, keeping track of their orders, and fostering a sense of community within the coffee shop.
- Generate profits: Ultimately, the coffee shop needs to focus on reaching profitability in order to thrive and grow. It is necessary to set goals for sales and profits, manage expenses and continuously look for ways to innovate and optimize the business.

5.7. SWOT Analysis

The SWOT Analysis is a tool used for strategic planning that assesses the strengths, weaknesses, opportunities, and threats of a business. The aim is identifying the internal and external factors that affect current and future goals for the business.

Strengths	Weakness
<ul style="list-style-type: none"> • High quality products • Good relationships with the consumers • Innovative Design (quiet areas) • Innovation in new brewing techniques 	<ul style="list-style-type: none"> • Limited sales area coverage due universities being scattered all around the city • Very strong competition already exists
Opportunities	Threats
<ul style="list-style-type: none"> • Attract new customers through special offers • Advertising in social media to build brand awareness • Develop a direct relationship with the customers 	<ul style="list-style-type: none"> • Limited profit levels • Price sensitive market • Outsourcing coffee

Figure 20: SWOT Analysis
Source: Self Analysis

5.7.1. Strengths

One of the main strengths presented in this analysis is the high-quality products. Honduras produces one of the best coffee beans. “Above all, while Honduras increasingly offers high end microlots, what the country arguably represents overall is exceptional value. Quality has improved massively over the last 15 years, and in addition to unique specialty lots, the country offers very solid, clean blenders at very attractive prices.” (Sucafina, n.d.). It is expected to maintain a good relationship with the customer, by offering them great service. Innovative design refers to a new concept of studying. Alquímico will offer quiet areas in a minimalistic ambient so students can work there without the noise of a regular café and the monotony of a library.

5.7.2. Weakness

By wanting to be located in the city center, it may risk a limited sales coverage since universities are scattered all over Lisbon. By starting a new coffee shop another one of the weaknesses that may be encountered is low brand awareness. It is difficult to gain awareness quickly. Finally, there are multiple specialty coffee shops in Lisbon, and they are very strong. An assessment of all of the main competitors can be found in chapter 4.2.2., Figure 2.

5.7.3. Opportunities

According to Huynh (2016), “sales promotion is essential to boost profitability and sales growth.” Alquímico will use student discount cards and seasonal promotions to attract customers. New brewing techniques will be offered like French press, cold brew, and pour over methods, and the coffee shop will remain focused on studying every innovative coffee dripping method to offer to its clients.

Finally, by training the staff to develop a direct relationship with the customer, since service is one of the most important qualities in a coffee shop.

5.7.4. Threats

Limited profit levels are always a threat for a new establishment. If the establishment can't reach its target profit, it may risk economic distress. In Chapter 5.2.1., Figure 8: annual household income, depicts that the most interested respondents to visit the coffee shop are with limited resources, making the price sensitive market a threat.

Honduras's unstable political situation may eventually pose as a threat to the country's exports. Honduras is one of the most least developed and unstable nations in Central America due to its long history of corruption, poverty, and criminal rates. (BBC, n.d.)

5.8. Production and planning

When planning production and operations for a student-centered coffee shop, it is vital to consider the target market's needs. Alquímico must provide quiet areas for studying to promote a serene atmosphere. To ensure the greatest possible coffee experience, high quality brewing techniques are a priority. Alquímico will offer specialty coffee options and healthy meal options to satisfy diverse preferences and attract new customers. Prioritizing quality, efficiency and customer satisfaction creates an appealing environment for students, remote workers and coffee enthusiasts who visit Alquímico.

6. Marketing

Modern marketing is a thorough and flexible data driven process that seeks to forge deep connections between brands and consumers. A modern marketing plan combines two main components: inventiveness and execution. These two components, while driven with research, technology and analysis help meet organizational objectives. A good marketing team raises brand recognition, great perceptions, encourage actions and cultivate a target consumer. (Editor Journals and Conferences, 2022)

6.1. Marketing Mix

The marketing mix has four main components: product, pricing, place, and promotion. These elements are crucial into drawing the consumers into your business.

6.1.1. Product

Honduran specialty coffee is marketed as part of the coffee shop experience. An entire experience where customers can buy coffee, other drinks, and light food while relaxing in comfort and a welcoming environment. A great place to visit for coffee drinkers who enjoy the high-quality brew and the convenient setting, or a place where students may go to work in a peaceful setting. The product selection will be centered on the Honduran coffee beans that were outsourced, showing the variations in their flavors as well as the inherent value of single origin coffee industry. The key products are specialty coffee beverages, although Alquímico also provides light meals, pastries, sodas, teas, and water. Seasonal offers will also be applied. Temporary food and drinks depending on the season of the year. These products will only be available in certain times of the year.

6.1.2. Pricing

Alquímico will adopt a cost-plus pricing strategy for the products. With this pricing strategy, the selling price for each item is determined by adding the cost of goods sold, overhead expenses, and labor costs to the total cost of manufacturing. By using this pricing method, Alquímico can make sure that all of its costs are covered and that it makes money on each sale. Consumers gain from a straightforward pricing model as well since they can comprehend the criteria used to calculate the cost of each good. The cost-plus pricing method could have the disadvantage of not accounting for competitor's prices or the level of demand for the good, but Alquímico can modify its markup to remain competitive and responsive to customer needs by

constantly evaluating sales data and market developments. Overall, the cost-plus pricing model is an easy-to-use and dependable way to decide how much each item should cost to sell. It may help Alquímico stay profitable while giving its customers excellent coffee and the experience they are looking for. The expenses associated with Alquímico for each product have been calculated and are shown in appendix C.

Cost plus pricing is a method used by businesses to calculate the cost of a product and then apply a percentage increase to determine the selling price for consumers. It is a straightforward approach to cost-based pricing, where the selling price is determined by adding a predetermined markup percentage to the total cost. (Abid, 2022)

With the survey it was managed to understand the price importance for the potential customers participating in the survey. The majority stated that 28% think that price is moderately important, 21% very important and 26% extremely important.

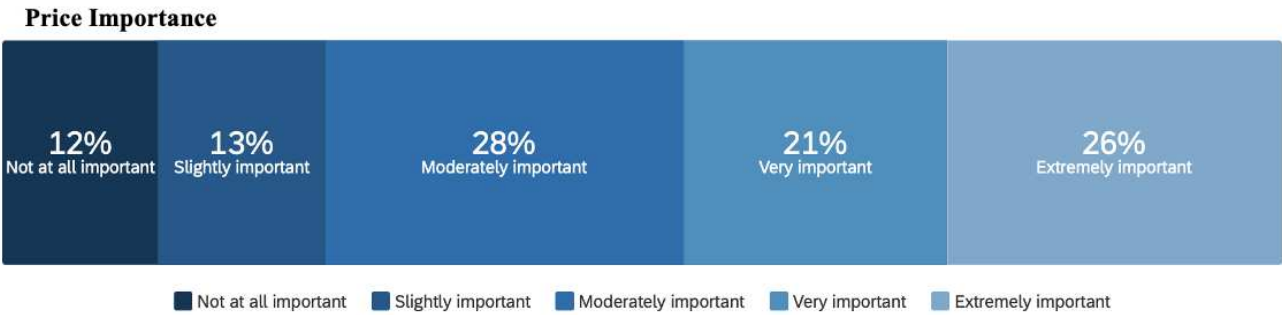


Figure 21: Price Importance

Source: Survey Results

6.1.3. Promotion

Alquímico’s main promotion strategy is the use of social media. The social media channel will have videos on how the coffee is made, strategic pictures of the food and drinks, as well as people enjoying them. Highlighting the use of Honduran coffee beans is important in the social media channels as well. Giveaways will also be applied in certain times of the year to collect followers and broaden the target market.

Another promotion strategy that will be implemented by Alquímico are is “refer-a-friend” campaigns. This is a very effective word of mouth approach that is ultimately designed to

incentivize customers to endorse brands. By implementing this referral campaigns, Alquímico can build trust with individuals who have experienced and tested the products and services offered before recommending them to their friends. This emphasis on trust serves as a good path to establish connections with the customers.

Alquímico will incorporate a strategy that involves providing recurring benefits to individuals who refer their friends to the coffee shop. This incentives will encompass discounts, complimentary beverages and even store credit. The enticing aspect of this approach is that once a certain number of referrals is achieved, customers will be eligible to receive rewards.

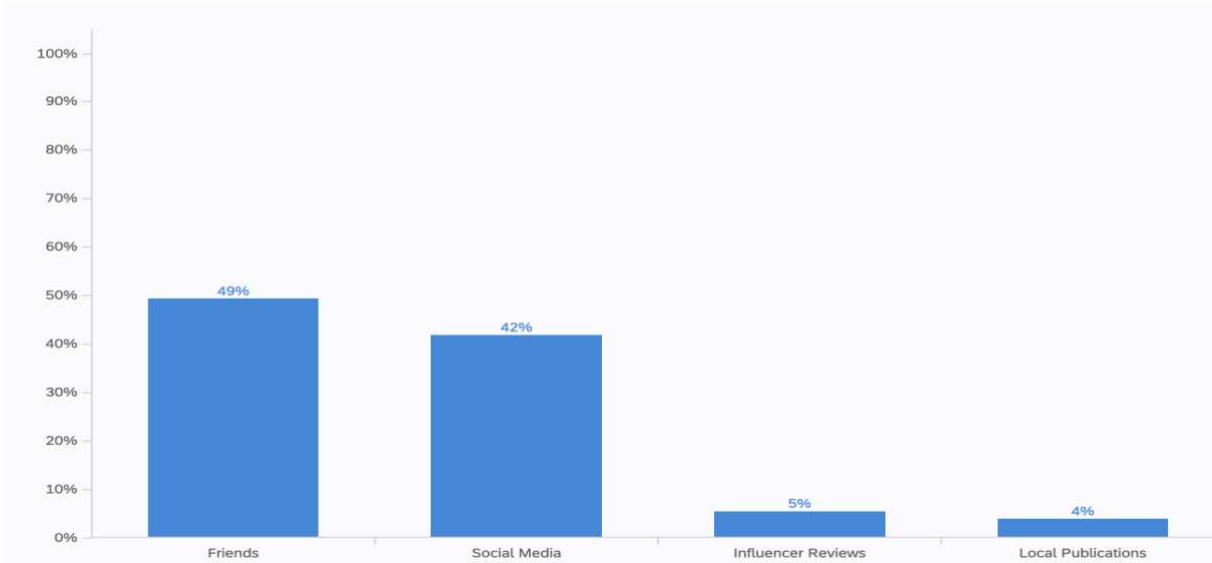


Figure 22: Methods of discovering new coffee shops

Source: Survey Data

The survey results highlight the importance of social media as a vital promotion tool. According to the survey, the majority of the respondents expressed that social media and word-of-mouth recommendations from friends are their preferred methods for discovering new coffee shops. This aligns with Statista’s (2022) report, which confirms that Facebook and Instagram are the primary social media platforms for marketing. Consequently, both platforms will be integrated into the marketing strategy for Alquímico.

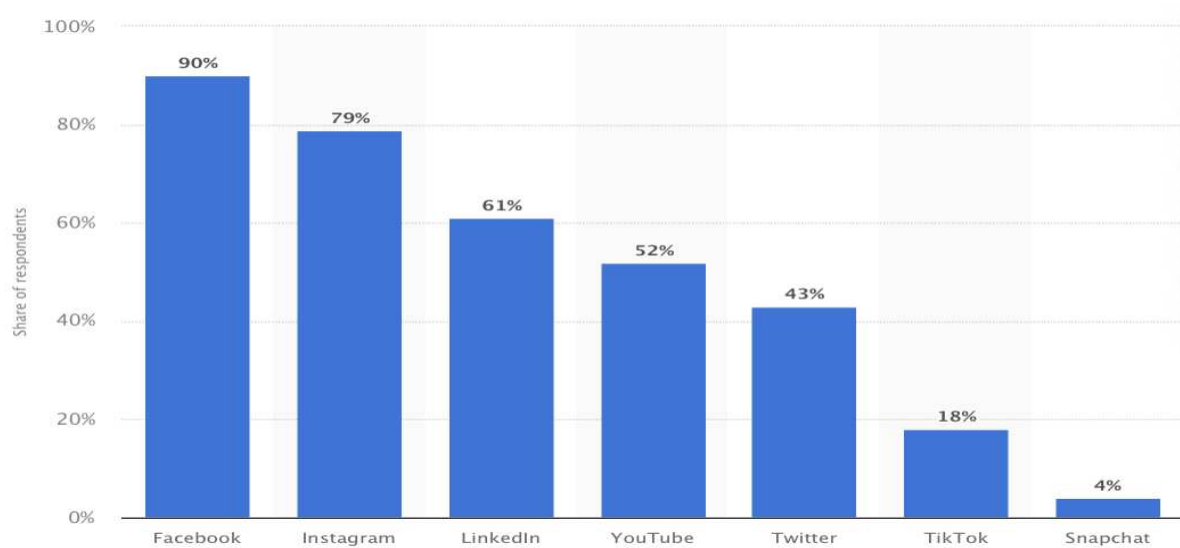


Figure 23: Leading social media platforms used by marketers

Source: Statista

Student discount cards and loyalty cards will be available for the most valued customers where they can earn points per purchase and redeem them for coffee and discounts. By doing this, customers are incentivized to visit Alquímico more frequently. The coffee shop will also work with local universities or institutions to advertise Alquímico as a student/work friendly location for promotion.

6.1.4. Place

One of Alquímico's main marketing strategy is experiential marketing. People will remember Alquímico because of its comfortable areas, nice service, seasonal drinks, clean bathrooms, and in certain times, events. The smell of coffee will surround the shop constantly, connecting customers to the experience. The atmosphere it generates is tied to the product, which encourages customers to buy coffee.

By playing with the customers senses, it is possible to create a place that everyone wants to come back to, either to buy a coffee for take away or to sit for a little while. The coffee shop interior will follow a modern aesthetic with neutral colors, bright lights, comfortable chairs, and large tables. The coffee shop will also have real plants as decorations, and very minimalistic looking decorations.

6.2. Marketing Strategies

In the current digital era, social media is a potent marketing tool for every organization. In order to produce interesting content, Alquímico will take advantage of social media platforms like TikTok, Facebook and Instagram to share pictures of its coffee and videos of its brewing techniques and promote its events. By doing this, the coffee shop may gain a regular customer's who will assist in promoting the business to their friends and family.

Brand experience is a vital aspect of marketing for a coffee business. The brand experience is the sum of all of a customer's interactions with a coffee shop, from the atmosphere and decor to the quality of the coffee and the staff's service. A coffee shop may create a memorable brand experience by responding to all of the finest details and making sure that every interaction is consistent with its brand image.

Experiential marketing is a type of marketing that focuses on giving clients memorable experiences. By holding events, or developing distinctive coffee drinks, a coffee business can engage customers through experiential marketing. As a result, the coffee shop will be able to build "buzz" and word-of-mouth advertising, which will increase customers and revenue.

Experiential marketing also refers to the experience of studying or working in a coffee shop rather than a library, with the benefit of a quiet area, access to coffee, drinks, and food, as well as a unique and more attractive environment.

7. Financial Analysis

The performance and suitability of the firms, projects, budgets, and other financial-related transactions will be evaluated throughout this financial analysis.

7.1. Investment Costs

The first investment details the cost of the necessary physical assets like renovating the rental space with the necessary construction, furniture, and décor, as well as the supplies, equipment, and personnel needed to build the foreseeable setting. It makes an estimate of the prices of the resources required.

Items	Value in Euros
Equipment Costs	€ 13,527.00
Cutlery	€ 1,500.00
Take Away Inventory	€ 1,700.00
Furniture	€ 4,000.00
Decorations	€ 1,500.00
Construction Material	€ 4,000.00
Renovation Work	€ 1,500.00
Certificate of Admissibility	€ 75.00
Creation of the Company	€ 44.00
Total	€ 27,846.00

Figure 24: Investment Costs

Source: Own Elaboration

The estimation of the investment costs sums to € 27,846.00 as presented in figure 24. All taxes are included in the estimation above with prices defined from local sources or local online observations in Portuguese suppliers.

7.2. Equipment Costs

In order for a business to succeed, it is essential to have the right tools and equipment. Professional equipment, in particular, is necessary. The food industry requires high-quality, reliable, and efficient tools to carry out the day-to-day operations effectively.

Among the essential items are:

- Refrigeration equipment
- Espresso machines
- Gas-powered cooking utensils
- Extra and Neutral Equipment

Item	Price
Stove plate	€ 140.00
Coffee Grinder	€ 422.00
Espresso machine accessories	€ 200.00
Fridge	€ 1,700.00
Freezer	€ 1,500.00
Ice Maker	€ 700.00
Microwave	€ 150.00
Kettle (2)	€ 50.00
Panini Press (2)	€ 200.00
Blender (2)	€ 150.00
Oven	€ 400.00
Dishwasher	€ 325.00
Espresso Coffee Machines (2)	€ 6,890.00
Kitchen Tools	€ 700.00
Total	€ 13,527.00

Figure 25: Kitchen Equipment and Price Table

Source: Own Elaboration

7.3. Organizational Structure

Alquímico will use a hierarchical organizational structure with the position with the most responsibility at the top and positions with lower levels of responsibility below it. Given that it is a small micro-enterprise, the structure of the organization is simple, and the decision-making procedures are straightforward. The duty of ensuring the company’s efficiency rests with the general manager. It is the managers responsibility to undertake proper planning, organization, direction, and control to ensure the coffee shop operates efficiently.

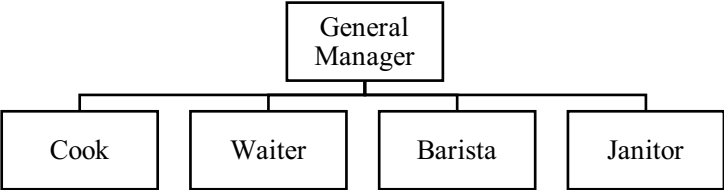


Figure 26: Organizational Structure
Source: Own elaboration

The table presented below displays the work assignments, expected job duties, and corresponding average monthly salaries for each of Alquímico’s team member. The following table shows the salary per month.

Recruitment	Activity	Monthly Salary
General Manager	Supervise all activities	€ 1,900.00
Barista	Making all coffee orders	€ 1,150.00
Waiter	Delivering coffee orders, help the barista	€ 1,100.00
Cashier	Receive payments	€ 1,000.00
Cook	Meal preping and cooking	€ 1,150.00
Cleaner/ Janitor	Deep cleaning services	€ 900.00
Accountant	Running all finances and paying taxes. (outsourced)	€ 250.00

Figure 27: Recruitment, Activity, and Salary
Source: Own elaboration

The following table presents the positions, salary, and total deductions, as well as the complete pay from the company with insurance and meal allowance.

Position	Salary	Deductions	Insurance and Meal Allowance Total	Annual Pay	Monthly Pay
Manager	€ 1,900.00	$1900 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 34,609.50	€ 2,884.12
Barista 1	€ 1,150.00	$1150 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 21,615.75	€ 1,801.31
Barista 2	€ 1,150.00	$1150 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 21,615.75	€ 1,801.31
Waiter 1	€ 1,100.00	$1100 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 20,749.50	€ 1,729.13
Waiter 2	€ 1,100.00	$1100 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 20,749.50	€ 1,729.13
Cashier	€ 1,150.00	$1150 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 21,615.75	€ 1,801.31
Janitor	€ 900.00	$900 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 19,017.00	€ 1,584.75
Cook	€ 1,000.00	$1000 * 1.2375 * 14$	$6 * 22(11) + 20 * 12 = 1692$	€ 17,284.50	€ 1,440.38

Figure 28: Salary and Deduction Table

Source: Own Elaboration

7.4. Key Partners

As previously mentioned in the introduction, Alquímico has two providers for coffee beans outsourced in Honduras. Paila Coffee Roasters charges € 205 for a 60 kg bag of coffee beans and Compañia Hondureña del Café charges € 227.77 for a 60 kg bag of coffee beans. On average, one kilogram of coffee can produce around 125 cups of coffee. Based on the projection that Alquímico can sell approximately 200 cups of coffee per day in the year and double it to 400 per day in the second year, it is expected that the coffee shop will require 46.7 kg of coffee per month in the first year, resulting in a cost of € 168.35 per month on coffee beans. In the second year, Alquímico will need 96 kg of coffee per month, leading to a cost of € 346.08 per month for coffee beans.

7.5. Rent

It has been concluded that renting a property from a third party is the best option. Any changes related to the property must be approved by the landlord and it is recommended to keep the kitchen and visiting areas separate. The selected location is in the São Nicolau parish, near Baixa-Chiado, on Rua dos Sapateiros. This location meets all of the criteria needed for

Alquímico to be successful. The cost for 145 square meters is €4,500, mainly due to its location and size.

7.6. Operational Costs

The expenses a business faces as a result of its ongoing operations are known as operational costs. These costs are necessary to maintain the operation of the coffee shop as well as to create and market its goods and services. The table below shows the most common operational costs faced to open and run a coffee shop. The rent is for a 145 m² location described in section 7.5. The payroll already includes insurance and meal fees. The insurance fee is for the whole property, including damages, fires, theft, and natural disasters. All costs are monthly.

Operational Costs	Value in Euros
Rent	€ 4,500.00
Utilities	€ 2,500.00
Inventory	€ 5,000.00
Payroll	€ 14,771.4
Marketing	€ 450.00
Insurance	€ 300.00
POS Software	€ 16.70
Loan Payments	€ 3,750.00
Total	€ 31,288.10

Figure 29: Monthly Operational Costs

Source: Self Assumptions

“Any firm established in Portugal needs to maintain track of its tax obligations. The Imposto Sobre o Rendimento das Pessoas Coletivas (IRC), the Imposto sobre Valor Acrescentado (IVA), and customs charges are among the taxes to pay.

- VAT: varies between 6%, 13%, and 23% depending on the service, paid monthly or quarterly
- IRC: 21% tax paid annually
- Derrama municipal: a maximum of 1.5% paid annually”

(Expatica, 2022)

7.7. Projected Sales

The projected sales of a business refer to the total revenue expected to be generated by the sale of goods during a specified time period. This can have an impact on the company’s profitability. In this instance, it is anticipated that the projected sales for the upcoming years will amount to € 352,950 in 2024 and €705,900 in 2025. These estimates have been derived by analyzing the market and the consumer demand. The projected sale figures were derived by analyzing the average prices of all coffee drinks, beverages, and food items, and estimating the expected daily sales volume. By getting an average price per block from Alquímicos price table (see Appendix C), it is possible to get an average sales price for the projection. It was anticipated that the first year of operations approximately 190 coffee cups, 40 non-coffee beverages and 40 food items would be sold per day. These figures were projected to double in the following year. It is important to note that these estimates are based on projections and were informed by inquiries made to coffee shops in Lisbon and research.

In order to fulfill all sales, on the year 2025, an extra employee has been added to the projected cash flow. These projections were made not only expecting sit down clients or students, but also foot traffic individuals who want to get a to-go cup of coffee. There will be one coffee shop of 145m² open from 9 am to 5 pm.

		Projected Quantity and Sales					
		Forecast Quantity			Forecast Sales		
Coffee Shop Sales	Measure	2023	2024	2025	2023	2024	2025
Coffee Cups, beverages and food							
Coffee Cups	Unit / Euros	0	70,000	140,000	0	€ 210,000.00	€ 420,000.00
Beverages	Unit / Euros	0	15,000	30,000	0	€ 55,200.00	€ 110,400.00
Food	Unit / Euros	0	15,000	30,000	0	€ 87,750.00	€ 175,500.00
Total		0	100,000	200,000	0	€ 352,950.00	€ 705,900.00

Figure 30: Projected Quantity Sales
Source: Self Assumptions

7.8. Projected Cash Flow

A financial document known as a projected cash flow statement outlines an organization's expected cash inflows and outflows over a specific period, such as two years in this particular case. By referring to this statement, Alquímico can facilitate its financial planning and decision-making processes. It is worth noting that at the start of the year, the organization plans to acquire a loan amounting to € 90,000, which will be used to cover initial expenses. The repayment of the loan is expected to be fulfilled in two parts, €30,000 being paid the first year and €60,000 being paid the second year.

Cash Flow Statement		
	FIRST YEAR	SECOND YEAR
Cash Flow Operations		
CASH RECEIVED		
Customer Sales	€ 352,950.00	€ 705,900.00
CASH PAID FOR		
Inventory	€ 60,000.00	€ 120,000.00
General and Administrative Expenses	€ 33,792.00	€ 35,482.00
Advertising	€ 5,400.00	€ 10,800.00
Rent+Utilities	€ 84,000.00	€ 90,000.00
Wage Expenses	€ 177,252.25	€ 198,001.25
Loan Repayments	€ 30,000.00	€ 60,000.00
CLOSING BALANCE	€ 78,258.00	€ 197,617

Figure 31: Projected Cash Flow Statement

Source: Self Assumptions

7.9. Project Limitations

This business plan was created using available data about the coffee industry, which was gathered through various sources with different scopes. However, it is important to note that there were certain constraints when it came to obtaining information, which may have impacted the accuracy and comprehensiveness of the data. For instance, the available information mostly focused on market characteristics, and only provided limited insights into consumer behavior, which were supplemented by a survey that was conducted on a small sample size of 100 individuals, out of thousands who reside in the metropolitan area of Lisbon.

Furthermore, it is important to recognize that there may be limitations in communication with potential suppliers who only speak Portuguese, which may lead to misunderstandings and a

potential language barrier. Additionally, it is worth noticing that the current global economic ambient is highly volatile and unpredictable, which may have significant effects on the financial projections and expected outcomes of the business plan. These uncertainties need to be carefully considered and accounted for when developing the business plan, in order to ensure that is both realistic and feasible given the current economic conditions.

8. Business Model Canvas

The business model canvas functions as a valuable business tool to represent and evaluate many elements of the business model. The business model canvas consists of nine components, as illustrated in figure 32. It offers a comprehensive framework that allows businesses to gain insight on their strengths, limitations, and even potential areas for improvement. This tool plays a significant role in organizations since it enables them to make informed judgements. This approach enables businesses to identify their competitive advantage, opportunities, and address challenges they may face.










<p>Key Partners </p> <ul style="list-style-type: none"> • Paila Coffee • Compañía Hondureña del Café • Rental landlord • Employees 	<p>Key Activities </p> <ul style="list-style-type: none"> • Social media marketing • Strong branding • Quality Control • Encouraging employees 	<p>Value Propositions </p> <ul style="list-style-type: none"> • High quality coffee • Relaxing ambiance • Good beverages and food • Quiet areas • Environment 	<p>Customer Relationship </p> <ul style="list-style-type: none"> • Student discounts • Quality product • High speed Wi-Fi 	<p>Customer Segments </p> <ul style="list-style-type: none"> • Students • Lower income individuals • Middle aged individuals
	<p>Key Resources </p> <ul style="list-style-type: none"> • Outsourced coffee beans from Honduras • Human resources • Financing • Inventory providers 		<p>Channel </p> <ul style="list-style-type: none"> • High quality coffee • Relaxing ambiance • Good beverages and food • Quiet areas 	
<p>Cost Structure </p> <ul style="list-style-type: none"> • Cost-plus pricing • Inventory cost • Rent • Utilities • Marketing cost • Breakeven point: 4,197.5 units per month 		<p>Revenue Stream </p> <ul style="list-style-type: none"> • Sale of coffee and beverages • Sale of food • First year revenue: €352,950 or 100,000 units • Second year revenue: €705,900 or 200,000 units 		

Figure 32: Business Model Canvas

Source: Self Analysis

9. Conclusions

The primary objective of this project was to conduct a comprehensive study of the coffee shop industry in Lisbon, Portugal, with a focus on the feasibility of establishing a new specialty coffee shop that caters specifically to students. In order to achieve this goal, a thorough analysis of the market was undertaken, which involved assessing the necessary marketing and financial projections to determine the potential viability of such a venture.

Furthermore, economic indicators were analyzed to determine trends in the coffee shop sector, with data indicating that the industry has shown improvement over the past year. This positive growth trend was considered while making projections for Alquímico coffee shop.

To gain deeper insights into consumer habits and preferences, a survey was conducted among potential customers. This survey provided valuable information that was utilized to develop strategies to enhance the proposed business plan and increase the appeal to its clientele.

In addition to the survey, a study was conducted on the micro and macro-environment of Portugal, which helped identify various factors that could potentially impact the success of this business plan.

While the competitive analysis highlights a strong competition, the marketing strategies and competitive advantage of Alquímico are strong and showcase a quick entry in the coffee shop sector. The marketing strategies of Alquímico are designed to target a market of lower-incomed individuals, and higher aged ranged persons, who are a significant demographic in Lisbon. Alquímico aims to create a unique selling proposition that differentiates from its existing competitors. In addition, the financial projections presented suggest a positive growth trend for the proposed business, indicating that it is viable and potentially lucrative.

In conclusion it it's reasonable to assert that there is significant potential to develop and execute this business plan successfully. However, it is essential to continuously monitor market trends, consumer preferences and economic indicators to adjust and adapt to any changes that may arise in the future.

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Appendices

Appendix A

Coffee Shop Survey

Welcome!

PLEASE READ THE FOLLOWING CONSENT FORM AND CLICK "I CONSENT" AT THE BOTTOM.

This survey is part of a master thesis at Católica Lisbon School of Business & Economics and is written by Rebecca Fortin.

The following survey is to study the feasibility of opening a coffee shop in Lisbon, Portugal. The coffee shop will be a student centered cafe, with quiet areas and discount cards for students. In this cafe, you will be served specialty coffee made from Honduran arabica coffee beans. This is not only for students, but for coffee lovers all around.

Data will be stored in a password-protected computer and will only be available to the people working on this study. The responses on this survey are completely anonymous.

The amount of time estimated to respond to this survey is: 7 Minutes

Thank you for your kind support.

By clicking, "I consent" below, you indicate that you understand the information in this consent form and that you agree to participate in the study. By providing your consent, you have not waived any legal rights you otherwise would have as a participant in a research study. If you do not consent, please close your browser to exit the study.

I Consent

Are you a resident in Lisbon, Portugal?

Yes

No

What is your household annual income range?

under \$10,000

\$10,000-\$25,000

\$25,000-\$45,000

\$45,000-\$65,000

\$65,000 or over

Prefer not to say

How often do you drink coffee?

Daily

A few times a week

Occasionally

Rarely

Never

Are you a student?

Yes

No

What is your age range?

18-24

25-34

35-44

45-54

55-64

65 or older

What is your gender?

Male

Female

Prefer not to say

Where do you usually drink coffee?

At home

At work

At a coffee shop

All of the above

What is your preferred type of coffee?

Espresso

Macchiato

Latte

Cappuccino

Americano

Other Specialty Coffee

Do you prefer a certain flavor or roast on your coffee?

Light roast

Medium Roast

Dark Roast

Flavored (e.g. Vanilla, Hazelnut, etc.)

Indifferent

What type of coffee beans do you prefer?

Arabica

Robusta

Indifferent

How important is the quality of coffee for you?

	Not at all important	Slightly important	Moderately important	Very important	Extremely important
Choose one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How important is the availability of food at a coffee shop for you?

	Not at all important	Slightly important	Moderately important	Very important	Extremely important
Choose one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How important is the atmosphere of a coffee shop to you?

	Not at all important	Slightly important	Moderately important	Very important	Extremely important
Choose one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How important is the price of coffee and food at a coffee shop to you?

	Not at all important	Slightly important	Moderately important	Very important	Extremely important
Choose one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What would make you choose a coffee shop over another? You can choose more than one.

Quality of coffee

Availability of food

Atmosphere

Price

Location

Quiet Areas

Convenience (e.g. WiFi, parking, etc.)

Student discounts

How do you usually hear about new coffee shops? You can choose more than one.

Social Media

Friends

Local Publications

Influencer Reviews

How far are you willing to travel to visit a coffee shop?

Less than 1 mile

1-2 miles

2-5 miles

More than 5 miles

Have you ever worked or studied in a coffee shop?

Yes

No

Would you be interested in going to a coffee shop that only serves coffee produced in Honduras?

Yes

No

From 1 to 5, how willing would you be to be a regular client of this coffee shop?

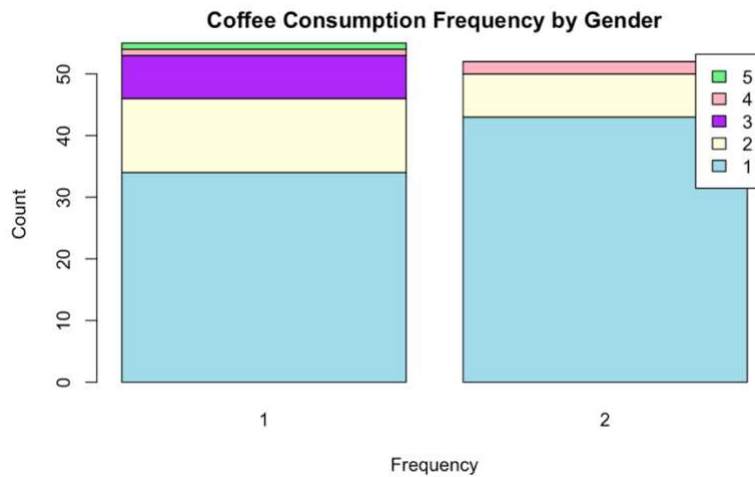
Choose one

1 (Not Willing) 2 3 4 5 (Willing)



Appendix B

Coffee consumption by gender. 1 being female and 2 being male.



Appendix C

Product and price table

The prices in this table were made via cost-plus pricing. It was made by studying various supermarkets, markets, and food suppliers in order to find an average price for each of the products needed to elaborate each drink or meal. The prices of the coffee drinks were made with the price that the suppliers established already delivered in Lisbon, Portugal.

	Item	Price
Drinks	Espresso	€ 1.20
	Double Espresso	€ 2.40
	Americano	€ 2.00
	Mocha	€ 4.00
	Macchiato	€ 1.40
	Capuccino	€ 3.50
	Latte	€ 3.50
	Chai Latte	€ 4.00
	Dirty Chai Latte	€ 5.00
	Matcha Latte	€ 5.00
	Hot Chocolate	€ 3.50
Iced Caramel Latte	€ 3.60	

	Iced Latte	€ 3.50
	Cold Brew	€ 2.50
	Hazelnut Iced Latte	€ 4.00
	Iced Chai Latte	€ 5.00
	Iced Matcha Latte	€ 5.00
	Orange Juice	€ 3.50
	Kombucha	€ 4.50
	Water	€ 1.30
	Lemonade	€ 3.00
	Ginger Lemonade	€ 3.50
Main Dishes	Granola Parfait	€ 5.80
	Overnight Oats	€ 6.00
	Pancakes	€ 7.00
	Breakfast Burrito	€ 5.00
	Bacon Egg and Cheese Bagel	€ 5.00
	Turkey Bagel	€ 7.00
	Smoked Salmon Bagel	€ 7.50
	Croissant with Scrambled Tofu	€ 7.00
	Croissant with Scrambled Eggs	€ 7.00
	Ham and Cheese Sandwich	€ 5.00
	Prosciutto and Brie Sandwich	€ 8.00
	Avocado Toast	€ 9.00
	Quinoa Bowl	€ 12.00
	Warm Vegetable Salad	€ 12.00
	Smoked Salmon Salad	€ 14.00
Vegan Salad	€ 11.00	
Snacks	Hummus and Bread	€ 7.00
	Muttabal and Bread	€ 7.00

	Feta Dip and Bread	€ 7.00
	Serrano Ham, Manchego Cheese and Crackers	€ 8.00
	Tzatziki and Bread	€ 8.00
Pastries	Cinnamon Bun	€ 2.00
	Croissant	€ 1.50
	Banana Bread	€ 3.50
	Chocolate Cake	€ 3.50
	Berry Cheesecake	€ 4.00
	Date Energy Ball	€ 2.00
Extras	Oat Milk	€ 0.30
	Soy Milk	€ 0.20
	Avocado	€ 1.00
	Smoked Salmon	€ 2.50
	Bread	€ 1.50

Appendix D

Preference in coffee bean type

