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CAFÉ SOLO

Degree Programme in Innovative Business Services

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## CAFE SOLO

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The purpose of the thesis is to objectively and rationally uncover the strengths and weaknesses of the existing system and proposed system. As such, this thesis is well-designed to provide an improvement introduced to the company. The main focus is how to improve the company.

The analysis of the thesis will use SWOT analysis tool to show advantages and drawbacks. Industry & competitors at the nearby locations.

The research method was qualitative with interviewing method by interviewing the owner, collected answers from owner, based on consulting. There were multiple sessions in person, over the phone, and by email. Solid research is important on how to compete against the competition companies, and on how to gain more customers

Theory on feature flavors for seasonal selling. Flavoring helps sell more coffee. Many of the flavored syrups are ideal to feature at a particular season or month. Curiosity about that flavor can sell more coffee. As well as an app to include more social media. Thesis applies theoretical knowledge, and the market need, company image, products and resources requirements.

## CONTENTS

1	INTRODUCTION .....	4
2	PURPOSE AND OBJECTIVES OF THESIS.....	4
2.1	Research Method .....	5
3	COMPANY DESCRIPTION .....	6
3.1	Mission Statements .....	8
3.2	Products .....	8
3.3	Main Competitors .....	10
4	PROBLEMS .....	13
5	ADVERTISING MARKETING .....	14
5.1	Marketing Communications .....	14
5.2	What is Digital Marketing .....	17
5.3	Why Small Businesses Need To Care About Digital Marking .....	19
5.4	Social Media .....	19
6	MARKETING STRATEGY .....	21
6.1	Financial Objectives .....	24
7	PROMOTION AND ADVERTISING STRATEGY .....	25
7.1	Marketing Advertising Channels .....	25
8	MOBILE APPLICATION .....	30
8.1	Codecanyon .....	33
8.2	Cloud program Appmakr .....	36
8.3	Mobile Site Builder Pro .....	37
9	COFFEE PACKAGE AND LABEL IMPROVEMENT .....	38
9.1	Feature Flavors, Seasonal .....	40
10	NEW FOOD ITEM .....	42
11	SWOT ANALYSIS .....	45
12	CONCLUSION .....	51
	REFERENCES	
	APPENDICES	

## 1 INTRODUCTION

Cafe Solo is a one of a kind coffee house café located in Pori Finland. Cafe Solo fills the void of original cafes in the market area, stands out from its corporate peers with their fast food concepts and prices. Cafe Solo is the alternative to commercial coffee shops and offers a much calmer, civilized gourmet coffee experience. There are no televisions in the café, the background music is subtle and the atmosphere is relaxing. The café is well appointed with comfortable chairs and tables. The café is reminiscent of times gone by – yet is cutting edge technologically with WIFI and state of the art espresso machines.

The keys to success will be the ability to offer quality gourmet coffees, take advantage of its small size, and reliance on an outstanding barista staff. In order to achieve these goals, the café will offer some the area's finest gourmet beans from distributors. Because of its small size, the café can enjoy larger margins in the form of lower overhead.

Teijo Villa's passionate relationship with coffee started on a sabbatical in Europe. While he was on motorcycle trip he tasted different flavors of coffees from different countries up to 15 cups a day. At the same time the idea came of what is good coffee. Coffee mogul Villa keeps in Pori, three coffee shops. In the afternoon, he moves towards the darker and shorter coffee, espresso. (Yle Article on Teijo Villa, 2010)

## 2 PURPOSE AND OBJECTIVES OF THESIS

The purpose of the thesis is to objectively and rationally uncover the strengths and weaknesses of the existing system and proposed system. As such, this thesis is designed to provide an improvement introduced to the company.

The objective of the thesis is about what is the practical problem that we intend to solve.

The primary objectives are to gain more customers and ways to improve the company through social media. Giving another option to raise awareness is through creating a mobile application. Purpose is how cafe solo can use less money to have an amazing mobile application. Purpose is to show that here are other possibilities to get same application, but on a cheaper price. Plus, re-branding the coffee packaging labels.

As well as on how to compete against the competing companies by doing consulting for the company. How the company can bring their brand to the next level, by raising their awareness and about their own coffee roasting.

Cafe Solo is targeting three primary groups residing in their direct marketing area. With an analysis of the competitors and Cafe Solo's position.

According to Teijo Villa the most important objective is employee commitment to the coffee world and ongoing the right time and also bringing new ideas to Pori market area. Maintaining own operating model. Operational efficiency in relation to turnover.

Cafe Solo Ltd made a turnover last year of normal in the longer 18-month-long fiscal year 1.2 million euros. In the previous year standard length during the year net sales totalled EUR 1.2 million euros. Company's financial year levelled, 12 months to the corresponding modified net sales decline consisted of -36.3 per cent.

The loss was further normal accounting period amounted to EUR -122 000, after the victory of the previous financial year was EUR 63 thousand.

While Cafe Solo Oy's result was negative, then the capital adequacy as measured by the equity ratio was still excellent. (Kauppalehti, 2014, Earnings releases)

## 2.1 Research Method

We are consulting with the general manager and owner Teijo Villa. We chose to do multiple interviews and meetings with the owner to gain a deeper understanding of

what the company's needs, goals, and problems are. It is a requirement of consulting, and we have done so in person, as well as via the phone and email.

To meet the client's goals, as a consultant, we must understand that the client's needs must be understood and met. Hence his goals dictate the consulting mission. This view defines consulting success as meeting the goals of the total system and leaving the whole organization healthier as a result of the consulting process. The consultant seeks to understand the whole organization's needs, aims, and goals, and be in service to that. More specifically, system health might include:

Achieving the goals set out in the initial contracting process with the client. Helping the organization maintain fluidity so it can adapt to a changing environment, in other words, learn. Meeting the needs of its members. This view requires that the consultant bring to light potentially competing goals embedded in the client organization and seek to resolve them. (Consulting Mastery: How the Best Make the Biggest Difference, Keith Merron, 2005, 55-56)

Consulting aids companies to improve their performance by the analysis of existing issues and through the development of improvement plans. (Management Consulting: A Guide for Students, David Biggs, 2010 24)

Consultancy is the creation of value for organizations, through the application of knowledge, techniques and assets, to improve performance. this is achieved through the rendering of objective advice and/or the implementation of business solutions. (Alan Learman)

### 3 COMPANY DESCRIPTION

Cafe Solo is a coffee café located in Pori since 2005. Located in the Puuvilla area, the cozy café is located by the newly completed Puuvilla Mall. They were a pioneer on the small roasting business, when it was really rare in Finland during that time when they started dark roasting. Mainly focusing on single origin coffees.

The café is owned and operated by Teijo Villa, a veteran restaurateur with several years of experience in running and managing.

The cafe is located in the Puuvilla area at the Siltapuistokatu 14 in the new Cotton Shopping Plaza. It is an excellent location, as being next to the shopping centre can attract passing customers. The property is rented from Renor. In the beginning 2005 to 2014 Cafe Solo roasting location was more quiet than comparing today. Cafe Solo roasting location was closed during Saturdays and all of July, because there wasn't enough customer base. In 2014 when Puuvilla mall started it gave more customers to Cafe Solo roasting area and Cafe Solo roasting area is able to even their business open on Saturdays. According to Teijo Villa, the first two weeks the customers came to see the coffee roasting location and after that the customers came back.

Potential consumers nearby are in the University, the mall, as well as nearby offices of the companies located in the Puuvilla area, Health Care Center, and Yle. Nordex Energy GmbH, Satakuntaliitto, Jb Eversheds Oy, Yrityspalvelu Enter Prizztech Oy, Pori Jazz, Lounais-Suomen maistraatti, Porilainen SEK, Satakunnan Kansa, Porin naisvoimistelijat Ry, Medbit Oy, Fonecta, Visma Passeli Oy, Chematur Ecoplanning Oy, Tanssi koulu Liisa Nojonen, Tet consulting, Saunapojat Oy, Ckk koulutus ja konsultointi, Puuvillan Hiusstudio headup.

The café serves gourmet coffees, espresso and drip coffee, lattes, and smoothies. The café is open for business Mo-Fr 10-18, Sa 11-17, and closed Sundays.

Cafe Solo has seating for 40 patrons. The site consists of 1500 square feet of leased space consisting of a dining room, a coffee bar, two restrooms, and a storage room in back. The coffeehouse equipment consists of two commercial espresso machines, air pots and urns, a commercial blender, commercial brewer, top loading coffee beans, barista syrups, cold drink dispenser, frothing equipment, a commercial refrigerator, panini press, microwave and stainless steel prep bar. The furniture consists of tables, chairs, and window treatment.

Puuvilla is at the core of the major local mall in Satakunta. It is within the most centrally located major market in the area. The city maintains an excellent arterial street network. The Pori area has a total population of 83,528 based on the 2014 census. The unemployment rate in Finland is 10,3 % and just in Pori the unemployment rate is

15,6% (Centre for Economic Development, Transport and environment, Satakunta employment outlook)

Pori Puuvilla started 30, October, 2014 and has already 1,1 million visitors. The sales in Puuvilla mall was from 30, October 2014 19 million euros. Puuvilla is the twelfth largest shopping center in Finland. (kauppakeskusyhdistys website)

While the level of competition has increased, the shopping mall has capped the number of cafés and coffee shops within the complex. To this extent, there will be limited competition and it is anticipated that all cafés and coffee shops within the complex will be quite profitable.

### 3.1 Mission Statements

Cafe Solo is committed to its products and employees which they believe is the recipe for market success. Their focus is the high quality of their coffee beans that they slow roast.

Vision - The company's vision is to small roasting, coffee merger activities and small roasters product demand growth in the next few years.

Mission – The Mission is to be the Pori area of the city's best coffee shop and coffee roaster. (Teijo Villa)

### 3.2 Products

Cafe Solo's primary offering is gourmet roasted coffees for brewed coffee, tea, and espresso. Cafe Solo offers lunch and breakfast. The lunch selection in Cafe Solo is lunch salads/takeaway, lunch baguette and daily changing soups. The Cafe Solo has three different breakfast selections which are apple, solo and wake up. Apple breakfast which cost 6,90€ includes coffee or tea, filled bread



roll, yogurt, muesli or cereal and fresh squeezed orange juice. Solo breakfast which cost 6,50€ includes coffee or tea, yogurt, croissant with marmalade and fresh squeezed orange juice. Wake up breakfast cost 5,50€ which includes coffee or tea, croissant with marmalade and fresh squeezed orange juice. The special coffee is 1€ extra and if customer wants an egg on his/her breakfast or lunch is 0,50€ extra. Coffee beans are roasted at Puuvilla location, and manufacture the café's own blends at a later date. Complementing the coffee is a smoothie line including wild berry, strawberry, peach, and mango. Rounding out the simple menu line are paninis, salads, cookies, fudge, cheesecake, and pastries. The pastry offerings may vary with seasonality but the primary line are cookies, and rolls.

The breadth of an assortment refers to the number of different products being offered for sale within each category. Some retailers have only a few categories, but many different products for sale within those categories. For example, a coffee shop may sell only two categories of products: coffee and related accessories. However, within the coffee category it may offer thousands of different beverages. Starbucks, for example, sells more than 3,500 different coffee drinks in its stores. In contrast, convenience stores tend to have a lot of variety but offer only a few different types of products within each category. For example, a convenience store might sell fresh coffee, but have only two varieties available. (The Retail Value Proposition: Crafting Unique Experiences at Compelling Prices, 2013, Kyle Murray, 82 - 83)

The main activity of the company is the operation of Cafe Solo. Business activities include purchasing, storing, preparing, selling and serving our products to the customers.

The mission of the business is to satisfy customers' needs and wants for high quality coffee, delicious nutritious meals and excellent service. Our main point of differentiation from other cafes and coffee shops in Puuvilla is that one of the business owners is an internationally trained who will be able to produce fresh coffee each day as well as develop new menu items to meet the changing

needs and tastes of people who care about what they eat. The high quality coffee will target shoppers in the Puuvilla Shopping Centre who enjoy good coffee that simply offers good value for money at competitive prices. Puuvilla brings about 100.000 consumers every week.

Young families in Pori are often overlooked in the coffee market. Coffee shops traditionally have not been considered kid friendly. To overcome this issue, a new outdoor play area was built. This concept allows parents an opportunity to meet and relax with other adults while the children can enjoy the outdoor playground amenities.

### 3.3 Main Competitors

The research methodology is based on coffee shops in the Puuvilla shopping area and omits larger chains or franchises outside of the area. The findings reveal three competitors in the mall. Cafe Solo has total three coffee shops in Finland which two are located in Pori. Teijo Villa sold the third location which is located in Vaasa. According to Teijo Villa he wants to keep his business as local. Teijo has nothing to do with the third location because an entrepreneur runs the location.

Competition is the process of rivalry between the coffee cafes that are striving to gain sales and make profits, which is the driving force behind markets.

A company competing in a single product market has only one business-level strategy. In all instances, a business-level strategy describes a firm's actions that are designed to exploit its competitive advantage over rivals. In the course of competition, competitors respond to each other's actions and reactions. Indeed, competitors respond to and try to anticipate each other's actions. Thus, the dynamics of competition are an important input when a firm selects and uses strategies. (Competing for Advantage, Third Edition, 2013, Robert Hoskisson, Michael Hitt, R. Duane Ireland, Jeffrey Harrison, 23)

A point of difference is a something about the brand that makes it different from other competing brands. But a good point of difference won't just revel in its different-ness; it must also be something your customers would value. (The Ad-Free Brand: Secrets to Building Successful Brands in a Digital World, 2014, Chris Grams, 27)

The intensity of rivalry increases as businesses try to improve their position in the industry. In order to gain new customers, competitors may introduce new products or substitutes, and increase marketing efforts.

For example, Starbucks coffee is considered to be a luxury for the affluent, while Cafe Solo caters to families with children, teenagers, adults, and senior citizens with its well-established menu offerings. While customers are stopping for a quick breakfast, lunch or dinner, they may get a specialty coffee to go too. (Starbucks Final, 2009, Martin Pitek)

Cafe Solo's pricing is designed so customers perceived good value with high quality food at reasonable prices which will hopefully encourage repeat customers.

The three main competitors are Picnic Café, Arnolds, and Aschan Cafe as they have a stronger brand recognition which comes from being a national franchise business. However, they have the operating boundaries of the franchisor that doesn't give them the flexibility to change menu items so easily. This flexibility is something Café Solo can take advantage of with having a coffee roaster who can develop new menu items to meet the changing preferences of customers. Café Solo is able to be more flexible to market needs attracting the price conscious clientele with an average quality product but this is not the market space Café Solo is competing in.

#### Aschan Café

Aschan Cafe has over 9 coffee shops in Finland Location in Puuvilla. This competitor cafe offers that has an assortment of pastries, bagels and cookies.

Beverages include teas, coffee blends, espresso and simple sandwiches. The company has a larger, brightly lit environment.

### Picnic

Picnic has over 13 coffee shops in Finland. Location in Puuvilla. This competitor café serves coffees and smoothies, the café offers more food options including breakfasts, and sandwiches and salads at a higher price point. Some of the menu options are similar to the subject with a focus primarily on coffee, lattes, pastries and sandwiches. Picnic has a mobile loyalty customer card application which works the way that customer has to send text message to picnic business number to get the application. When customer joins to Picnic's customer loyalty card application the customer gets 0,31 beverage or coffee free of charge and when customer collects 10 stamps on he's loyalty card application the customer will get 8€ meal benefit. Intelli pocket company from Finland made the loyalty customer mobile application for Picnic. Picnic sells filter coffee on their location which mostly is made in third party company Kaffa roastery.

### Arnolds

Arnolds has over 23 coffee shops in Finland. Location in Puuvilla. This competitor operates from a very small space in the shopping center. Known primarily for its convenience and breakfast sandwiches, this shop does not directly compete with the subject's indoor sit down experience. Coffee is from a instant coffee machine that is similar to what you see at Lääkäritalo lobby in Pori. Products include donuts, bagel sandwiches, muffins, instant coffee, and smoothies.

## 4 PROBLEMS

Potential customers are not finding Cafe Solo because there are no signs concerning their location information. Needs more social media awareness, which Teijo has also mentioned.

As for what are the business issues and challenges facing Cafe Solo, one major problem is there is impossible to find any information about other local companies in the Puuvilla area. Puuvilla mall does have their information billboard, but not the whole are companies. They only advertise their own inside companies, which is misleading advertising for people that are not from the Satakunta area originally, who will get confused that Puuvilla means the whole area, not just the mall.

This is why there needs to be an a-frame advertising board for cafe solo, which has the sign on both sides of the Puuvilla area. For example, people that are new in town, such as potential new customers from outside Satakunta don't know the area, and have trouble finding the cafe.

There is a large problem finding a simple website about the whole Puuvilla area companies and the website that is available only shows the Puuvilla mall companies and stores, but doesn't mention any word about Cafe Solo, Satakunta kansa, Yle, Pori Jazz, 3w Mediatalo Oy, etc.

The new Puuvilla website does not have Cafe Solo listed, which gives a misleading advertisement that only those listed companies on their porinpuuvilla.fi are showing. That accounts to about fifty-six companies. Therefore, the cafe companies inside of the Puuvilla mall have an unfair advantage against Cafe Solo.

There is also the issue of no advertisements in print format for Cafe Solo.

## 5 ADVERTISING MARKETING

Marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing is “meeting needs profitably.” When eBay recognized that people were unable to locate some of the items they desired most, it created an online auction clearinghouse.

When IKEA noticed that people wanted good furnishings at substantially lower prices, it created knockdown furniture. These two firms demonstrated marketing savvy and turned a private or social need into a profitable business opportunity. (Marketing Management, Phillip Kotler & Kevin Lane Keller, 2011, 5)

The purpose of marketing planning is very simple. It aims to help managers identify a range of potential marketing activities, to choose the most effective ones and to work out what they will cost to implement. It is a systematic process which forces an organized approach to marketing decision-making, leading to greater effectiveness in meeting the needs of current and future audiences and greater efficiency in the use of resources in achieving this. While it is not a panacea for all the problems facing the organization, marketing planning can be an invaluable instrument for identifying and responding to emerging issues in uncertain environments and can be a catalyst for constructive and effective marketing activity. It cannot ensure success, but it does improve the chances of success and reduce the risks of failure.

A marketing plan is defined by McDonald (1999) as a clear and simple summary of key market trends, key target segments, the value required by each of them, how we intend to create superior value (to competitors), with a clear prioritization of marketing objectives and strategies, together with financial consequences. (Creative Arts Marketing, 2003, Liz Hill, Catherine O’Sullivan and Terry O’Sullivan, 271)

### 5.1 Marketing Communications

A typical campaign report should include marketing, advertising, creative, media, and marketing communication objectives as long as there are strategies and tactics in place to achieve the goals. Objectives should not be set for a unit unless that unit (or

department) can achieve the desired result independently. (Advertising Campaign Strategy: A Guide to Marketing Communication Plans fifth edition, Donald E. Parente, Kirsten L. Strausbaugh-Hutchinson, 2015, 136)

At the moment, marketing and marketing communications are in a state of breach – a digital breach (Merisavo, Vesanen, Raulas & Virtanen 2006, 15-35; Karjaluoto 2010, 25-42).

With the help of all new digital technologies, companies can reach and interact with customers anywhere, anytime.

Today marketing is much more than just selling and advertising as marketers want to be part of consumers' lives and provide them with experiences. Major changes are happening in the ways in which companies relate to their customers: companies wish to build deeper, more direct, and longer lasting relationships with more carefully selected customers, as opposed to mass marketing to all customers in a standardized way. The key is to create value for the consumers and move towards listening as opposed to "telling and selling". More interactive relationships are desired, and new technologies create new opportunities to relate to people in different ways. Not only does this effect on the company's marketing activities, it also effects on how customers relate to companies and their products. Through digital channels a company can boost their business operations and communications as well as create new kind of value for the consumer and, therefore, build more interactive relationships. (Merisavo, Vesanen, Raulas & Virtanen 2006, 34, 37; Kotler & Armstrong 2010, 40-41, 49).

The term market is derived from a Latin word 'Mercatus', meaning 'to trade.' In common parlance 'Market' means a place or locality where things are bought and sold and where buyers and sellers personally meet to affect purchase and sales. However, for a student of Economics, the term 'market' has no reference to a place, where things are bought and sold. It refers to a commodity and buyers and sellers of that commodity. For example when we say wheat is bought and sold, we refer to wheat (the commodity) and the buyers and sellers of wheat. (Principles of Marketing, Sherlekar, S.A., Prasad, K. Nirmala, and Victor, S.J. Salvadore, 2010)

## Word of mouth

Word of mouth advertising is a positive and unpaid marketing message from a person to person. Word of mouth can take a place like using voice or can be even transmitted using any communications such as internet or text message. Word of mouth is useful for promotional tool and should be used part of company's business marketing strategy. Word of mouth is the most effective form of promoting a company. The simplest way to explain what is word of mouth is that when you warn your own brother not eat at that new restaurant in city or you recommend your favorite coffee shop to your new neighbor, that basically is word of mouth.

For many marketers, the answer to the question of, “Sales are down, what should we do?” is to spend marketing dollars on creating an advertising campaign. Not at Starbucks. During its formative growth years from 1987 to 1997, Starbucks spent less than \$10 million on advertising— for a publicly traded retailer the size of Starbucks, that kind of miniscule advertising expenditure is almost unheard of, especially for a growing brand. (Consider that in 2006, a 30-second spot that aired during Super Bowl XL cost \$2.5 million. Coke and Pepsi each go through \$10 million on advertising expenditures in about two or three days. Their extravagance makes Starbucks skimpy advertising outlays all the more remarkable, doesn't it?) When Starbucks was young and developing, it eschewed advertising more as a matter of not being able to afford it than anything else. But as Starbucks grew, building its business and its brand in concert, it realized something significant: Word-of-mouth was the best advertising any company could ever hope to receive. And, despite the fact that many marketers are now figuring out ways to “buy” this kind of buzz from consumers, the most effective word-of-mouth advertising still can't be bought. Even if you're telling your story, and not making it up, your advertising efforts will increasingly meet skepticism in a marketplace saturated with competing and boisterous advertising messages. The bottom line is this: You still have to be remarkable if you want to get remarked about.

(Tribal Knowledge: Lessons Learned from Working Inside Starbucks, Moore, John, 2006, pg 73-74)



## Digital marketing

As Kotler & Armstrong (2010, 28) state, sound marketing is critical to the success of every organization. Among many other things, marketing consists of community involvement, and can be seen as everything an organization does to build a relationship between the company and the consumer (University of Carolina 2009). We are now living a digital age, which is a result of the recent technology boom. All of us are connected to each other and to information in various ways anywhere in the world, and all marketing content can be shared with friends and networks everywhere. (Kotler & Armstrong 2010, 49.)

According to Divia's Digital Marketing Barometer 2011 (2013), the most popular forms of digital marketing are the company's own website, direct marketing, and online marketing. All companies should consider moving online, and typical ways to do that follow the same pattern: create a website for the company, advertise online, create existence and participate in social networks (Kotler & Armstrong 2010, 532-534).

The consumers find companies from the internet, as they use it as a significant tool when looking up information. Online discussions and sharing consumer experiences in online communities have also increased their value. Therefore, having an online website for businesses is vital for survival nowadays. (Merisavo, Vesanen, Raulas & Virtanen 2006, 26; Kotler & Armstrong 2010, 528; Gunelius 2011).

There are several positive aspects of digital marketing for both the company and the consumer.

According to Kotler & Armstrong (2010, 50, 528) online marketing is now the fastest-growing form of marketing. It is defined broadly as company efforts to market products and services and build customer relationships over the internet.

## 5.2 What is Digital Marketing

Digital marketing. Online marketing. Internet marketing. Regardless of what it is called, it's all about marketing to current and potential customers online, via the internet.

At its most basic, digital marketing is no different from traditional marketing; you're still trying to present customers with the information they need to make an informed purchase from you. What's different about digital marketing are the channels you use to relay these messages. Instead of using print and other traditional media, you're now using Internet-based media, such as websites, email, and social networks. The message is more or less the same; it's the medium that's changed.

Part of that change is the variety of channels available for presenting our marketing messages. We can reach customers and prospects via email. We can reach customers via websites. We can reach customers via podcasts and videos. We can reach customers via blogs and social networks. We can even, if we stretch the definition of the Web, reach customers via mobile phones that connect to the Internet. In short, there are a lot of ways to reach business customers online, and we have to consider them all.

We also have to consider what's different about these new marketing channels. Because, let's face it, placing a keyword-targeted pay-per-click (PPC) ad on a search engine results page is a bit different from placing a print ad in an industry trade publication, and managing the two-way conversations of today's hot social media is unlike anything experienced in the world of traditional one-way media. The new media force you to communicate differently than you did using the old media, and you need to both get used to that and figure out how to exploit the differences. That said, digital marketing differs from traditional marketing mainly in the ways in which we do things. We still present our message to potential customers; we just do it using the various media and channels available online. That might require us to change some of the ways we do things-different media have their own personalities and quirks, after all. But it shouldn't change what we do. We still have to reach potential business buyers with messages about our products and services-we just do it online. (B2B Digital Marketing: Using the Web to Market Directly to Businesses, Michael Miller, 2012)

### 5.3 Why Small Businesses Need To Care About Digital Marketing

According to Silicon Valley Innovation Center when running a startup or even small business it's good to step back and level the playing field and think about what exactly you're trying to accomplish. It's so easy to get stuck in a rut and to think you're on the right path when you've actually drifted far afield of your target. Adopting this renewed perspective is perhaps no more important than when it comes to evaluating your marketing strategy. Getting your brand, product, and service in front of your customer is your biggest priority and that's why it's crucial to have the right marketing mindset.

Technology has changed so fast in recent years. Mobile, cloud, Big Data, and collaboration technologies have created new business models, new customer expectations, and new approaches to the art (and science) of branding your product. Digital marketing is about using PCs, smartphones, tablets, gaming devices (we can soon add Apple Watch and wearables to this list) to engage with your customers through the use of websites, blogs, emails, social media, and mobile applications. Digital marketing is innovative and creative, keeps up with the latest technology trends, knows what the customers want, and is willing to do what it takes to meet those expectations. In case it's not clear, digital marketing should be your preferred approach to marketing today. Or stated slightly differently, marketing strategy should be digital.

### 5.4 Social Media

Cafe Solo has facebook page ever since 2010. Cafe Solo also has camionette facebook site ever since 2011 which is mostly focused on cafe camionette van. Camionette van has 11,145 likes on facebook. Cafe Solo has 1,848 people who likes facebook pages and it's giving the basic information about the opening hours, location and even some reviews. Cafe Solo's average facebook postings was 11 times from january 2015 to august 2015, which however isn't enough for being active in facebook marketing their business. This is because Teijo Villa doesn't have all the time for updating the facebook considering the size of the business. The average posts have been calculated from January, 2015 to august, 2015. Cafe Solo's 2014 average

facebook posting was only 6,6. The calculation has been done by calculating the whole 2014 facebook postings. The numbers are already showing that average facebook posting is already better in 2015 which is calculated from 7 months only so far.

Social media is very important to use on a regular basis, and customers can be gained by Cafe Solo being more active online with interacting and including the customers.

Great companies that build an enduring brand have an emotional relationship with customers that has no barrier. And that emotional relationship is on the most important characteristic, which is trust. (Howard Schultz, CEO of Starbucks)

Online social media and social networking sites have an expanding role in all marketing, which has important implications for how consumers, channels, and companies perform. Companies use social media sites such as Facebook to promote or advertise a new product, service, or event. Even if a person may not be following that certain brand or company, they still have advertisements and promotions that show up on their feed. Over 70% of adults use some form of social media. Social media advertising and marketing has become the preferred method over television, magazine, and direct mail advertising. Customers feel the impact of social media marketing, which was creating a connection with followers, as well as increasing the brand awareness. There is no doubt that social media marketing plays a vital role in connecting with consumers. Social Media helps aid in getting to know your audience, such as age, gender, and language. This makes it easier to create a social media campaign or marketing strategy. Not only does social media help promote a brand's product, it promotes the brand itself and the rest of the company. Connect with your target audience and exponentially expand your brand awareness with a lower budget than traditional advertising. (Kesley Smith, Cafe Commercesa)

Social media is a term being used in a lot of different settings and for a lot of different purposes, so it can be pretty confusing, especially to a novice. If we break down the term, it starts to make more sense. "Media" refers to methods or systems for communication; traditionally, these have included newspapers, television, and radio. "Social media" is a method, or category of methods, to facilitate communication among

social groups or individuals. In essence, social media, usually Internet or digital network based, allows users to communicate with one another or with larger groups of “members” or “friends” who share similar interests and agendas. If traditional media, such as newspapers and television, are one-way methods, social media allows two-way, or even multi-way communication. (The School Leader’s Guide To Social media, Ronal Williamson, Howard Johnston, 2012)

Listening to your customers can do amazing things for your insight into building a successful social media strategy. If you listen to your audience, you can discover how different you are from your competition. Listening to what the social media communities are saying about you and your competition also gives you information about your products and services that you would have gotten offline. (Social Media Marketing: Strategies for Engaging in Facebook, Twitter & Other, 2010, Liana Evans)

## 6 MARKETING STRATEGY

Building more brand awareness by expanding the marketing options for Cafe Solo. According to Teijo Villa, Cafe Solo wants to focus more on free advertising which mostly is going to be social media. During our consulting interviews with Teijo Villa they have currently a process going on with advertising agency and graphic designer. According to Teijo, advertising on Satakunta newspaper is too expensive. He stated that a very small ad that is run once is €500. Print ads are out of his budgeting for his small company.

We are small company. We are going to intend to use social media. (Teijo Villa)

Cafe Solo will need to maintain current marketing activities and a high level of service and product quality to ensure its competitiveness. It needs to have a clear market

position to target and promote the quality and value for money of products and services. Last summer Cafe Solo built a terrace, and there was a plan to build door entrance to terrace on same summer. However, because of the museum authorities and the application taking so long, Cafe Solo didn't get the door for the terrace in time on summer, which why it's going to be delayed until next summer.

Cafe Solo will advertise regularly on popular social media sites, such as Facebook. Compared to traditional print advertising, this is a cost effective tactic that will allow them to reach prospects in a highly targeted way (e.g., based on criteria such as age, gender, geography, etc.).

Cafe Solo will not develop further on the Web site, instead will focus on the app, which will provide basic information about the business, the menu, and links to their presence on the aforementioned social media channels.

Cafe Solo can sell online products, not just focus on local. When the brick and mortar is closed for the day because of the business hours, that the online webshop is still available 24/7 for customers to buy whole and ground house roasted coffee beans from Cafe Solo.

Your marketing strategy encompasses all your plans for increasing your sales. This entails attracting new people to visit your coffee shop and encouraging your customers to spend more per person and to return more often. (Start and Run Your Own Coffee Shop and Lunch Bar, Heather Lyon, 2008, 108)

If your business is to be successful, and provide you with the best quality of life possible,

then it needs to be generating money during every moment of the day. This means going beyond the basic 'sandwich bar' concept, and considering every possible business opportunity, in order to maximize the output of the space you're renting and the staff you're employing. (Start and Run a Sandwich and Coffee Shop (Small Business Start Ups), Jill Sutherland, 2009, 146)

Cafe Solo's Twitter account can be linked to their Facebook and Instagram accounts.

## Facebook

As example Cafe Solo's problem is that they are in Facebook, but they don't socially interact enough with people, that's why it's called social media. It has to be interactive in order to interest the customers, in order to include customer's opinions and feedback as comments. Otherwise it's just media without the social part.

To reach the right customer segment, focusing on reaching the customers through social media, and new social media accounts such as Instagram, Twitter and Facebook. Cafe Solo can start attracting people's attention in Facebook by making advertising. Cafe Solo can either choose daily or a lifetime budget for their spending for the advertising in Facebook. For example, Cafe Solo can boost their Facebook content by audience, location, age, gender, interests. After this Cafe Solo chooses their budget how much money they are willing to use on this promotion. Another option for Cafe Solo is using Facebook's ad creation tool where Cafe Solo can choose an objective and chooses from different options and look for potential reach. (facebook for business: boosting your posts)

## Instagram

Because Cafe Solo doesn't have instagram account, it would be a great boost for Cafe Solo's awareness not just locally, but internationally as well. Cafe Solo only needs to create an instagram account, and after that they can link their instagram account to their Facebook account and their Twitter account easily. What Cafe Solo can do with this feature is that images that are posted on Instagram are also shared on Facebook. So Cafe Solos next step should be using Instagram to get more customers and awareness. First is to create an Instagram account and connecting their Instagram account to their Facebook account. As well as their Twitter account. What customers love is to be provided with insider information which is by making an effort of taking pictures of Cafe Solos products that are for sale and served on their locations. For example, if Cafe Solo feels that their single origin coffees at their coffee shop is slightly different than competitors, then they should take a picture of their product and post it on Instagram and they might get people to react to it. What is im-

important to Cafe Solo before they post any Instagram photos is to include a call to action within the descriptions. This means that each time Cafe Solo is posting a photo in Instagram, they have to make a point of asking their followers to do something. For example, getting to know if they would like to be in a location where you have visited. This whole idea is to basically encourage more interaction with people. As more people add comments to the photos Cafe Solo post on Instagram, the more they start to learn about Cafe Solo's brand. Teijo Villa wants to share information about his coffees and the usage. He should make a short video clip on Instagram to show why his coffee is better than other local coffee shops and what makes it so different.

### Youtube

For Cafe Solo Youtube is a marketing channel where they can boost their awareness even more and what isn't the best place to tell their story about their quality coffee than Youtube. Cafe Solo needs to tell their story what makes their coffee more unique than the others and how long they have been doing their coffee roasting. This message however hasn't been delivered to consumers. Putting content on YouTube allows Café Solo's story to be found by people. Youtube has also similar promotion aspect like Facebook. This means Cafe Solo can control how much they are willing to spend to promote their video in Youtube. Cafe Solo first needs to decide their budget, duration, audience, locations and interests and after this they might get more audience than they are expecting, but it all depends how they are going to bring their message to the audience.

Teijo Villa said Cafe Solo's most important mission is employee commitment to the coffee world and going in the right time and also bringing new things to Pori market area. Maintaining own individual operation model. Operational efficiency in relation to turnover. (Teijo Villa)

### 6.1 Financial Objectives



According to Teijo Villa, the marketing objectives is to reach out and bring the message from coffee and cafés, people in the Pori area, target age group is 18 to 50 years old men and women who are interested in food and drinks, as well as those interested in caring.

According to Teijo Villa there is no clear that ex ante budgeting, but it all depends on market situation and needs. Average 2% / LV. Cafe Solo's financial objectives is to grow as a stock company and generate profits and create value to existing business development services.

## 7 PROMOTION AND ADVERTISING STRATEGY

Cafe Solo should focus their advertising more in social media to build more awareness, such as Facebook, instagram, youtube and twitter. Comparing to traditional print advertising, the social media advertising is more cost effective tactic that will allow Cafe Solo to reach prospects in a highly targeted way which would be based on criteria such as age, gender etc. According to Teijo Villa, he wants to focus his advertisement in social media channels, such as twitter, instagram, youtube and facebook. Instead of focusing on traditional methods which are way more expensive. Just to have 254 x 314 millimeters which is the largest size for a front page advertisement in Satakunta Kansa newspaper would cost 9,100€ which is the weekday price which is really risky business for Cafe Solo to invest that kind of money and hope for god that it would bring customers worth more than 9,100€ and not to mention if Teijo Villa decides to use advertising agency to do the print advertisement for Satakunta Kansa which would bring the price even higher. The back page in Satakunta kansa size 254 x 365 millimeters which is largest available would cost 7150€ weekday and weekend price same size advertisement jumps right away to 7865€.

It is a shift from “push” marketing, where we are pushing a marketing message at people, to “pull” marketing, where we are attracting people toward us with engaging,

interesting, valuable content that people will seek out. Social media marketing works for small businesses because it focuses on building customer relationships rather than sterile marketing campaigns. Online marketing methods loosely map on to traditional methods, but at every stage you are making yourself visible to people who will seek you out, and engaging a highly targeted audience, rather than broadcasting an indiscriminate message and hoping for the best. Word of mouth is the Holy Grail of marketing—and very difficult to achieve offline. But it is turbo-charged with online marketing.

Online marketing is more affordable and cheaper than traditional marketing. People spend more time online. Use online marketing to reach your market where they are. Tools such as social networks, blogging and podcasting are personal media. You can use them credibly as a small business owner, in a way that is hard for large corporations to do.

Given the amount of time people spend on the Internet, particularly on social sites such as Facebook and Twitter, it makes sense to join in. The average consumer tends to be way ahead of most businesses in their use of social media. If your market is spending time on these sites, so should you—go where your market is. Specific reasons why online marketing works for business include:

Drive traffic to your site. This is probably the single biggest reason for using online marketing. Your website is the hub of your business, and the aim of your online marketing activities is to drive traffic to it.

New ways to connect with your market. By establishing a presence on social sites that your market use, you'll become visible to a new set of prospects. Provide quick, up-to-date information about your business or topic of interest. The “breaking news” aspect of many forms of online marketing makes it ideal for announcements about new products or services, special offers.

Market research. One of the benefits of using the new online marketing tools is that you are much closer to your market and aware of what they want. But you can go a stage further and ask them for their feedback on your products or services, or even create an online questionnaire and market it through your online marketing channels. Low-cost, low-risk, effective. Most of the tools are available either free or very cheap. The investment is often in time rather than money. The risks of using social media and communicating openly with your market are low. They are far outweighed

by the benefits you will gain. (Get Up To Speed with Online Marketing: How to use websites, blogs, social networking and much more, Jon Reed, 2012)

### 7.1 Marketing Advertising Channels

Teijo Villa is not going to advertise on tv commercials because it is too expensive for his company's advertising budget, and he wants to keep it local. Teijo is not going to advertise on radio commercials, because it is also too expensive. This purpose is to show the prices that shows why it is expensive for small business to advertise locally. The most cost effective option is social media. According to Shea Bennett from Social Times the advantages of social media marketing are huge. Social media marketing is a lot cheaper, and Cafe Solo can easily reach thousands of people for a half of the price using social media than overspending in television commercial, billboards, radio or email marketing. Social media is the best marketing platform option that allows Cafe Solo to include and interact with their consumers. The results are measurable and marketers can take actual action to spot trends and re-align campaigns.

According to Teijo Villa he wants to reach out and bring the message from coffee and cafés in Pori region people. Target age group is 18 to 50 years old men and women who are interested in food and drinks, as well as those interested in caring.

#### Radio

Local Radio Pori 89,4 which has about 60 kilometer radius from Pori. The coverage area has over 200 000 listeners. The channel is the only local Pori radio channel that has commercials.

Prices for 30 second advertisement (0% vat tax)

Weekdays	Weekends
06:00 - 18:00 33€	08:00 - 18:00 17€

18:00 - 21:00 17€	18:00 - 08:00 8€
21.00 - 06:00 8€	

What effects the radio commercial price is the length, and how many times the commercial is going to be repeated and the time. As an example the commercial is priced in Radio Pori, which is a 20 second commercial, 60 times repeated, has the price of 990€ plus the vat taxes.

#### Outdoor advertisement

Pori has 5 busses that has small digiscreens that can show advertisements for passengers. Busses gets an average 98 400 contacts per week and the gross price per week is 400€.

However, the total price for this is too expensive, and would cut into the monthly gross income too much.

#### Digital Text Screen

Pori has 10 busses that has digital text screens that can show advertisement text on the screen. The busses get average 75 000 contacts per week and the gross price per week is 225€.

#### Youtube

Youtube is a free video sharing website. Millions of people around the whole world have made accounts on the website that allows them to upload videos that anyone can watch. Youtube has more than 1 billion unique user visit every single month and over 6 billion hours of video are watched every single month in Youtube and the number is growing every year. Youtube advertising average price is 0,05€ to 0,10€ per watch time.

#### Instagram

Ever since Instagram was built on mobile device, it shows to those people who do a majority of their surfing in internet on their mobile phones. Instagram is a popular photo sharing application for smartphones. When comparing Instagram to other social networks, Instagram is a lot simpler. Instagram is focused exclusively on sharing photos with your friends. Instagram is the perfect candidate for marketing for business. Cafe Solo needs to turn customers into regulars and the best way to do it is by tempting potential customers with the latest lunch menu item or new product. Taking care of a personal connection with the brand is great way using Instagram for Cafe Solo and it can be beneficial. Cafe Solo can take photos of staff or reminding customers how beautiful the sunset looks from their terrace. Taking a photo “behind the scenes” type of photo is also great way to bring human aspect to the business and make it much easier people to connect.

#### Puuvilla mall screens

Puuvilla mall gets about 100,000 customers per week. Puuvilla mall has 12 digital posters all over the mall which are 55 inch screens. Puuvilla mall also has 3 big video screens which would easily bring customers attention. First screen is on the elevator shaft wall, second one in the restaurant area and the third one on the stage background wall. Below are the Puuvilla advertisement prices. The advertisement will run at least 300 times a day.

Price	Digital poster (12 piece plus outside wall)	Video screen
Day	90€	130€
Week	600€	900€
Four weeks	1 800€	2700€
Year subscription	300€	450€

Prices vat taxes 0%

Table 1. The prices of digital screens

## 8 MOBILE APPLICATION

Because Cafe Solo needs to attract and gain new customers, one option is to create an app for the company to do just that. Also because of social media, we suggest that Cafe Solo needs to have the app in order to be able to reach their customers better, and to gain new customers. Another reason to have the app is because Teijo does not want to change and update the website since it was renewed less than a year ago. With a mobile app, Teijo can be ahead of the game. Companies always think that creating a mobile application is expensive, but the companies haven't figured out that there is another and cheaper way to create mobile applications. The mobile app helps Teijo because it gives Cafe Solo another chance to get customers more involved. It can grow the customer base and give more brand awareness. The mobile app can help Teijo's business to reach more customers than a traditional website.

Most advertising companies and mobile application companies won't tell the companies that there is a cheaper solution to create mobile application. Normally this type of business goes that advertising company or mobile application company tells the customer that as many features the company wants as more it will cost which isn't by far true, because by doing some research and looking for alternative solution the companies can find a cheaper method to create same application that has all the features company wants.

Businesses in every sector that have built their own apps are reaping real commercial rewards from this market. An app can extend the core business proposition of the enterprise with mobile access that reinforce a company's branding via lifestyle apps that can often be linked to marketing via advertising for a company's goods or services. Their unique selling point is that their apps are better than anything else on the market. Better can mean higher quality design and graphics or a more intuitively designed interface. Often, innovation can simply mean doing things better than the

competition. (The Small Business Guide to Apps: How your business can use apps to increase market share and retain more customers, 2012, Dave Howell)

Teijo does not want to do print media it is “too expensive” and he said that “it’s easier to update the different flavors of coffee roasting, than doing print brochures.” He was very interested in the mobile application.

Mobile apps can be a good way to grow a client base, spread brand awareness, create goodwill with existing clients, and monetize the mobile channel. (Mobile Marketing Finding Your Customers No Matter Where They Are. 2010, Cindy Krum)

It (App) has allowed us to engage with new customers and introduce people to our brand and we have reaffirmed our position as an innovative company. It's a beacon of where we have to go. Businesses don't necessarily think of it like launching a new store or office but apps will bring a lot more customers. (Top10.com co-founder Harry Jone)

Every enterprise will need a mobile offering as a central part of their infrastructure - deployment of mobiles and tablets are outstripping desktops. It's connected 24/7, it offers immediacy and access to data in a form and substance that you need it. People have a great affinity to their phone or tablet - if you can get your brand in there it can drive great results, far more effective than other forms of branding. It's there when they go to sleep and it's there when they wake up. (Jim Hemmer, CEO of international mobile technology designer Antenna)

The Cafe Solo can have a simple app identifying its menu items of gourmet coffees, smoothies and pastries, along with the address, map and hours of operation. The app will also have a calendar of any upcoming events or sponsorships. As well as also links to their social media sites – such as Facebook, Twitter, and Pinterest.

The App is a mobile system that used for managing the new drinks and the menu. Admin can manage reservation, restaurant menu and other configurations such as tax and currency code from admin panel on the web and users will be able to see the menu from mobile app and make a reservation. Run under mobile platform which is the number one popular mobile operating system right now this app comes with

many features. This app will save Teijo time in creating an app for the cafe and the client.

An app can tell you who you are dealing with, where they are and what they are doing, and then it can let you respond to consumers' need. No other channel can do that all at once. (Paul Berney is managing director, EMEA, at the Mobile Marketing Association)

Today almost every single business is gearing up their mobile strategy and it's not a big secret anymore, because mobile is really taking off. There is already more people in the planet who communicates with text messages than with e-mail and there is more people who owns phones than people who has credit cards, according to the statistics.

The mobile applications can be easily divided into applications that are mostly meant to directly generate income (example Angry Birds), and those applications that are built for marketing, branding and customer service purpose which Cafe Solo is categorized. Multiple cafe shops have applications such as Dunkin Donuts and Starbucks.

According to business reporter Michael Millar, brands need their own application. The mobile applications are very expensive to create. Typical simple mobile application will cost for the company estimated 22,835 euros and it would take two months to finish which in a complex mobile application the price goes sky high estimated 114,180 euros, and it would take six months to develop the application. This price of course multiplies if the company decide to make it available on more than one operating systems. A good example to explain it is that Android mobile application won't work on a iPhone or Windows phone and so on. For example, Appiukko company from Oulu, Finland which makes iOS, Android applications and also the graphic designing. Starting price getting a mobile application from Appiukko is 5900€ + vat taxes which includes coding company's idea in iOS and Android platforms. User interface designing which Appiukko takes care of the graphic design of the mobile application interface starts from 600 € plus vat taxes.



Many small companies haven't seen the opportunity to find the cheaper solution for their mobile application which is mobile application templates. This would give the company opportunity to spend less money on application what they are looking for.

According to Kotler & Armstrong (2010, 525), many marketers see that the mobile phone is the next big direct marketing media, as growing number of consumers are using cell phones for surfing online, watching videos and checking their e-mails. According to Smith (2012), the strengths of mobile marketing include the facts that the mobile appliance is always with the consumer and allows instant, direct interaction with the user. In addition, the mobile content can be very basic and simple and very easily shared with others. Therefore, mobile marketing has huge viral potential.

(Viswanathan 2104.)

Developing an app for your business helps you reach many more customers, than with a traditional Website. Mobile search has become very popular today, especially with the younger audience. While your current customers could spread the word by talking about you to their friends, new users could find you via a generic search. Additionally, integrating major social networks with your app furthers the scope and reach of your business. (Priya Viswanathan, Mobile Devices Expert)

### 8.1 Codecanyon

Codecanyon belongs to Envato which is a website where people can easily digital goods including themes, templates, photos, music, video etc. Envato's codecanyon mobile app template prices goes from 9 dollars to 44 dollars. Codecanyon customers can find easily mobile applications for their businesses. Just in Codecanyon there is 60 different types of restaurant mobile applications prices from 10\$ to 45\$. All mobile applications have different features and as more the application has features as higher the prices go.

If Cafe Solo would choose to buy the mobile application template that cost 44 dollars, the price range application template includes the mobile app and detailed step by step instruction how to get the application to launch and fully working and mak-

ing all the proper graphical changes. The template has features such as cloud application which means that it uses Titanium ACS cloud program to store Cafe Solo's data. Titanium ACS is a cloud software which gives user a quick design prototype, with full reuse in the production application. Titanium ACS delivers fully native applications for an enhanced user experience. Cafe Solo wouldn't need any backend database where the actual data will be stored. The application come with three different navigations and all the application colors can be managed directly from the admin panel. The creator of the template made admin panel for the application which makes it more user friendly and easier to handle news feed, push messages, pictures etc. The application works for iPhone, iPad and also on Android devices which is really good bargain when comparing to companies like Appiukko where the starting price already starts from 5900 euros + vat taxes.

“Price is what you pay. Value is what you get” (Warren Buffett)

#### The \$44 restaurant Mobile application template

##### The Pros

- Cheap price
- Easy step by step instructions
- Better customer service
- Admin panel that helps company to modify, maintain, manage the app
- Appcelerator offers warranty and assistance
- Creator offers support
- Lots of features when considering the 44\$ price range

##### The Cons

- Monthly payments from services in Appcelerator
- Envato doesn't offer warranty if something goes wrong with the application
- Not enough features in the application
- Everything has to done independently
- Company would have to hire freelancer graphic designer/IT to make proper changes in the template

- Cafe Solo would need MAC computer and Apple Mobile development license to build the app for iPhone and iPad

Another option is the \$17 restaurant application which has reservation system that used for managing reservation and restaurant menu. The admin can manage the reservation, restaurant menu and other configurations. Application also has Google maps integration and social network integration, which gives users to share their favorite menu to Facebook and Twitter, but this doesn't mean that Cafe Solo would get more features because the price is lower comparing to \$44 application template. Before Cafe Solo would even start any installation of the \$17 restaurant app template the Cafe Solo would need following things, which are to have a web hosting to store admin panel files and SQL database. This already shows that as lower the price range goes as more Cafe Solo would have to spend extra money to get basic things done like web hosting etc. Cafe Solo would also need tools that requires for developing Android application such as Java Development Kit, Eclipse, Android SDK and ADT plugin. The \$17 restaurant application template comes with easy step by step guideline how to do all the steps, but the major problem with Cafe Solo will come to the point that Cafe Solo would have to hire a freelance graphic designer/IT specialist to do all the work.

### The \$17 Restaurant App

#### The Pros

- Cheap Price
- Instructions has easy step by step guideline with pictures
- After Purchase Support

#### The Cons

- Cafe Solo would need to hire a freelancer graphic designer/IT specialist to do the work
- Not enough features on the price 17\$ range

- Cafe Solo would not need reservation system, because they don't run a restaurant
- Envato doesn't offer any warranties
- Everything has to be done independently

## 8.2 Cloud program Appmakr

AppMakr is a do it yourself mobile application creation platform that lets anyone make their own iPhone, Android or HTML5 mobile application with no coding required. Creating mobile application with AppMakr from scratch takes just few minutes. Cafe Solo would be able to make as many applications they want with unlimited updates. If Cafe Solo wants more features and greater customization they can upgrade at any time to one of AppMakr paid versions. AppMakr prices start from 1\$/month to 499\$/per year. All subscription prices have no contract and Cafe Solo can cancel the service anytime they want.

### The Pros

- Affordable price
- Unlimited updates
- No contract required
- No coding required
- More features
- Easy drag and drop content for iPhone, Android and HTML5 applications

### The Cons

- Everything has to be done independently
- Becoming a reseller member is too expensive (499\$/per year)
- Everything is in cloud which means if Cafe Solo cancels the subscription they would possibly lose the application



(Mockup of Cafe Solo App Template Application)

### 8.3 Mobile Site Builder Pro

Mobile site builder pro is a self-hosted mobile site builder where a company can make their own mobile application easily and fast. Mobile site builder pro is created and made with pepper company that is specialized to build web applications, automate business processes, and making technology easily accessible and transparent. The company can easily make a customer loyalty card which offers deals to get people back to a company's business. As well as by making customers aware of the services and products that company has to offer by easily publishing a QR code or NFC chip. Plus, companies can easily promote a new product easily and quickly with no coding required. The site builder has a life time license that is convenient for a small company.

#### The Pros

- Lifetime license with updates

- Can create unlimited Mobile sites
- Drag & Drop (which means creating a mobile application is easy)
- E-commerce, customer loyalty and coupons
- Statistics with a heat map
- Low risk investment

#### The Cons

- There is no Finnish language available considering if company wants the application in Finnish language
  - Installing the website needs to do by yourself which some customers doesn't unfortunately have a knowledge.
  - No warranty available

## 9 COFFEE PACKAGE AND LABEL IMPROVEMENT

Cafe Solo should improve their label design and packaging for the coffee beans that are sold.

Unique packaging labels can help Cafe Solo stand out from the crowd. Update label, and for seasons. Teijo gave us an opportunity to create a design coffee sticker label for his coffee packages.

The quality of coffee is often judged on the quality of the design on the packaging label. Higher quality graphics can improve the customer's opinion on the quality of the coffee inside its packaging. One good thing that Cafe Solo is already doing on its label is the QR codes on some of the coffee beans packaging.

QR scan codes that consumers can scan with their smart-phones for more information. This adds an extra dimension of experience for the consumer that can lead to repeat purchases. It is easy to integrate promotions, and connect with your consumers through social media beyond the cup of coffee; and get their feedback to improve your product, package, service, and gain insight from your

consumers. Find ways to be creative with your packaging, and make sure to engage your customers as part of your branding strategy. (Chris Burger, Coffee Market Manager at Fresco System USA, Inc)

Cafe Solo also sells their packaged coffee beans at S-Market and Prisma. When it comes to the coffee being sold on the store's shelves, once a customer sees the packaging, there is usually no second chance to make a first good impression. Therefore, it is important to create a more attractive label for the product in order to make customers improve their opinion and lure them to buy Cafe Solo's coffee beans instead of the competition's on the shelf.

There is an importance of product packaging in marketing. Many product providers may think that the product and its performance is more important than what the packaging looks like, but the product packaging can play a role in the success or failure of the sales of the product. How a product is packaged may be what attracts the consumer to take a look on the product as it sits on store shelves. For this reason, many companies conduct extensive research on color schemes, designs and types of product packaging that is the most appealing to its intended consumer. Packaging also plays an important role for portraying information about the product. This information can help to sell the product because it allows potential customers to obtain the necessary information they need to make a purchase decision. (Kristie Lorette, Demand Media)

Most consumer products are associated with a 'brand name' for quick recognition and to give consumers confidence in the products. The 'brand name' needs to be managed carefully and the integrity of the mark must be maintained and delivered consistently throughout any distribution to customers. Any nonconformance to specifications may not only present serious consumer problems and compromise the perceived quality of the product, but it may also jeopardize any legal or copyright protection belonging to the manufacturer or distributor. Careful selection of the appropriate decoration format and printing technology to match the brand promise is vital. (Design and Technology of Packaging Decoration for the Consumer Market, Geoff A. Giles, 2000, 2-3)

To design packaging for coffee, a designer could visit coffee house, or visit coffee roaster in order to get a deeper understanding and better conception of all aspects of the brand and its production. The sounds, smells, feelings and other intangible aspects that surround a product can be as important as the more formal aspects when generating a design solution.

(Packaging the Brand: The Relationship Between Packaging Design and Brand Identity, Gavin Ambrose & Paul Harris, 2011, 67)

### 9.1 Feature Flavors, Seasonal

Cafe Solo roasts its own coffee beans, but haven't thought to take it a step further with the flavor. Flavoring with coffee syrups to create new espresso based drinks can help sell more coffee during certain seasons, such as the christmas holiday season. Many flavored syrups could be added to coffee drinks to be featured, to add something new for customers to become interested in. Once advertised, curiosity about new flavored coffee drinks could bring in new customers, and sell more coffee. Staying fresh, competing, and attracting more customers with limited seasonal coffee drinks. This way Cafe Solo can attract customers interest by advertising that Cafe Solo roast their coffee beans and doesn't use any third party roasted coffee. Even Cafe Solo has amazing amount of different single origin coffee flavors with different roasting levels still doesn't guarantee that Cafe Solo should only focus on single origin coffee roasting.

Consumer taste drive demand. Large companies have advantages in purchasing, finance, and marketing. Small companies can compete by offering specialized flavored products, or providing superior customer service. Unique products can be locally themed or named drinks.

Coffee shop customers, by nature, are looking for something special — that's why they are willing to pay so much for a cup of coffee. Many customers of the big national chains, while satisfied with their daily coffee would be intrigued to find a local coffee that is different. (Coffee Shop 2012 Research Report)



The syrups would not cover up the quality of the slow roasted beans, and would instead complement and enhance the single origin coffee roasting. These are international coffee trends that are slowly gaining interest in Finland, due to Starbucks being in Helsinki, Espoo, and Vantaa; and has signed a licensing deal with Kesko to be within their K-store food chains throughout Finland. Packaged single origin ground coffee beans, blended coffee beans, and espresso whole beans are already being sold nationwide and also in Puuvila's K-Citymarket for €4 for 200 grams. One Starbucks already opened in Espoo K-Citymarket in October 2015. Which means, that Starbucks will eventually be in Satakunta. The possibility of the K-Citymarket inside the Puuvilla mall to include a Starbucks would mean that they would be competition against Cafe Solo as well.

According to Starbucks, their flavors are the main reason that their coffees sell so well. People rarely order plain coffee at Starbucks. Starbucks has hundreds of different flavored drinks. Cafe Solo can do the same, but on a much smaller scale. For example, a limited edition sugar cookie latte, which is a espresso based drink that includes flavors of sugar and cinnamon with whipped cream on top with a dusting of cinnamon. Or a peppermint mocha cappuccino for the season.

The seasonal flavorings can aid to get new customers, and to have current customers order more and different drinks on the menu, than they would if there weren't seasonal flavors.

Regulars will rarely change their daily order, except when it comes to some of the seasonal options Starbucks offers. These drinks are holiday oriented, and hit stores every year in the transition between the fall and winter seasons. This is usually the time of year they see regulars switch up their orders in order to try something new. (Shaquila Nelson, supervisor at the Starbucks in Champaign)

I spent a lot of time learning about ingredients, what makes a good shot of espresso, and how to incorporate flavor. Eventually, I worked my way up the ranks at Seattle's Best before joining the research and development team at Starbucks. I work with a team of 10 people that includes managers, culinary experts, and food scientists. We do a ton of flavor exploration, meet with vendors to find out about new ingredients, and dig into trends. We also brainstorm the customer experience. With cold brew, for

example, we want to give people a sophisticated experience, whereas with mocha coconut, a flavor we're reintroducing, we discussed whether we want customers to have an indulgent dessert experience, a relaxing vacation escape, or a morning energy boost. (Michelle Sundquist, Lead beverage developer at Starbucks)

Starbucks' mission was to change the way people drank and appreciated coffee, and it did this by educating customers about its product with enthusiasm. When the company began, coffee was viewed only as a hot, brown liquid that was consumed out of habit and a need for caffeine. Starbucks knew that the coffee experience could be—and should be—much more than that. When done right, the subtle, rich, exotic flavors of coffee, served in a cozy, relaxing environment could lead to the kind of “rewarding everyday moments” that were missing from the American retail landscape. And so it grew its business by creating knowledgeable customers. It still grows in the same way today—the practices that worked then, work now. (Tribal Knowledge: Lessons Learned from Working Inside Starbucks, Moore, John, 2006, 4)

## 10 NEW FOOD ITEM

An option for Cafe Solo is to add something that competition doesn't have, such as pretzels to their menu, to draw new customers to the business. Can be how the company can bring their brand to the next level. Different pastries that go well with the taste of coffee which are complementary in their flavors. Frozen bagels are another choice. Many customers choose their coffee shop based on its food options, which means that if there is one of one or a couple of new food items added, it can help make Cafe Solo more appealing to coffee drinkers.

Starbucks is constantly expanding and updating its menu. (Shaquila Nelson, supervisor at the Starbucks in Champaign)

More food options for sale should be able to drive sales at Cafe Solo. However, the entire menu does not need to be changed, as that is not necessary and can be too expensive.

Many startup cafes offer too much choice when the customer is basically just hungry and thirsty. Wide assortment offers are difficult to manage and can increase costs and lead to poor quality outcomes that lead to lost sales and lost customers. Better to be 'inch wide - mile deep' when determining assortment offers in cafes. (Peter Baskerville)

I find that frozen pastries are much better for our coffee shop because they can be taken out of the freezer in the morning and defrosted ready to use from mid-morning. If you run out of defrosted paninis, you can put them in the microwave and they will defrost in a few minutes.

(Start and Run Your Own Coffee Shop and Lunch Bar, Heather Lyon, 2008, 62)

For example, if Cafe Solo would decide to order 21 Sicilian mini cannolis with pure sheep's milk ricotta from cannoliclick.com, it would cost 43,80€.

Which is 29,40€ from cannolis, 2,94€ from vat tax and the amount which is 21 pieces makes it 32,34€ and the shipping cost which is 11,46€.

The price would come per piece roughly 2,86€ per piece to get money back.

However, if Cafe Solo sells the mini cannolis in price 2,50€ then Cafe Solo would get back 52,05€ from 21 pieces and profit only 8,07€.

This option that has 21 mini cannolis Cafe Solo would make yearly profits only 96,84€.

Or another option would be 27 mini cannolis, plus 4 larger ones from cannoliclick.com.

The total price with vat taxes and shipping would be 63,95€.

If Cafe Solo sells 27 mini cannolis with the price of 2,50€, they would make back 67,05€ and by selling the rest four large cannolis priced at 3,00€ Cafe Solo would make from 4 large Cannolis 12€.

The total what Cafe Solo would make back would be 79,05€. Cafe Solo would make profits by 15,55€.

This option that has 27 mini cannolis plus 4 large cannolis, Cafe Solo would make profits yearly only 186,6€.

Reason for low profits is that the price with shipping too is high and Cafe Solo can't take a risk to sell the cannolis with higher price.

The second option is 20 large cannolis from company called Gusta i Tipici Siciliani. Total price of 20 large cannolis is 67,80€, plus shipping which is 27,50€.

The total price would be 95,3€. Cafe Solo would have to sell 5,00€ each to get their money back plus profit which would only be 4,7€.

Cafe Solo would make yearly profit with Gusta I Tipici Siciliani option only 56,4€.

The typical reason for low profits is because the 20 cannoli pack price is too high as is the shipping cost. cannoliclick.com also offers different cannoli size orders which are 6, 10 and 20. If Cafe Solo would order 6 cannolis the total price would be 36,08€ and selling price to get money back would be 6,13€.

The third option to sell cannolis would be using foodscovey.com where the total price would be 51,41€ with shipping. The box contains 34 shells, ricotta filling and chopped pistachios.

By selling the cannolis in price 1,52€ each Cafe solo would get back 51,68€.

Cafe Solo could easily sell the cannolis with higher profit margin which would be 2,00€ each which could be total 68€ or 2,50€ each, which could be total 85€.

By selling the cannolis with 2,50€ each Cafe Solo would already make profits by 33,59€.

If Cafe Solo would take a risk and sell the cannolis with 3,00€ price each they would make 102€ which Cafe Solo would make profits by 50,59€.

If Cafe Solo would decide to order from foodscovey.com every month 34 pack of cannolis they would make early profit 607,08€.

Reason for the higher profits is that the price with shipping is not too high, and Cafe Solo would still sell the cannolis for a good price to get higher profits.

Foodscovey.com does offer different size cannoli orders from 10, 12 and 34 pieces.

If Cafe Solo orders for test selling 10 pieces for first time the total price with shipping would cost 46,20€, but Cafe Solo would have to sell each cannoli with 4,62€ each to get their money back which isn't profitable choice.

If Cafe Solo instead decides to order 12 cannolis the total cost with shipping would

cost 48,60€ which would make Cafe Solo to sell each cannoli in 4,05€ to get their money back which also isn't profitable choice.

It really varies on the order amount and the shipping prices, and from what company Cafe Solo can chose from. Cafe Solo would still make a good profit and the Cannoli price isn't too high for consumers. This way Cafe Solo can show to the consumers that Cafe Solo has something new, and unique pastries available. Test selling would lower the risk.

Cafe Solo should make the test selling with the large cannolis priced at 3€ to 3.50€.

Mini cannolis should be priced at 2.50€.

If Cafe Solo would start test selling with price 2€ at first, and later at 3€ it would give a bad image to customer to raise the price at a later time. The third option is the most profitable.

## 11.0 SWOT ANALYSIS

The SWOT analysis examines the café's strengths and weaknesses that need to be addressed. Further, this section examines the opportunities presented to Café as well as potential threats.

## SWOT Matrix Analysis Café Solo

		<b>Helpful</b> to achieving the objective	<b>Harmful</b> to achieving the objective
<b>Internal origin</b> (attributes of the system)	<i>Strengths</i>	<ul style="list-style-type: none"> <li>Valued and motivated employees, good work environment</li> <li>Based on its smaller size, the fact that it is not a franchise, Cafe Solo is a unique coffee shop concept unlike any other in the mall.</li> <li>The owner has firsthand experience, in operating and starting new restaurants,</li> <li>Handpicked baristas will bring professionalism and enthusiasm to the shop.</li> <li>Puuvilla demographics support the need for a unique coffee shop.</li> <li>Lunch Price is cheaper at 6€</li> <li>Outdoor terrace brings more customers especially in summer</li> </ul>	<i>Weaknesses</i>
	<i>Opportunities</i>	<ul style="list-style-type: none"> <li>Launching new products/product extension</li> <li>Selling more whole coffee beans</li> <li>Merging, taking over or forming strategic alliance with other coffee companies</li> <li>Expand the space area by buying the room next door in the same building</li> <li>Expansion into retail operations</li> </ul>	<i>Threats</i>
<b>External origin</b> (attributes of the environment)			<ul style="list-style-type: none"> <li>Price competition.</li> <li>Increased competition from local cafes and nearby coffee cafes</li> <li>Supply disruptions on coffee beans</li> <li>Local market saturation</li> </ul>

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Table 1: SWOT analysis and strategy development of Café Solo

The second and main competitive advantage is that Cafe Solo is the only Coffee shop that roasts their own coffee beans. The quality and value of the wide variety of house

roasted coffee offered by the business that are better than the other businesses in the mall. Cafe Solo roast approximately 10 000 kilos a year.

The third advantage is that since Cafe Solo is smaller than the chain competition, Cafe Solo can create new menu items more quickly, which gives the business the flexibility to sell products to meet the changing preferences of customers. The fourth advantage is that Cafe Solo has a full liquor license, while the competition does not. These competitive advantages form the basis of the selling proposition and will also include promoting the coffee's.

Aschan

### SWOT Matrix Analysis Aschan

		<b>Helpful</b> to achieving the objective	<b>Harmful</b> to achieving the objective
<b>Internal origin</b> (attributes of the system)	<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Food size is normal</li> <li>• Coffee prices are normal</li> <li>• Location and atmosphere</li> <li>• Business hours are open later than Cafe Solo</li> <li>• Pastry selection</li> <li>• Large salad bar for lunch</li> </ul>	<b>Weaknesses</b>
			<ul style="list-style-type: none"> <li>• Their packaging is very simple and plain.</li> <li>• Aschan gets their beans from Tampere roasting and sells them</li> <li>• Salad lunch price more expensive</li> <li>• Sells same coffee flavors as the competitors</li> <li>• No outdoor terrace to bring more customers</li> <li>• Their coffee beans packaging is very simple and plain</li> </ul>
<b>External origin</b> (attributes of the environment)	<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• To roast their own beans instead</li> <li>• Improve the coffee beans packaging</li> </ul>	<b>Threats</b>
			<ul style="list-style-type: none"> <li>• Harder to compete with prices if competitors decide to lower their prices</li> <li>• Starbucks coming next to k-citymarket</li> </ul>

Table 2: SWOT analysis and strategy development of Aschan

## Picnic

**SWOT Matrix Analysis Picnic**

		<b>Helpful</b> to achieving the objective	<b>Harmful</b> to achieving the objective
<b>Internal origin</b> (attributes of the system)	<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Location as they are in the center of the mall</li> <li>• Large food and pastry selection</li> <li>• A few different flavored drinks with syrups</li> <li>• Breakfast prices start at 4.90€</li> <li>• Nation-wide company</li> <li>• Has a mobile app</li> </ul>	<b>Weaknesses</b>
	<b>External origin</b> (attributes of the environment)	<b>Opportunities</b>	<b>Threats</b>
		<ul style="list-style-type: none"> <li>• Instead of using Kaffa roastery in Helsinki, they could use Tampere roastery coffee beans</li> <li>• More advertising possibilities as they are a larger company with a larger budget</li> <li>• Making their own pastries in location which would lower their pastry prices</li> </ul>	<ul style="list-style-type: none"> <li>• Starbucks coming next to K-citymarket</li> <li>• Too close to Arnold's location being less than 20 meters away</li> </ul>

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Table 3: SWOT analysis and strategy development of Picnic

Arnold's



## SWOT Matrix Analysis Arnold's

	<b>Helpful</b> to achieving the objective	<b>Harmful</b> to achieving the objective
<b>Internal origin</b> (attributes of the system)	<p><i>Strengths</i></p> <ul style="list-style-type: none"> <li>• Fresh donuts every day</li> <li>• Location is close to K-City-market</li> <li>• Special offers</li> <li>• Seasonal sales</li> </ul>	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> <li>• Don't have their own beans</li> <li>• Don't use espresso machines, uses instant coffee instead</li> <li>• Limited selection of drinks</li> <li>• Product pricing too high</li> <li>• Seating area is shared</li> <li>• The entire menu is not healthy</li> </ul>
<b>External origin</b> (attributes of the environment)	<p><i>Opportunities</i></p> <ul style="list-style-type: none"> <li>• Improve their price point</li> <li>• Using espresso machine instead instant coffee</li> <li>• Upgrading their selection menu</li> </ul>	<p><i>Threats</i></p> <ul style="list-style-type: none"> <li>• Starbucks coming next to K-citymarket</li> <li>• Too close to Picnic's location being less than 20 meters away</li> <li>• Quality control because they are franchised</li> </ul>

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Table 4: SWOT analysis and strategy development of Arnold's

Cafe Solo is a specialized roaster. The owner roasts the coffee in the store himself, providing a truly unique roasted coffee experience. To capture a portion of this market, the subject will have to convince these customers that a cozier and quieter atmosphere is a more enjoyable café experience.

Teijo Villa has drawn its doctrine and build up the coffee experience in Barcelona Coffee Institute. Different methods and ways of working by following the viewfinder right flavours and bred know-how. By experimenting with and testing were found in the Finnish taste of the world of the most suitable aromas.

“Good coffee consists of acidity, bitterness and flavour balance. Also of importance is the freshness and the right manufacturing. Good coffee is also the kind of coffee, which tastes of each. Cafe Solo serves take away beverages, especially fine coffee, and moderately priced good quality light meals to the casual dining market within the

shopping centre precinct. The café is profitable, has a strong positive cash flow and may be seen as a strong viable and growing business.” (Teijo Villa)

Cafe Solo also makes tailor made coffees for companies such as S-market christmas coffee, Ässät hockey team coffee, Ratsula 90th anniversary coffee. According to Teijo Villa he has a clear opinion in stores sold powdered coffees. They are roasted in factories and the whole roasting process is completely different from a small coffee roastery. The factories will come endlessly the raw beans in the toaster and after 5-7 minutes the beans goes out to the another section of the process.

Teijo Villa has been mentioned/featured on multiple articles on websites about Cafe Solo and his coffee for the three companies Yle, Pori Energy, and Satakunnan viikko.

Cafe Solo’s competitive edge, its size, is also its greatest attribute. What sets them apart from the competition is primarily its smaller cozier size combined with premium coffees that are house roasted and served by baristas providing so much enthusiasm for the products they sell. Cafe Solo has the competitive advantage.

Looking for atmosphere, for a place to hang out, for velvet sofas. We've known for a long time now that Starbucks is more than just a wonderful cup of coffee. It's the experience. (Howard Schultz, CEO of Starbucks)

Cafe Solo is a nice place to relax, chat, read a book, with the possibility for a small snack with a great coffee in a well selected location. The café can also attract regular customers because it provides free WIFI services. Often, coffeehouses are not ‘kid’ friendly. However, there is a play area next to the terrace that parents will have a place to meet with other adults while the children can enjoy the slide and outdoor playground equipment. Cafe Solo is a gourmet coffee lover’s gem. It is truly one of a kind coffee house offering outstanding gourmet coffees and blends, served by enthusiastic and knowledgeable baristas, in a warm, relaxed environment. The location is also very important, being right next to the mall.

The location of your coffee shop can be a major contribution to its success or failure. Choosing the most suitable location may therefore be your single most important decision. It requires a great deal of thought and planning. A poor location is one of the major causes of failure for a business whereas a good location is sometimes all it takes to make your business thrive.

(Start and Run Your Own Coffee Shop and Lunch Bar, Heather Lyon 2008, 3)

Cafe Solo primarily utilizes competition based pricing. According to Teijo, “he does not want to lower the current coffee prices.” It is not a good idea to decrease the prices only because of the competition situation, when it’s harder to raise the price again.

Cutting prices or putting things on sale is not sustainable business strategy.

(Howard Schultz)

## 12 CONCLUSION

There are possible negative outcomes if Cafe Solo does not follow our advice. As well as there are also positive effects if Cafe Solo does follow advice. To make the right decision, the company must understand the role they must play, but also the expected decision outcome, and resources available.

When we consulted with the owner, Teijo Villa liked most of the improvement suggestions, however he did not decide to implement on everything. Most of the consulting meeting took place in person.

Teijo stated that he wants people to get more interested on coffee, and their coffee world from social media. We offered free consulting help with marketing on his social media, however Teijo declined, stating that he has an ongoing process with an advertising company. He stated that he spends approximately €1,000-2,000 a year on

social media marketing. It seems that he is not getting much advertising for the money he invested on social media marketing.

Teijo said that he wants to spread a message about his coffee being single origin. According to Teijo, he wants to improve on social media, active interactions, and information about coffee, and coffee uses. He wants social media marketing updates and channels such as Instagram. Teijo does not want to have the Instagram account on Cafe Solo itself, instead he wants the Instagram to be only on the coffee roastery. As an example, if an industrial company would have their Instagram to focus on the assembly line process, instead of the product itself. That does not focus on the business and does not help promote sales.

Cafe Solo decided that their primary theme on their strategy is single origin coffee. Cafe Solo does not share thoughts and Teijo's point of view explanations on why his coffee is better online. They do not 'sell' customers on their vision of why single origin coffee is their preference. Nor do they post enough photos of their coffee drinks and products.

For example, Starbucks has social media posts via Facebook and Instagram that are scheduled on active times of the day to reach a wider audience. Their posts have high quality photos that includes inviting text that is designed to draw the customer in to communicate and engage themselves online.

Cafe Solo's scheduling when it comes to posting online content for social media is very infrequent and doesn't have a schedule. When Teijo is busy, Cafe Solo posts less often on their social networks, sometimes for multiple weeks at a time. Cafe Solo should have multiple posts scheduled to be posted throughout each week, that will keep his followers engaged with the Cafe Solo brand. Consistency is possible with a scheduling strategy, which we have explained to Teijo. His response is that he does not have time to do such. We offered a suggestion that he has one of employees post the content for him instead. His response was that he did not have an interest in the social media activity on a regular basis.

We advised Teijo to not lower his prices. He agreed and said he can't give any lunch discounts, not because the prices are strictly financed, otherwise not enough profits

with his budgeting and calculating technique. He is open to a loyalty customers program, as long as it is not every month, since he already has the student discount in place.

It's important to continue increasing turnover, even though the company is doing well financially. It can always improve and do better. Café Solo needs to understand the threat of Starbucks, and take it seriously.

According to Kesko, Starbucks and Kesko have made a license agreement for opening Starbucks Cafes in K-stores all around Finland. The first coffee shop opened in K-citymarket Sello shopping center in Espoo this year. They are planning opening more in other locations across Finland. Starbucks coffee beans are already being sold at the K-citymarket in Puuvilla since the beginning of November of this year.

To avoid the possible negative outcomes, Cafe Solo needs to innovate their food selection and improve on their packaging. As well as the possibility to have a bigger drink size for slightly higher price, as most of the competition has more than one drink size. Cafe Solo should have more food options in order to compete against their competitor's selection. However, according to Teijo, he wasn't interested in the cannolis suggestion, he didn't know what the product was. Once we explained in detail what it is and how it goes with coffee, and Teijo's response was not interested. He does not want to add food products. Instead he is focusing on just the coffee.

Cafe Solo should rethink their strategy of what they want to become on Finland's coffee market. This means that Cafe Solo has to make it clear what their goals are in future, and how would they would like to see their company on the consumer's point of view via rebranding.

The business can achieve these objectives by maintaining continuity of customer relationships and by upgrading signs to be more visually appealing maintaining the existing price levels, and by undertaking more aggressive marketing and promotion. Cafe Solo could get a big sign, letting potential customers know where the cafe is to position the business as a convenient place to have good coffee. More advertising

can consist of shop front A-frame advertising boards. As most of the business will be passing trade, shop front signage will be bright and appealing.

Cafe Solo owner Teijo did listen to us when it came to the sign at Puuvilla for customers to know the location of Cafe Solo. As of November, he had a sign added to the front of the side entrance of Puuvilla. As well as he added a temporary banner sign over the bridge from City center to Puuvilla.

A major recommendation in the end is to integrate the major social networks facebook and instagram with the app. A good mobile presence can be very important for Cafe Solo to turn the mobile users into paying customers. Cafe Solo's website is not mobile friendly. Cafe Solo should focus on a mobile strategy. As well as implementing social media. Undertaking more aggressive marketing and promotion to create more awareness. Include net sales, selling coffee online through Cafe Solo's website.

There are factors in the café industry that are essential for the business to do well in order to be competitive, such as advertising. Television, radio and newspaper ads are too expensive, and is not the direction that Teijo wants to go with as it is too much of an expensive risk.

As an example, Howard Shultz wanted to go international, while the two other owners of Starbucks, wanted to keep it local. And Cafe Solo is exactly the same as case scenario when Starbucks was smaller.

As for Cafe Solo Oy's net sales growth and earnings, Cafe Solo Oy's financial year turnover in 2015 was €842,000. In the previous year, in the longer 18-month fiscal year net sales amounted to €1.2 million. The company's financial year to the corresponding revenue growth was 8.6 per cent.

Profit for the financial period amounted to €30 thousand, while last longer than normal during the financial year loss of € -122 000. Despite the improved profits, Cafe Solo Oy's profitability as measured by return on capital, however was only just satisfactory. Turnover was €842,000.

There will always be a need for coffee in Finland. According to the coffee company Paulig, Finland is becoming more noticeable in the growing amount of gourmet coffee consumption. At the moment coffee consumption in Finland it is estimated to have a nearly 20% growth rate yearly. According to the National Coffee Association, gourmet coffee is also on the rise.

The main conclusion is that Cafe Solo can succeed given that they live up to the customer's positive expectations and meet their preferences, and if they manage to differentiate themselves from their competitors, mainly Aschan, Picnic, and Starbucks.

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## ATTACHMENTS

Interview questions with owner and general manager Teijo

1. What is the Café Solo Mission, Vision and Mission?

Mission is to be the Pori and the environment of the cities best coffee shop and kahvinpahtaja.

The vision is a small roastery operations combination of café operations and the increase in demand for small roasting plant products in the following years.

2. Would you be interested in the Cafe Solo's website updated?

Our website was renewed for less than a year ago

3. When Cafe Solo started its operations?

Puuvilla 2005 and 2007 Itäpuisto

4. Is Cafe Solo intention to strengthen the company's services and products?

We are constantly working to improve our products and services to meet market demand and to support the profitability of operations

5. What marketing Cafe Solo is able to do and what kind of marketing is too expensive?

Our marketing is the daily development of operations and the interest raised by cafés on the inside.

outside seasonal we use different types of media, radio, ice rink and print advertising as well coming in at various promotional event. Camionette kahvilaauto and Vespa Ape and increase full-time active communication in social media. including Facebook. The national media are outside of our marketing.

6. Can Cafe Solo to price their products lower?

Profitability is therefore not possible because the price of raw materials and labor are already in Finland, and the maximal activities can not be enhanced. > Campaigns or marketing measure, it is at times possible.

millai olisit kiinnostunut jos tekisin uudet etiketit?

teijo :Voit sää jotain layoutteja tehdä, mutta meillä on niinku mainostoimisto ja designer jotka on tällä hetkellä tekemässä.

teijo: Jos sä niinku haluat kokeilla. Meillä on tavallaan prosessi tällä hetkellä menevässä. Uusi paino ja sitten etiketit me teetetään vuosittain painovalmiina ja osittain kirjoitetaan itse.

kaikki teksti tulostetaan itse. Joka kahvissa on eri teksti.Samoin kahvin nimi tulostetaan.

Would you be interested if the coffee package label would be re-designed?

Teijo: You can do some layouts, but we have a advertising agency designer who is currently doing such designs. We have currently process going on. Packaging labels we mostly make print ready

Patrick: I can do it without payment

teijo: If you want to try. We have currently process going on at the moment. New print and the etiquettes we print early print ready and partially write ourselves.

Patrick: Do you have to print by yourself?

Teijo: All the text we print ourselves. Every coffee has different text. The coffee varies also coffee name we will print.

I'm sure you don't want to use much money on advertising?

teijo: We are small company. We are going to intend to use social media. Cafe Solo is making single origin coffee

Teijo: On the market all the cheap coffees are grinders quality. It's always been sold grounded

Pori Puuvilla roastery began in 2005. Cafe Solo was a pioneer in small roasting business. According to Teijo Villa when they started, for example dark roasting the production was very rare in Finland. Today, even big roastery companies has dark roasting on their selections. In our company dark roasting is constantly gaining popularity which is now 75% of the production. Puuvilla roastery coffee shop got a friend in Pori Itäpuisto. In addition, Vaasa, Finland operates as an entrepreneur-based Cafe Solo. Early 2013 Teijo Villa sold his Havana bar cafe, which he has been running for ten years.

What is the Cafe Solo's marketing objectives?

Teijo: To reach out and bring the message from coffee and cafés, people of the Pori region, target age group is 18 to 50 years men and women who are interested in food and drinks, as well as those interested in caring

At least it was that focuses on the more free advertising such as facebook, instagram, twitter?

Teijo: To increase the interest and customers to cafes, as well as increase the sales.

Does Cafe Solo have a marketing budget?

There is no clear that ex ante budgeting, but it all depends on market situation and needs. Average 2 % / LV

What is Cafe Solo's financial objectives?

To grow as a stock company and generate profits and create value to existing business development services.

What do you see as the most important mission in Cafe Solo?

Employee commitment to the coffee world and on going the right time and also bringing new ideas to Pori market area. Maintaining own operating model. Operational efficiency in relation to turnover.

### **Interview about social media etc**

What would you like us to do with marketing?

Suggestions for social media updates as well as new social media channels..instagram etc

What would you like to improve the social media?

Active interaction and events, contests and information about coffees and coffee usage.

Are you interested in customer loyalty program?

The question of cost, and how authentication ...