



A Market Analysis and Marketing Plan on Green Café Business

A Case of Gwangju City, South Korea

Thi Nghi Phuong Nong

BACHELOR'S THESIS
January 2020

International Business

ABSTRACT

Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences
International Business

THI NGHI PHUONG NONG:

A Market Analysis and Marketing Plan on Green Café Business: A Case of Gwangju City, South Korea

Bachelor's thesis 41 pages, appendices 13 pages
January 2020

Coffee shop is a robust and dynamic market in South Korea. It is a competitive market with thousands of existing businesses and more and more new entrants every single day. However, due to the high demand, there is still a lot of room for innovative ideas. The thesis examined the coffee shop market in Gwangju, South Korea, to investigate the feasibility and profitability of a new green coffee shop. The objectives of the research were to provide a comprehensive understanding of the potential market as well as to investigate whether the market is big enough to build a sustainable business.

The research questions were: "How feasible and profitable is a green coffee shop in Gwangju city, South Korea?", and "Which marketing strategies are the most appropriate and effective for this particular type of business?" A mixed method of quantitative and qualitative was used to answer these questions. It was concluded that the concept has an increasingly high demand and is able to yield good profit when executed with customer and value-oriented strategies.

Key words: market analysis, marketing strategies, market research

CONTENTS

1	INTRODUCTION	5
2	THESIS PLAN	6
	2.1 Thesis topic.....	6
	2.2 Thesis objective, purpose and research questions.....	6
	2.3 Concept and theory.....	7
	2.3.1 Customer segmentation	7
	2.3.2 PESTEL Analysis	8
	2.3.3 Competitive analysis	9
	2.3.4 Customer analysis.....	10
	2.3.5 SWOT Analysis	11
	2.4 Methodology	12
	2.5 Thesis process.....	14
3	DATA ANALYSIS.....	15
	3.1 Questionnaire Findings	15
	3.2 Observation Findings.....	19
4	MARKETING PLAN	23
	4.1 External Environment Analysis	23
	4.2 Competitive Analysis.....	27
	4.3 SWOT Analysis of the Green Café	30
	4.4 Conclusion on the feasibility of the green café	33
	4.5 Marketing strategies.....	33
	4.5.1 Maximizing social media	33
	4.5.2 On the go.....	34
	4.5.3 Close relationship with student groups.....	35
	4.5.4 Thorough staff training	35
	4.5.5 Loyalty Cards	36
	4.5.6 Transparency and Honesty	36
	4.5.7 Customer and value orientation	37
5	CONCLUSION.....	38
	REFERENCES	40
	APPENDICES.....	42
	Appendix 1. Michael E. Dobbs' (2014) complementary template for Porter's Five Force Model.....	42
	Appendix 2. Questionnaire	47
	Appendix 3. Dobb's template applied to the coffee shop.....	52

GLOSSARY or ABBREVIATIONS AND TERMS (choose one or other)

FM	Frequency Modulation
PESTEL	Political, Economic, Social, Technological, Environmental, and Legal
SWOT	Strengths, Weaknesses, Opportunities, and Threats

1 INTRODUCTION

Coffee shop is a huge market in South Korea, and growing. Various research shows that coffee consumption behaviours in South Korea have changed significantly over the past two decades (Kang, Tang & Bosselman 2011; Young 2013). In 2018, it was estimated there were over 88,000 cafés in South Korea, meaning roughly one café for every 600 citizens (Sung, 2018). It is by no mean a coincident: the demand for coffee shops in South Korea is high. Although so far, I have been able to find official statistics, it is fact that many people, especially young people, regardless Korean or foreigners, love going to cafes in South Korea. It is not only a place to enjoy coffee and tea, but also, if not even more importantly, a place to socialize, to study, or simply to escape daily life and slow down with the nice atmosphere around. Interestingly, In South Korea, café is also a popular place to take photos and selfies, which is indeed a common activity of Koreans, especially, no doubt, young people. The demand is high, but the competition is much higher. Opening a coffee shop is easy in Korea, but to attract customers and sustain, let alone to successfully run, your business is a whole other story. On the other hand, environmental concerns have been raised more and more in Korea and people have been becoming increasingly interested in eco-friendly, green products and services.

This study is commissioned by the Gwangju FM Radio Station in order for them to have an in-depth insight on the coffee shop market in Gwangju as well as the profitability of entering this business. For a successful café, it is important to have a unique feature or characteristic as a theme for the café.

Though general information on the coffee market and coffee culture is available, there has not been a thorough, specific market analysis on the coffee shop market in South Korea and Gwangju, especially that of more practical and applicable implications. That, along with the needs of the commissioner, is the reason why the thesis is conducted. It is expected to provide an empirical primary data collection and first-hand analysis that could be useful for the green café as well as for a better understanding of the full-of-potential market of coffee in South Korea.

2 THESIS PLAN

2.1 Thesis topic

Gwangju FM Radio Station is a public organization which broadcasts news and reports activities and events in the city of Gwangju. The main content is often in Korean, with local people as its main target audience. In order to expand its business session and thus supply finance to the operations of the radio station, the organization is considering opening its own coffee shop, which will also serve as a resting area for those who come to participate in the radio programmes.

Based on discussion with the commissioner, the topic of this research is the market demand for and the feasibility of opening a green, eco-friendly coffee shop in Gwangju, South Korea with a focus on market and competitor analysis.

The significance of the research is practical. It contributes to the body of knowledge on market demand in South Korea, particularly one of its most dynamic and competitive businesses in the country. In this constantly changing industry, it is important for its existing and future players to keep track on the trends as well as to adapt themselves to meet their customers and consumers' demands and interests.

A market analysis is the very first step to answer some of the most important questions, before many follow-ups, when one is considering entering a market, which are: Is my product useful? How competitive is the market and is there room for more businesses?

2.2 Thesis objective, purpose and research questions

This study attempts to provide a market and competitor analysis to have a comprehensive understanding on the coffee shop market in the city of Gwangju, South Korea, based on which to produce a marketing plan suitable for an entrepreneur opening and running a coffee shop in the city. The objectives, or purposes, of the research is, first of all, to provide a comprehensive understanding

of the potential market as well as to investigate whether the market is big enough to build a sustainable business.

In order to fulfil these objectives, the question that need addressing is: (1) How feasible and profitable is a green coffee shop in Gwangju city, South Korea?

To answer this question, several sub-questions are considered, including:

- (a) What do the customers most look for in a coffee shop?
- (b) How are the existing coffee shops doing?
- (c) Are there already many eco-themed coffee shops on the market?

Upon answering the first research question, a second question on marketing strategies is addressed: (2) Which marketing strategies are the most appropriate and effective for this particular type of business? With this question, it is important to note that the research stops at recommendations of general marketing plan on the basis of the market analysis and will not delve into in-detail tactics of operations.

2.3 Concept and theory

2.3.1 Customer segmentation

Segmentation means categorizing customers into well-defined groups of similar wants and needs, so that the company can identify the most appropriate customer segments and target them. The market segments are usually decided on the basis of geographic, demographic, psychographic, and behavioural characteristics (Clow & Baack 2010, 36).

Geographic segmentation is conducted by dividing markets into certain geographic units such as regions, nations, states, cities. Demographic segmentation helps to estimate the size of the market. Demographic variables include gender, age, generation, nationality, social class, income, occupation and religion, family size, and life cycle. Psychographic segmentation is used to divide buyers into groups on the basis of customers' lifestyles, psychological traits, or values. In behavioural segmentation, buyers are divided into groups based on their attitude and knowledge towards the product. The behavioural variables include decision roles, needs or benefits as well as user and usage related variables. (Clow & Baack 2010, 37).

2.3.2 PESTEL Analysis

PESTEL (which stands for Political, Economic, Social, Technological, Environmental, and Legal) model (Figure 1) is a useful framework for analysing the macro external environment of a business. (Morden 2007, 94). It is extremely important for a company, either new or existing, to understand the “big picture” in which it operates. It is the reason why business should apply the PESTEL framework, which provides the realities of the business environment.

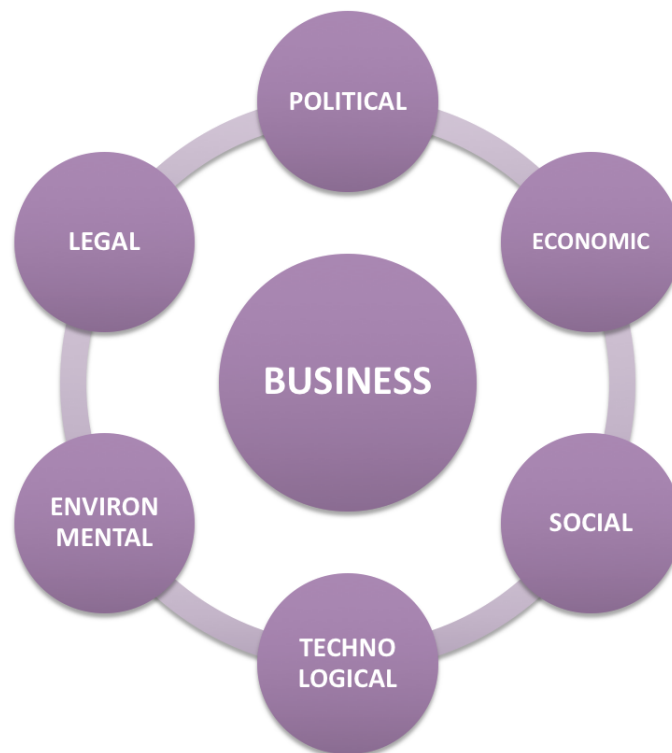


FIGURE 1. PESTEL Analysis

In this model, various factors will be investigated. To be more specific, political and economic factors which need examining are government’s policies, interest rates, taxation changes, economic growth, and inflation rate. Whereas, social factors are population, culture public, and, in the case of this particular study, consciousness on environment. Meanwhile, technological advance can be applied into the business to maximize its operations and thus increase its competitiveness; for instance, in the case of this research, internet banking, paying methods, and social media can be taken into consideration. Legal factors take into account the impacts of laws, particularly on employment, hygiene and health regulations. Finally, environment factors refer to ecological aspects such as weather, climate,

and how they might affect the business's operations. These factors should be understood clearly and thoroughly by the business to minimize breaking the laws while maximizing its values for customers.

2.3.3 Competitive analysis

A competitive analysis is critical in understanding the market and have a clear vision of what should be expected when a new business enters the market. Competition is about "achieving a sustainable winning performance" (Fleisher & Bensoussan 2015, 5), not trying to beat down other competitors.

Therefore, it is important, first of all, to identify direct and indirect competitors, followed with an analysis of the strengths and weaknesses of these competitors as well as their positioning strategies. After that, it is necessary to figure out the target market of these competitors and what makes customers buy their products/services. Finally, the marketing strategies of competitors need to be examined, particularly promotion and advertising. (Clow & Baack 2010, 30-33).

Porter's Five Forces Framework is a simple but powerful tool to assess and evaluate competition of a business within a certain industry, thus provides an idea of the industry attractiveness and profitability. An industry is attractive when it is profitable. The five forces that determine one industry's profitability, according to the Porter's Five Forces Model, are: new entrants, supplier power, buyer power, substitutes, and competitive rivalry (Figure 2). While Porter suggested that there is no particular order for these forces, Michael E. Dobbs argues the most effective order would be: competitive rivalry, buyer power, supplier power, new entrants, and substitutes (Dobbs 2014, 35).

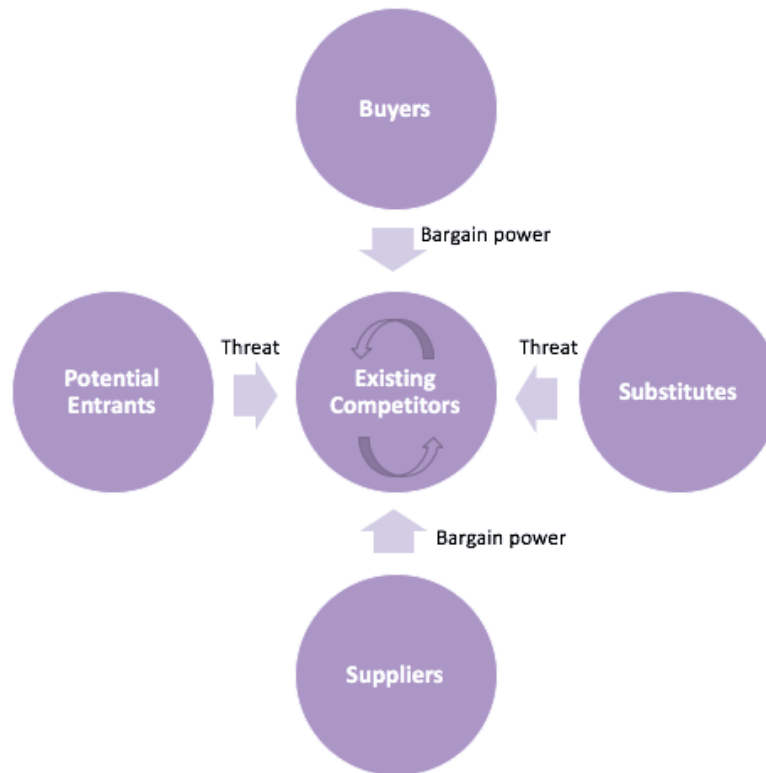


FIGURE 2. Five forces that determine industry profitability

There have been various discussions on the advantages and disadvantages of Porter's Five Forces Model. The weaknesses of this model are considered to lie in its lack of depth, structural analysis, and strategic insights. However, it is without denial that it provides a simple and useful framework for a business, especially new one, to evaluate the market before planning their next steps. Michael E. Dobbs (2014) introduced a template in order to utilize the use of Porter's Five Force Framework (Appendix 1).

2.3.4 Customer analysis

By collecting detailed information about customers, this analysis provides a deeper understanding of the potential customers of a business. It deals with five main questions: "who", "when", "where", "what", and "how". The answer of the question of "who" gives a demographic and psychographic portrait of the customer (Clow & Baack 2010, 39), which could be supplied with a customer segmentation analysis.

The question “when” involves the time when the product or services are purchased; for example, in the case of this research, the opening hours and the length of time the customer spends in the café should be taken into account. “Where” mean location, which is important for a service-driven business as coffee shop. Finally, and most importantly, the question “what” refers to what the customer actually purchases. In many cases, particularly in the case of service providers, it is not just the product or service that the customers are buying, but also the feeling it gives to them. (Clow & Baack 2010, 39-40).

2.3.5 SWOT Analysis

SWOT (Figure 3) is another popular model that can be used to analyse the market and competitiveness of in industry which a new business enters. In this study, by specifying and evaluating strengths, weaknesses, opportunities, and threats that are most likely to affect the performance of a new business, SWOT framework links the business’s capabilities to its appropriate competitive setting.

Internal origin	S trengths	W eaknesses
External origin	O pportunities	T hreats

FIGURE 3. SWOT model

SWOT model is often presented in the form of a matrix, in which strengths and weaknesses are understood as the internal environment, while opportunities and threats are the external influences. It is important to note that weaknesses and threats should not be regarded as negative factors in SWOT analysis, but as potential opportunities for further improvement and development: a weakness can

be improved, and a threat can be turned into opportunity if the business is fully aware of it. In the case of this study, SWOT will be used as a tool to summarize the insights from previous frameworks which provide more in-depth and in-detail information.

2.4 Methodology

This thesis uses a mixed methods methodology of qualitative and quantitative research, using both primary and secondary data. Qualitative research means using non-numeric data to provide insights of the problem settings and the underlying issues. On the other hand, quantitative research, using numeric and thus tangible data, can give a clear statistic of the market conditions and the customers' behaviours and demands.

The particular methods used in this research project are as follows:

- 1) Questionnaire for potential customers
- 2) Participant observation in variety of coffee shops
- 3) A secondary data analysis with data collected from available resources
- 4) A literature analysis

In order to collect primary data, which provides statistics for further analysis, a market survey will be used. The main reason for choosing this method is to maximize the representativeness provided by this method of collecting data. From the result of this survey, conclusion on which are the priorities for customers when choosing a café (the quality of the drink, the unique concept, price, location, etc.), and why people often go to the café (for drinks, for socializing, for study, for recreation, for taking photos and selfies, etc.). In addition, participant observation method will also be used. By allowing a subjective involvement of the researcher in the observation, this method supplies a dimension of information, experiences, and perspectives that survey data cannot provide, particularly in terms of customers' and staff's behaviours.

The primary data was collected via two methods: Questionnaire, and Observation.

Questionnaire: Regarding the questionnaire, it was created with reference to the book “Questionnaire Design: How to Plan, Structure and Write Survey Material for Effective Market Research” by Ian Brace, which describes in detail all the steps and elements to write up a questionnaire. The purpose of the questionnaire was determined as to collect information of demographics and preferences of potential customers of the green café. It was created with fifteen (15) questions, the first five of which are demography-related, and the rest are related to coffee shop and the respondents’ opinions and habits. The sociodemographic items were adapted from Jang, Kim and Lee (2015). Elements of a coffee shop to understand customer’s preference and habits were adapted from a variety of literature (Kim, Kim & Kim 2009; Choi, Lee & Kim 2012; Vanharanta, Kantola & Seikola 2015). See Appendix 2 for the questionnaire. Convenience and snowball sampling were employed in this research. The questionnaire was distributed both online and in paper form using the researcher’s network of friends and in turn they were asked to help to spread out the survey to their network. The participants were those who are living in Gwangju city.

Observation: Out of 45 people responding to the survey, 37 people left their favourite cafes. From the findings of the questionnaire, there were three coffee shops that were most often selected as favourites: Ilda Coffee; Youngilly; and Le Trwa. As a result, these three coffee shops were chosen as objects for observation. The researcher went to these coffee shops and observed the atmosphere, the staff as well as the customers, and recorded her observation and findings.

Secondary data review aims to investigate, compare, and conclude what have already been written about the topic, which provides ideas and knowledge that are available to examine and apply in specific cases. The advantages of secondary data are its availability and accessibility. Though there are many sources for this information, it needs to be carefully chosen and selected in order to pick out the most relevant to the particular topic in question. Assuming there are similarities in the coffee shop market in Gwangju and other parts of South Korea, along with the fact that there has been few studies on the market of the city of Gwangju, secondary data was collected from sources related not particularly to Gwangju, but all the available data related to the business in the country.

2.5 Thesis process

The research process consists of five (06) steps. The first step is to identify the research topic, research objectives and research questions. The topic should be considered and defined carefully, avoiding being too broad or too narrow (Kotler, Cunningham & Keller 2008). The research questions have to be relevant and serve the research objectives.

The second step is to develop a research plan. In this stage, a general plan that gives direction for the entire study. It is important to have an understanding of what needs to be done, as well as how and when it needs to be done. A clear research plan not only keeps the researcher on course but also helps the reader to have a well-defined and comprehensive idea of the topic, purpose, and direction as well as the importance of the research.

The third step is data collection, before which a survey, or questionnaire, needs to be created and distributed to the targeted receivers. The questionnaire consists of both closed-ended questions and open-ended questions. It will be distributed online, via emails and Google Forms. Besides the primary data collected through the questionnaire, relevant secondary data, particularly on the background situation of coffee shop business in South Korea and Gwangju, will also be collected, mainly online, from reliable journals, articles, books and so on.

The fourth step is data analysis to produce findings and insights on the market and the competition. The fifth stage of the research is a draw-up of a general marketing plan. Based on insights collected through the data collection, in this step, marketing strategies are analysed specifically to the case of the green café.

Finally, the step is conclusion. In this final step, conclusion and summary on the findings, along with which insights drawn from the findings, will be made and recommendations on marketing strategies will be produced.

3 DATA ANALYSIS

3.1 Questionnaire Findings

45 people participated in answering the questionnaire. The majority age group being 21 to 30 (77.8 percent) (See Figure 4). 84.5 percent of the respondents were university students, either undergraduates or graduates (See Figure 5). These statistics might well be the result of the method of data collection chosen in this research: convenience and snowball method. It is admitted that the majority of the researcher's friends and acquaintances are students of Chonnam National University, who in turn also have many friends and acquaintances who are students. However, it still reflects the demography around the campus of Chonnam National University, which is the intended location of the green café. Therefore, it can be said that the results of the questionnaire are applicable and useful for the purpose of the research.

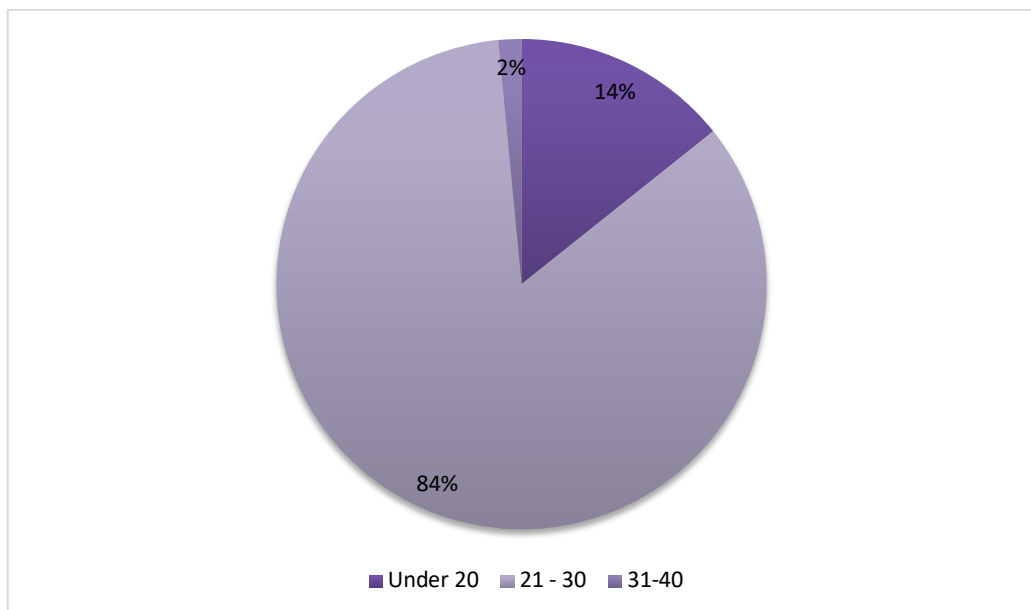


FIGURE 4. Questionnaire results on age groups of the participants

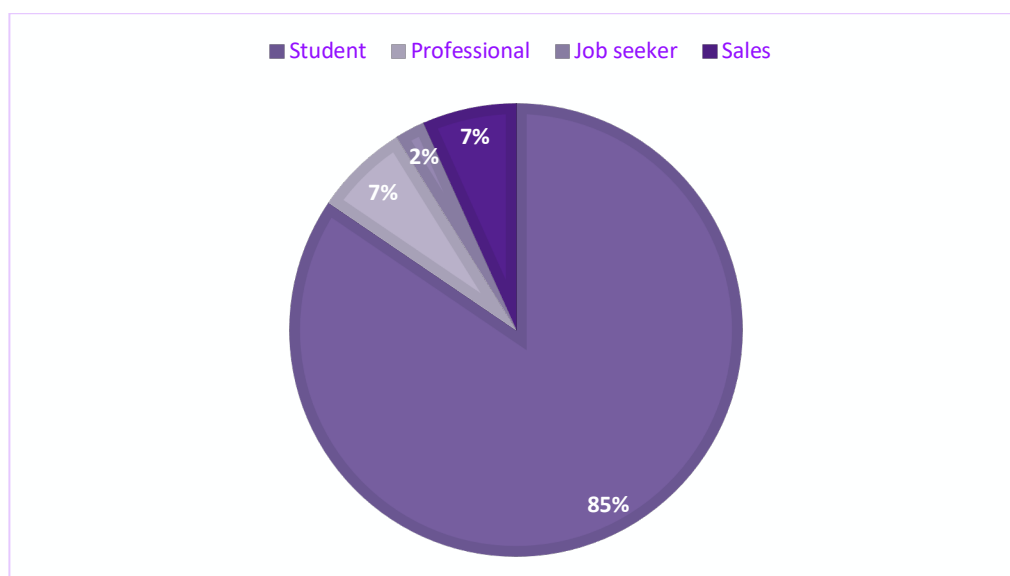


FIGURE 5. Questionnaire results of participants' occupations

Interestingly, when asked how often they go to a café, 55.6 percent of respondents chose once or twice per week, while the rest 44.4 percent went almost everyday. This statistic proves how popular going to coffee shop is in South Korea, particularly in Gwangju. It can be seen that café is an established and well-practiced culture in Korean society, especially among the young generations.

The data collection results revealed the demographic structure of potential customers of coffee shop, especially those located near universities. The majority of the customers are university students who often go to cafes with various purposes, most of which are to socialize, to study, and to have a nice cup of coffee. These results indicate the importance of providing high-quality services and comfortable services to customers.

That fact that 37 out of 45 people (about 82.2 percent) had their own favourite cafes showed that customers tend to have one or two favourite cafes that they visit more often compared to others. This is a great finding that proves the importance of earning and building customer loyalty.

When asked *"How long do you often stay in a café?"*, the responses showed that more than half of the customers spend more than two hours after purchasing a drink, which can be considered long. On the other hand, one-third choose take-away. See Figure 6 for more details.

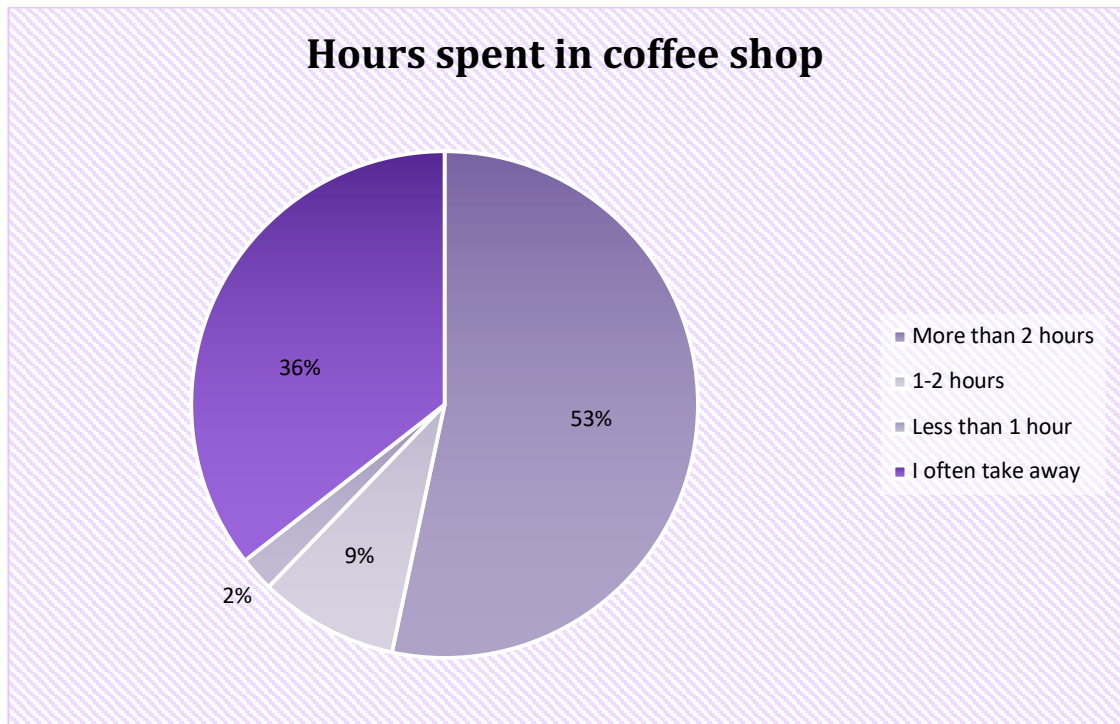


FIGURE 6. Answers for question “How long do you often stay in a café?”

These results presented an interesting fact: the majority of customers would either purchase the drinks and leave immediately or stay for a long time in the café. The fact that the majority of respondents were students might help explain these results. With their busy schedules of classes and other activities, many students would only have time to grab a cup of coffee and have it on the go. It also reflects a lifestyle trend in South Korea where people regard walking busily on the street with a cup of coffee in their hands as fashionable: it indicates that particular person as one who is hard-working and important. On the other hand, customers who stay in the cafes are likely those who have come not only for a drink, but rather to socialize with friends or classmates, to study, or to have a quality time, which explains why they tend to stay longer (more than two hours).

Responding to the question “*What do you most care about when visiting a café?*”, participants showed great differences, which is demonstrated in the Figure 7.



FIGURE 7. Responses for the question “What do you most care about when visiting a café?”

According to the results, it is clear that what customers value the most is always the quality of the products and services for which they are paying. They focus on what provides them with the most pleasant and worthwhile experience in a café, and not so much on the price. It showed how willingly consumers are to get the best products and services.

Other important factors such as opening hours, music, internet connection, and interior design should also be considered when opening a café. While these aspects were not chosen as the heaviest standards for a good café, they, along with high-quality services, still play significant roles in leaving customers with good and memorable impressions.

In order to examine the attitude of customers towards green cafes, “green image” was included as one of the questioned aspects. The result was that 18 out of 45 people chose it as one of the main aspects they pay attention to when visiting a café. It proved that environmental awareness has been on the rise in Gwangju, and it presented a great opportunity for businesses to invest in this theme.

When asked whether they would be willing to pay more for organic, natural, and fair-trade drinks, one-third of the respondents answered yes, while the rest two-

third chose maybe. This indicates that customers are concerned about the quality of their drinks and thus do not hesitate to pay a higher price for them. However, many also expressed their doubt of the authenticity or honesty of coffee shops: they are afraid that the coffee shops are only using the information or claims to attract more customers. It is proved that there needs to be sufficient marketing strategies to ensure the green café could show its values in the most honest and sincere way to gain trust and confidence of customers.

3.2 Observation Findings

All of these cafes are located near Chonnam National University, one of the major universities of the city and the region. The area is also full of students and young people. This result was undoubtedly affected by the snowball and convenience method of collecting data chosen by the author. However, it still highlighted a customer target on which the coffee shop business could focus.

Ilda Coffee

It is a family café with two floors. The interior decorations are cosy and unique. There are various rooms with different themes and decorations so that customers can choose whichever they prefer as well as have their own space without interference of other customers. The lights are yellow lights, creating a cosy feeling for the place. There are also many little antique and vintage-looking decors and props scattered around the café. The music used in the café is baroque and ballad music, resulting in a romantic and quiet atmosphere. There is free internet connection, paper napkin and water.

The drinks are mainly coffee, ranging from americano to biscuit vanilla latte. The price range is from 3,000 to 7,000 Korean won, which is the average price range for cafes in South Korea. There are also deserts and sweets to choose from, most popular of which are brownies and green tea brownies.

The owners and also staff are two ladies, mother and daughter. They serve customers in a quiet, polite manner. They are also very helpful and attentive to cus-

tomers' needs. Upon new customers arriving, they would introduce and recommend the drinks. Many customers are youngsters, possibly university students, most of which are couples or groups of girls. Many would walk around the café, coming to each and every themed room, and taking photos and selfies.

Youngilly

Youngilly is a small café with French theme. The whole coffee shop shows the aesthetic and vintage vibes. There are various French and English books lying around, mostly philosophy books and classic novels. In addition to the in-house area, there is also an open area where customers could sit in nice and warm weather to enjoy the open air.

The signature drink of the café is Youngilly single shot (a customized fancy name of espresso), and white green (green tea latte). The unique way the drinks are called at the café makes the customers curious and interested in the drinks. It also creates an exclusive vibe that makes the customers feel that would not be able to get from anywhere else, which likely adds to the popular of the place. The drinks are presented nicely with delicate latte arts in a beautiful cup, along with a small vintage-looking spoon and one paper napkin. Besides drinks, it also serves handmade deserts such as cookies and cheesecake. The price range is 4,000 – 6,000 Korean won.

The owner of the shop is a young guy who is extremely nice and helpful. He can and is willing to speak English whenever foreign customers come in the shop. He also often gives out cookies as free service for familiar customers.

Le Trwa

Le Trwa is a family café with flower theme, located just outside the main dormitory of the Chonnam National University campus. The owner of the shop is a young entrepreneur who owns this café and a flower shop. There are various dried and fresh flowers around the shop. Upon opening the café's door, customers are greeted with intense floral scent, which surprisingly is rather nice and warm feeling. There are also many plants in the shop.

The drinks served by the café are not unique in any sense, though still tasty. The price range is 2,500 – 5,500 Korean won, the cheapest among the three cafes observed.

All of these cafes use mugs or cups for stay-in customers, instead of disposable cups. Le Trwa gives 10 percent discount for customers who have drinks to go in their own cups or bottles. Given the small size of the café, this seems to be a smart strategy to boost the sales. Upon observing, there are significantly more takeaways in this coffeeshop compared to the other two.

The observation method also produced various important and interesting findings. First of all, the research results prove that small little details (a spoon going along with the drink, a little piece of cookie desert, a meaningful quote on the wall, and so on) are a selling point that should be seriously considered and focused on.

Upon observation, there are several similarities that could be withdrawn of these three shops, which are:

- Family-owned cafes
- Polite, friendly and thoughtful service
- Tasty and high-quality drinks and deserts
- Comfortable seats
- Unique themes, creating a cosy and special feel for customers
- Price ranges are reasonable, in the average range
- A focus on quality and experience

One of the most interesting points of cafes in South Korea is that there is no time limit, meaning one can sit in a café as long as one wants, providing one has bought a drink. That is the reason why many students choose cafes as their studying place, where they can order a cheap cup of iced americano to enjoy the comfortable atmosphere of a café while studying. As a result, cafes, especially ones around university areas, are often most crowded during mid-term and final exam periods.

4 MARKETING PLAN

The data collection and analysis have provided various insights on customers' characteristics and the competitive situation of the coffee shop market in Gwangju, South Korea. From the results, it can be seen that green cafes are in demand as customers are growing more conscious about environmental problems and striving for a greener, less-waste lifestyle. They are also more concerned about the quality and the origins of the drinks they are purchasing. Along with the unique characteristics of the Korean coffee shop market, these sets of information and analyses are based on the create a marketing plan for a green café.

In this marketing plan, marketing models will be applied to provide a comprehensive big picture as well as details of the situation the green café is going to have upon opening. These models are PESTEL Analysis, Michael E. Dobbs' complementary template for Porter's Five Force Model, and SWOT model. In addition, a variety of strategies and tactics will also be mentioned and evaluated. Tactics such as maximizing social media, takeaways, and loyalty cards have been used in many existing cafes, proving their effectiveness. However, in this section, there is a strong emphasis on the importance of transparency and honesty and of a focus on experience, which would ensure a long-term productivity and reputation for the business. It is summed up with an overall direction for the coffee shop: customer and value orientation.

4.1 External Environment Analysis

PESTEL model is used to analyse the macro external environment of the green café. As strongly illustrated above, South Korea is a unique, dynamic and robust market for the coffee economy and coffee shops. PESTEL model helps to investigate this interesting market and provide needed insights before opening a green café.

Social factors

Gwangju is the sixth largest city in South Korea and one of the eight metropolitan cities of the country. According to the United Nations data, the city has a population of 1.5 million people. In addition, considering the market of the green café is mainly Chonnam National University students, it is important to investigate relevant statistics of the campus. The university is the only national university in the South Jeolla Region. According to Chonnam National University's brochure (2019), its number of students in 2019 is around 33,000. There are 16 colleges and 11 graduate schools at the university.

There are three main areas around Chonnam National University: Sangdae, the Back Gate, and the Front Gate. Among these, Sangdae and the Back Gate are the most crowded destinations, with a density of shops, restaurants, game stations, karaoke places, alcohol houses, and many other entertainment services for students and young people. The Front Gate, which is where the green café is supposed to be located, is less frequented by students so far. However, it is on the rise as the Back Gate and Sangdae have become too crowded. The Front Gate has been attracting more and more people as a quieter alternative area.

Among the participants, there was an overwhelming number of female (88.9 percent). Does this indicate that there is an unbalanced ratio of female/male consumers in the coffee shop market? According to various other studies, it seems to be the case: women seem to go to coffee shop more often than men (Chosun Ilbo 2006; Song 2014). According to Chosun Ilbo (2006), activities such as going to café is considered by many Koreans as "shallow" and "girlish" thing from which man or young guys often shun. In addition, man and young guys, especially when together, would prefer other activities such as playing computer games or doing sports. Song (2014) suggested that coffeehouse is seen by many young women in their twenties as the "third place", an alternative space outside of their family units as well as outside of the patriarchal system. For many women and girls, coffee shops are "space signalled a new cultural code symbolic of privileged Western life" (Song 2014, 435). Spending time in a café is seen as the experience of high class, liberation, and individualism. It proves the importance of regarding

going to a coffee shop as a complex, meaningful and symbolic activity rather than mere purchase of a drink.

In many other countries, such as Finland, cafes are often considered as a place solely to get a cup of coffee from or to socialize, work or study in a couple of hours. That does not seem to be the case in South Korea, where cafes and going to cafes mean various things. They have become a symbol of style and fashion. This fact demands the suppliers to deeply think on a strategy which could make their cafes stand out. It can be achieved by having a particular and special theme for the whole café. Therefore, choosing the theme for the café is also a crucial task.

Another worth-considering social factor is the population or potential customers' consciousness on environment. South Korean students are well-known for their enthusiasm and demand of change. Throughout the country's history, there have been various student movements which had great impacts on the nation, and nowadays students and young people are also leading many movements such as "Escape the corset", demanding the demolition of Korean impossible beauty standards, or many student groups have gone onto the streets to demand the government to have stronger responses to climate change (Ock 2019).

Political, economic, and legal factors

Considered as one of the Four Asian Tigers, South Korea has a robust and big economy. Though the growth speed has been slowing down in the last few years, it still remains one of the biggest and most important economies of Asia and the world. Gwangju Metropolitan city is considered a hub city of economy, administration, and education of the Jeolla-namdo area and the country.

Gwangju is considered one of the most liberal regions of the country. Accordingly, various arts and tourist attractions in the city present its spirit of democracy, forwardness and eagerness for change. It is a great environment to be innovative and creative. As early as 1989, the Korean Federation for Environmental Movements Gwangju was established and since then has been working hard to promote environmental awareness among its citizens (Choi 2015).

Furthermore, since August 2018, the South Korean government has banned disposable plastic cups in coffee shops for customers who are not ordering to go. However, many customers seem to disapprove of this new regulation, claiming it to be extremely inconvenient. (Lee, 2018). Paper cups will also be banned from restaurants and coffee shops in South Korea (KBS, 2019).

Regarding food hygiene, the Food Sanitation Act with a 2017 revision provides general and in-detail provisions related to food manufacture, sale and distribution of food products, as well as regulations on food packaging and food additives. Understanding and respecting this Act is one critical point for the green café to be successfully launched and operated.

Technological factors

South Korea is well-known for its advanced technologies with the world's fastest average internet connection speed (Chong 2018). As a result, online banking is extremely popular in South Korea, particularly among young people. Kakaopay, which is an online paying and money transferring function of the most popular messaging apps in South Korea, KakaoTalk, is widely used in shopping malls, coffee shops and restaurants.

Social media is also commonly used. According to a report released by DMC Media this year, Facebook, Instagram, Youtube, and Kakao Story are the most used by Koreans (Choi 2019). See Figure 8 for more specific statistics.

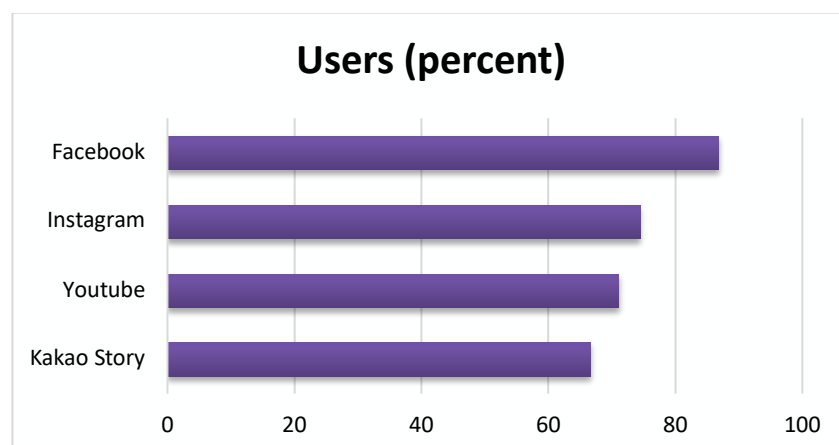


FIGURE 8. Proportions of social media users (Source: Choi 2019)

In addition, ordering machine has also been more and more used in restaurants and shops in South Korea. Many Koreans prefer this way as they would not have to interact with the staff. International students also appreciate the machine, given many cannot speak Korean well, so an ordering machine with English version is definitely a great help.

Environmental factors

Gwangju has four distinct seasons: Spring, Summer, Autumn, and Winter. The temperature varies accordingly and can get as high as 45 Celsius degree in the Summer and as low as minus 10 in the Winter. However, one unique fact about South Korean consumers is that the majority of them love iced drinks, even in the winter. The weather in Gwangju is unpredictable: rainy and sunny days are alternated. However, it is relatively stable and comfortable: there is no strong influence of typhoon or other natural disasters.

4.2 Competitive Analysis

Porter's Five Force Model and its complementary template created by Dobbs are used here to create a comprehensive picture of where the green café stands among its competitors and its market.

The first question is "Who are the competitors?". This question was partly answered in the Competition Analysis section under the Data Analysis Part. However, in this particular part, these competitors will be analysed in comparison with the green café, providing a customized and precise understanding of the position of the green café. The direct competitors of the green café are other family cafes and brand coffee shops. There are also various indirect competitors, such as bubble tea shops traditional tea shops, and other substitutes (instant coffee, bottled coffee, and vending machine coffee).

Based on data collected, an analysis of the green café based on Dobbs' template is presented in Appendix 3. The analysis is a relative estimation grounded on information and data collected through various sources.

Threat of competitive rivalry

The existing competitors, both direct and indirect, are numerous. A quick Google search would show about 155 cafes around the Chonnam National University campus, each of these competitors provides different specialties, local delights, and everyday products. Many of these cafes have already become frequented destinations of a large number of customers. The fact is that it costs customers little to check out a different café, which could be both a positive and negative point: customers are not prevented greatly from trying a newly opened café, but if this new café does not meet their expectations, they are most likely to visit other cafes or go back to their favourites.

In their research, Kang, Tang and Bosselman (2011) illustrated that modern coffee markets are dominated by coffee chains. Since 2009, over 2,000 brand coffee shops have been opened across South Korea (Park & Lee 2010), among which around 1,400 brand coffee shops have been run by 11 biggest chains including Starbucks, Hollys, and Angel-In-U's (Kim 2009).

The indirect competitors that are worth mentioned are bubble tea shops and traditional tea shop. Big bubble tea shops such as Gongcha are attracting a great number of customers due to their popularity. Around the campus, there are at least three Gongcha shops.

Threat of substitutes

There is also a high threat from substitutes, which are instant coffee, vending machine coffee, and convenience store bottled coffee. These are extremely affordable and convenient alternatives for a cup of coffee from a coffee shop. Admittedly, these products cannot replace the experience and quality offered by purchasing a coffee from a café, they are still the choice of many consumers who only want a quick, inexpensive of caffeine.

Threats of new entrants

As a flourishing and potential market, coffee shop market is likely to attract more new entrants. These potential new entrants could pose a big threat to the green café. There is also high risk that many new entrants would also choose the concept of green, eco-friendly theme, given its increasing popularity.

Threat of suppliers

There are two ways the green shop can buy its supply: from a Korean supplier, or directly from the farmers of the exporting countries. In order to ensure the authentic and honest of the source, it is important to verify information and trustworthiness of the suppliers.

Threat of buyers

Buyers of coffee shop often purchase single or small volumes of products. It is a great opportunity to customise based on the needs and preferences of the consumers, which is likely to impress student customers. Buyer information on their demographic characteristics as well as preferences is easily collected and observed. However, as coffee has low to little switching cost for buyers, buyers can easily change into other competitors or substitutes without much consideration.

4.3 SWOT Analysis of the Green Café

From the data collection analysis, a SWOT model applied to a green, eco-friendly new business is drawn out as in Figure 9.

<ul style="list-style-type: none"> - New, eco-conscious concept can potentially draw more attention - Strong ethical values - Innovative potential, easy to change and adapt as a small-scale business - Comprehensive market research, hence better understanding 	<ul style="list-style-type: none"> - Small, new business in a dynamic market - Limited capital resources
<ul style="list-style-type: none"> - Large market with well frequent customers - Increasing awareness of sustainability and green lifestyle - Student market 	<ul style="list-style-type: none"> - Large number of competitors with established customer loyalty - Intense competition from franchises and brand cafes - Large variety of substitutes - High cost of supplies

FIGURE 9. SWOT analysis of a green café business

Threats

As analysed above, the major threat for a new green coffee shop is undoubtedly the existing intense competition. The fact that there are many of brand cafes open should prove that they are doing well and thus great competitors, especially to newly open cafes. These brand cafes also have a large expansion capacity, due to their much larger capital resources.

In addition, the cost of supplies is likely to be high. At the beginning, it is important to invest in advanced high-quality equipment (for example, roaster or coffee machine). Organic and fair-trade coffee beans also tend to be more expensive than normal coffee beans.

Weaknesses

As a new and small start-up, a new green café undoubtedly faces, besides the competitive environment, many challenges. First of which is the limited capital resources. The commissioner is a small radio station with a limited starting budget, while it would cost a significant amount of capital to invest in renting, equipment, ingredients and so on. Therefore, it is vital to estimate these costs as carefully and in detail as possible for a better planning.

As a new start-up, the green café also faces the problem of not being able to evaluate itself in the most precise way. Starting from scratch, it is required of the green café's founder to imagine its operations and strategies before actually carrying them out. Along with the pressure of the market, it is a difficulty and also a risk for the green café. However, it is inevitable, and only by going into operations can the business gain further evaluation and insights of its market and its potential of success.

Opportunities

As analysed, the coffee shop market in South Korea in general and Gwangju in particular is flourishing. The demands are high and consistent, leaving room for new entrant. In Korean market, coffee shop businesses in Korea are required to be renovative, unique and sensitive to trends. To Korean customers, going to cafes is not simply to grab a cup of coffee or to work or socialize, but it is a symbol, a lifestyle. Understanding this and being able to take advantage of this would ensure the success of a new player.

There are various benefits of having students as customer target. First of all, they are diverse and fond of experiencing new things. Maximizing the curiosity of this customer target, a business could attract more customers with its unique concept and values.

On the other hand, as analysed above in the PESTEL Analysis, South Korean students are well-known for their enthusiasm and demand of change. Therefore,

it is a good foundation to believe in the potential of a green café, as it could draw attention of student customers who are concerned about environmental problems and demanding for change.

Strengths

With a moderately new concept in Korean market, green cafes should have a strong competitiveness over less eco-conscious businesses, especially nowadays when more and more customers associate themselves with environmental and low-waste lifestyle. Research of congruity showed that higher degree of self-image congruity of a customer toward a coffee shop directly influence a positive attitude toward the shop, resulting in stronger intention to repurchase (Kang, Tang & Bosselman 2011). As a result, when number of eco-conscious customers increases, the demand and level of customer loyalty to a green café is also likely to increase. If able to maximize this feature, it is much likely that the business could draw attention and loyalty from potential customers, the majority of whom is predicted to be students, especially university students, either undergraduate or graduate.

Another strength of the green café is that even though the environmental awareness of customers is increasing significantly, there are few cafes have embraced this theme around the area of Chonnam National University. This means that a new green café which focuses its theme on environmental awareness could be a unique and thus feasible business. It would be a huge competitive advantage for the café.

Few coffee shops actually conduct a thorough, well-researched study into its market before opening. This research is considered in itself one of the advantages of the green café. Given its insights into the market and outlooks on the strategies that should be used, the study strengthens the competitiveness of the green café which is now equipped with information and understandings of its operational environment, competitors and customers.

4.4 Conclusion on the feasibility of the green café

Based on the data analysis, it can be concluded that opening a green café around the area of Chonnam National University, Gwangju, is feasible and able to yield good profits. It is concluded to be a unique concept with few direct competitors for the niche market of green coffee products in the area, while the demand is on the rise, given the increasing awareness of customers, particularly student customers, on environment and ecology. In a robust market of café business in South Korea, in which customers are always curious and eager to try new things and new concept, a green café is likely to draw attention from the start. More than that, it is likely to be one of the pioneers in the new trend of green, environment-friendly products, which are becoming more and more attractive to a larger number of consumers.

The only obstacle for the feasibility of the green café is the suppliers. Given it is still a new trend, the questions of where to get organic and fair-trade ingredients and how to prove its authenticity for the customers are the most important to answer. Moreover, organic supplies also tend to be significantly more expensive than normal supplies, increasing the input costs. Therefore, how to price the products to yield revenues yet fit the market's standards and conditions is also a point of concern.

4.5 Marketing strategies

4.5.1 Maximizing social media

It is also important to pay attention to social media marketing. Having market target of university students, most of whom are using social media frequently. Therefore, investing in creating and maintaining attractive social media channels, many of which are even free of charge, is one of the best marketing strategies for a small start-up. Moreover, there are various angles to take photos and post them on the social media channels: the overall scenes, the decorations around the café, the drinks, the customers, and much more. When taken well, these photos could contribute significantly in promoting the café on the internet.

Another strategy is to organize event for customers to take photos of themselves and of the shop and post them on their own social media accounts. This is an effective word-of-mouth marketing scheme which does not require a lot from the business except, for example, a free cup of iced americano or a nice cookie as gifts.

4.5.2 On the go

As analysed in the Data Analysis section, consumers tend to either take away or stay for two hours or more. However, it is without doubt that for the green café to have a better flow of customers and thus gain more revenue, takeaways are preferred.

Luckily, with their classes, assignments, exams, and other schedules, university students are on the move often, which means that the number of take-aways is predicted to be large. Besides, take-away coffee has become a culture in South Korea. It is considered “cooler” and “fashionable” being spotted with a disposable cup of iced americano in your hand walking to class or to work, looking busy and business-like. Some even claim coffee tastes better when contained in a disposable cup compared to in a normal mug.

To be consistent with its theme and commitment, a green café is required to find a way to make take-aways easy and convenient yet ensuring the eco-friendly aspect. As mentioned above, Korean government has been stricter with its businesses' consumption of disposable products. It could be an obstacle for coffee shops, but they could also be an opportunity for them if they are able to take advantage of the situation. Introducing new innovative take-away materials or giving discounts for customers who brings their own reusable take-out cups would be some of the solutions. Additionally, many coffee shops in Korea sell their own customised travel cups, which is a strategy the green café can also apply. By selling its customised high-quality travel cups, the green shop can not only provide customers with more flexible solution to enjoy their coffee, but also inform customers about the importance of reduce disposable containers.

Besides, providing solutions is not enough. It is also important to inform customers what the environmental benefits of using these materials and why they are chosen for the green café. This is to ensure that the customers understand and acknowledge our sincere commitments and values. Moreover, it is also a great way to get customers' feedbacks and reviews to further improve the services of the shop.

4.5.3 Close relationship with student groups

This strategy refers to the in-person interactions of the café with the students. As the data analysis has shown, coffee shop for many students is not only a place to have a cup of coffee, but also to study, to work, to show style, to socialize and have fun with their friends and classmates. Therefore, it is important to create and maintain a friendly, helpful and supportive relationship with the customers.

In addition, it is crucial for new start-up to maximize their space in order to provide student customers with space for other activities. These could be group work areas or a small in-café cinema. The café could also work with student clubs or groups for projects such as environmental issue discussion, culture exchange, fundraising events, and so on. Organizing classes to teach how to make organic coffee drinks is also a great idea to be closer to the customers, especially those who are interested in the arts of coffee and the eco-friendly lifestyle. By carrying out these projects, or simply providing space for these projects to happen, the café will be able to validate its values and commitments.

4.5.4 Thorough staff training

The marketing plan also includes a careful training programme for the staff. Working in a café, except barista skills, requires many different social skills: communication, customer service, teamwork, sales and more. Coffee shop staff should also have quality such as patience, wit and reflection. Staff training should support the employees to acquire these skills.

It is also vital to equip the staff with knowledge and information on green coffee, environmental impacts of the coffee industry, and most importantly the source

and authenticity of the green café's supplies. In addition, staff training should be regular, either weekly or monthly. This practice would ensure the staff always up to date with the directions of the café and continuously improve their relevant and needed skills and knowledge.

4.5.5 Loyalty Cards

In a highly competitive market like coffee shop business with little barrier for customers to change from your shop to your competitors as well as other substitutes, it is most important to establish and maintain customers' loyalty. As mentioned above, customers do tend to have favourite cafes for them to go back to many times, which gives hope to the green café.

How to ensure that customers would go back and purchase our products? One of the easiest yet effective strategies is to have loyalty cards. These cards, when designed well with eye-catching or high-class-looking decoration which would look good in the customer's wallet, would help to remind customers about your shop and keep them coming back. A buy five get the sixth one free card would definitely be accepted and appreciated by customers.

4.5.6 Transparency and Honesty

The last optional question in the survey was "*What does the coffee shop need to do to prove to you they are honest about their products' origins?*". In responding to this question, many participants said that they doubted the authenticity or honesty of this information even when the coffee shop tries to show them. Indeed, many businesses take advantage of the health and environmental consciousness of the customers and claiming to be using organic, fair-trade ingredients purely as a marketing strategy.

That is the reason why a new green café needs to find a way to show its sincere commitment to the environment and fair trade. In answering the questionnaire, several respondents actually came up with great ideas, including displaying photos and videos of the coffee's origin and process; showing the contacts between the coffee shop owner and the farmers; or having samples of the coffee beans

and allowing customers to smell them. All of these strategies need to be done in an honest and authentic way. Moreover, it is also important to ensure this information is delivered in a simple, interesting and convenient way, avoiding taxing customers with too much and unnecessary statistics. Telling a story of the coffee bean from the farm to the cups the customers are holding in their hands is a great tactic to engage and evoke emotional feelings of customers, which would potentially bring them back to the shop.

4.5.7 Customer and value orientation

Above all the mentioned strategies, it is most crucial for the green café to direct its operation towards customers and values. Why green café? It was chosen not only as an intriguing theme for a successful, well-sold café, but rather to express the concern towards environmental issues as well as to commit itself as part of the solution for these issues. It is critical to remember this along the preparation and operation of the café. It is the foundation upon which the green café is to be built, thus it should be shown in every single aspect of the shop.

5 CONCLUSION

Opening and running a coffee shop could be seen as a simple and safe business. However, it is also the reason of high competition. In a robust and busy market as South Korea, coffee shop business has become part of the country's culture, expressing various aspects of life.

It can be concluded that opening a green café around the area of Chonnam National University, Gwangju, is feasible and have potential to generate good revenue and profit. It is a still rare concept with few direct competitors for the niche market of green coffee product, while the demand is on the rise, given the increasing awareness of customers, particularly student customers, on environment and ecology. In a robust market of café business in South Korea, in which customers are always curious to try new things, a green café is likely to draw attention from the start. More than that, it is likely to be one of the pioneers in the new trend of green, environment-friendly products, which are becoming more and more attractive to a larger number of consumers.

The study as a market analysis and marketing plan for a new green café presented interesting characteristics of Korean coffee market and its customers. It also proved the importance of conducting a thorough research to gain the best understanding of the market. As a conclusion, it is vital to accumulate the answers for five main questions of customer analysis: "who", "when", "where", "what", and "how", which are demonstrated in Table 1, based on the results of the data analysis.

WHO	University students
WHEN	Monday – Friday: 10.am – 10.pm; Saturday – Sunday: 12.pm – 10.pm, closed on Tuesday
WHERE	Front Gate area, Chonnam National University, Gwangju campus
WHAT	Drinks, deserts, space, atmosphere, experience
HOW	Green, eco-friendly, value-oriented, honest and transparent

TABLE 1. Five customer analysis questions for the green café

It is the general direction for the green café based on the research's analysis as well as previous studies. It provides a concise and easy to understand overalls of the green café, and thus contributing to the success of the café in the future.

The research provides the commissioner with various benefits: a thorough understanding of the market, a guideline for marketing, and a general direction that the green café could follow. In addition, the insights provided by the research is hoped to be useful for other purposes of understanding Korean and Gwangju market and consumers.

However, the thesis was a pre-plan before the starting of the coffee shop, which meant that it did not have an existing business to analyse, but rather an imagined café with visions and strategies to be used in the future. Therefore, it was difficult to investigate the situation, strengths and weaknesses of the actual business. All of the analyses were based on speculations of the commissioner and the thesis writer for the future coffee shop. It is hoped that there will be more in-depth studies in the future on the results and evaluation of the marketing plan.

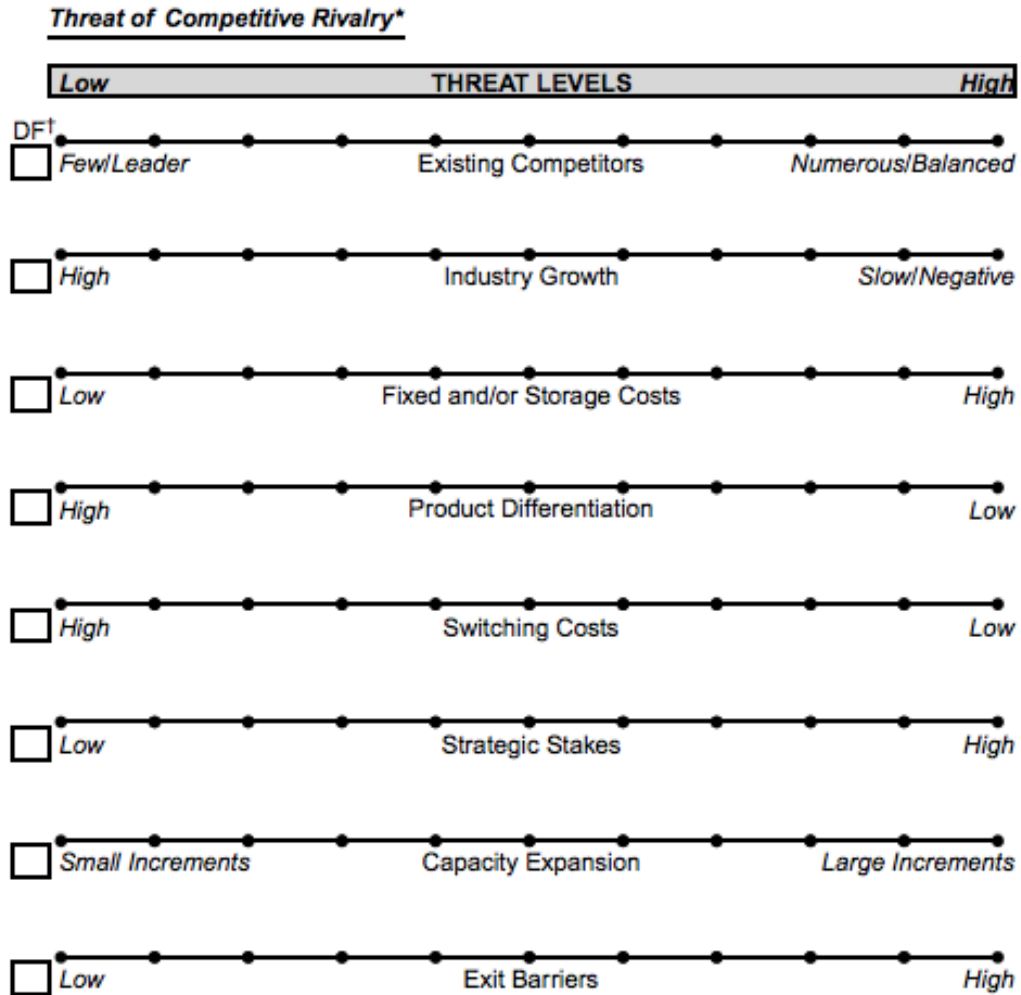
REFERENCES

- Choi, J. H. Focus on conservation: Korean Federation for Environmental Movement in Gwangju. Gwangju News. Updated on 17.07.2015. Read on 03.12.2019. <http://gwangjunewsgic.com/community/green-korea/focus-on-conservation-korean-federation-for-environmental-movement-in-gwangju/#comments>
- Choi, J. W. 2019. S. Koreans use social media more for entertainment than communication: survey. Read on 22.11.2019. <http://www.koreaerald.com/view.php?ud=20190722000802>
- Choi, Y.-J., Lee, J.-H., & Kim, S.-Y. 2012. Influence of Interior Design Elements on Spatial Satisfaction and Preference for Coffeeshop Space. Korean Journal of Air-Conditioning and Refrigeration Engineering, 24(4), 364–375. <https://doi.org/10.6110/kjacr.2012.24.4.364>
- Chong, Z. 2018. South Korea gets super-duper fast internet. CNET. Read on 04.12.2019. <https://www.cnet.com/news/south-korea-gets-super-duper-fast-internet/>
- Chosun ilbo. 2006. Shallow Girls and the Men Who Love to Hate Them. Read on 21.11.2019. <http://english.chosun.com/w21data/html/news/200608/200608040017>
- Clow, K. & Baack, D. 2010. Marketing Management. California: Sage.
- Dobbs, M. 2014. Guidelines for applying Porter's five forces framework: a set of industry analysis templates. Competitiveness Review, 24(1) 32-45.
- Fleisher, C. & Bensoussan, B. 2015. Business and Competitive Analysis: Effective Application of New and Classic Methods.
- Jang, Y. J., Kim, W. G., & Lee, H. Y. 2015. Coffee shop consumers' emotional attachment and loyalty to green stores: The moderating role of green consciousness. International Journal of Hospitality Management, 44, 146–156. doi:10.1016/j.ijhm.2014.10.001
- Jung, J. Y. 2013. 커피 전문점 선택속성이 재방문의도에 미치는 영향: 브랜드 신뢰의 조절효과. 디지털융복합연구, 11(11), 289–304.
- Kang, J., Tang, L. & Bosselman, R. 2011. Changes of Coffee Consumption Behaviors in Korea: The Effects of Image Congruity Toward Brand Name Coffee Shops on Customer Attitude and Repurchase Intention. Apparel, Events and Hospitality Management Conference Proceedings and Presentations. Houston.
- KBS. 2019. S. Korea to Ban Use of Paper Cups, Add Take-out Fee to Reduce Waste. Read on 01.12.2019. https://world.kbs.co.kr/service/news_view.htm?lang=e&Seq_Code=149550

- Kim, J. Y., Kim, H. J., & Kim, C. M. 2009. The Influence of Service Elements on Customers' Emotion and Loyalty - Focused on Specialty Coffee Shop Customers (커피전문점 서비스 요소가 고객의 감정 및 충성도에 미치는 영향). *Culinary science and hospitality research (한국조리학회지)*, 패 | 15 (1), 271-286.
- Kim, T. 2009. Too many cafes? Read on 21.11.2019. http://www.koreatimes.co.kr/www/news/biz/2010/01/123_56859.html
- Kotler, P., Cunningham, M. & Keller, K. 2008. A framework for marketing management. Toronto: Pearson Prentice Hall.
- Lee, C. 2018. After plastic-cup ban in cafes, some Koreans are 'fed up' with the new rule. *Korea Herald*. Read on 01.12.2019. <http://www.koreaherald.com/view.php?ud=20180816000659>
- Morden, T. (ed.) 2007. Principles of strategic management. London: Ashgate.
- Ock, H, J. 2019. [From the scene] Koreans join global climate protest. *Korea Herald*. Read on 02.12.2019. <http://www.koreaherald.com/view.php?ud=20190921000066>
- Park, Y. S. & Lee, Y.G. 2010. Korea is coffee paradise. *Citylife*, 18-23.
- Song, J. 2014. The Soybean Paste Girl: The Cultural and Gender Politics of Coffee Consumption in Contemporary South Korea. *The Journal of Korean Studies*, 19(2), 429-448.
- Sung, S. H. 2018. World Coffee Portal. Read on 1711.2019. <https://www.worldcoffeeportal.com/Latest/InsightAnalysis/2018/The-culture-behind-South-Korea-s-coffee-shop-boom>
- Vanharanta, H., Kantola, J., & Seikola, S. 2015. Customers' Conscious Experience in a Coffee Shop. *Procedia Manufacturing*, 3, 618–625. doi:10.1016/j.promfg.2015.07.283

APPENDICES

Appendix 1. Michael E. Dobbs' (2014) complementary template for Porter's Five Force Model



THREATS	
1.	
2.	
OPPORTUNITIES	
1.	
2.	

(continued)

Notes: *Rivalry necessitates price cuts, new product development, advertising campaigns, service improvements depending on the intensity and basis of competition between rival organizations; †DF – driving factors of industry dynamics to be indicated with check marks

Threat of Substitutes*()

THREAT LEVELS	
<i>Low</i>	<i>High</i>

DF† *More Expensive* Price/Indirect Costs *Less Expensive*

Low Buyer Price Sensitivity *High*

Lower Performance *Higher*

High Buyer Switching Costs *Low*

Risk Avoidance Buyer Profile *Risk Seeking*

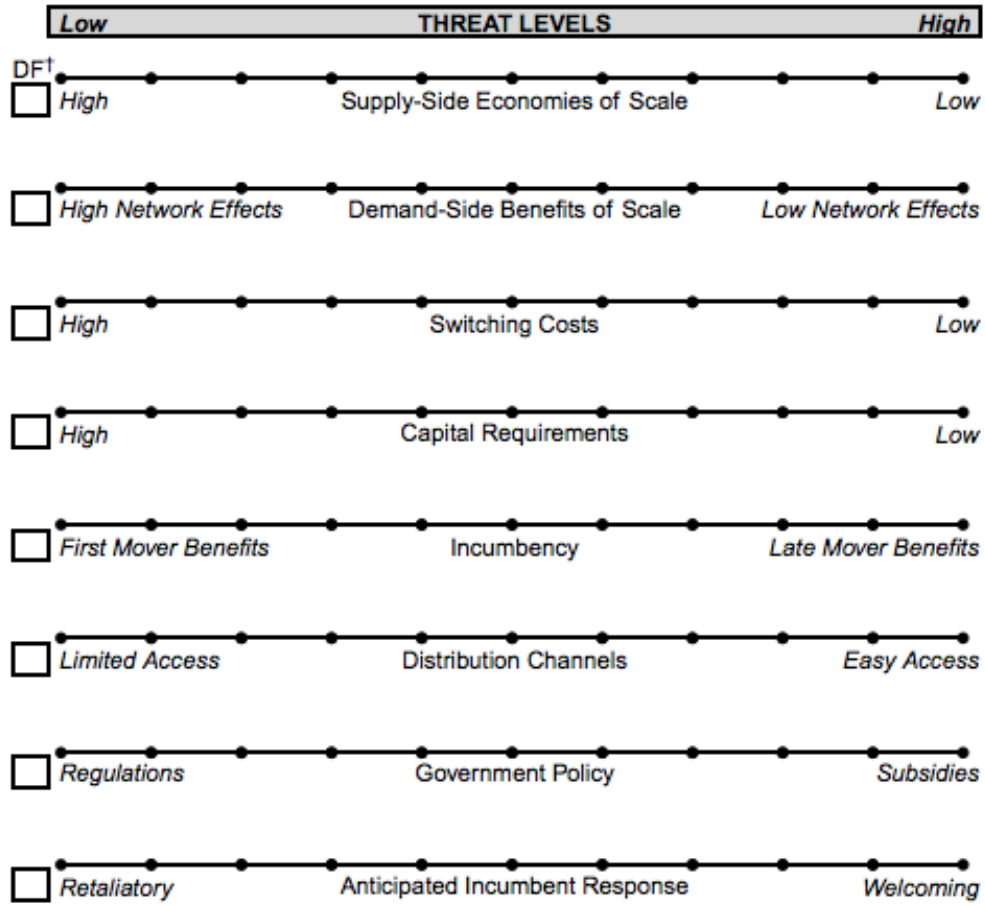
↓ *Cost, ↑ Performance* Substitute Industry Price/Performance Trends ↓ *Cost, ↑ Performance*

THREATS
1.
2.
OPPORTUNITIES
1.
2.

(continued)

Notes: *Substitutes perform the same/similar function as products of the industry but by different means. Viable substitutes place a ceiling on prices and drive up costs related to product performance, marketing, service, and R&D; †DF – driving factors of industry dynamics to be indicated with check marks

Threat of New Entrants*

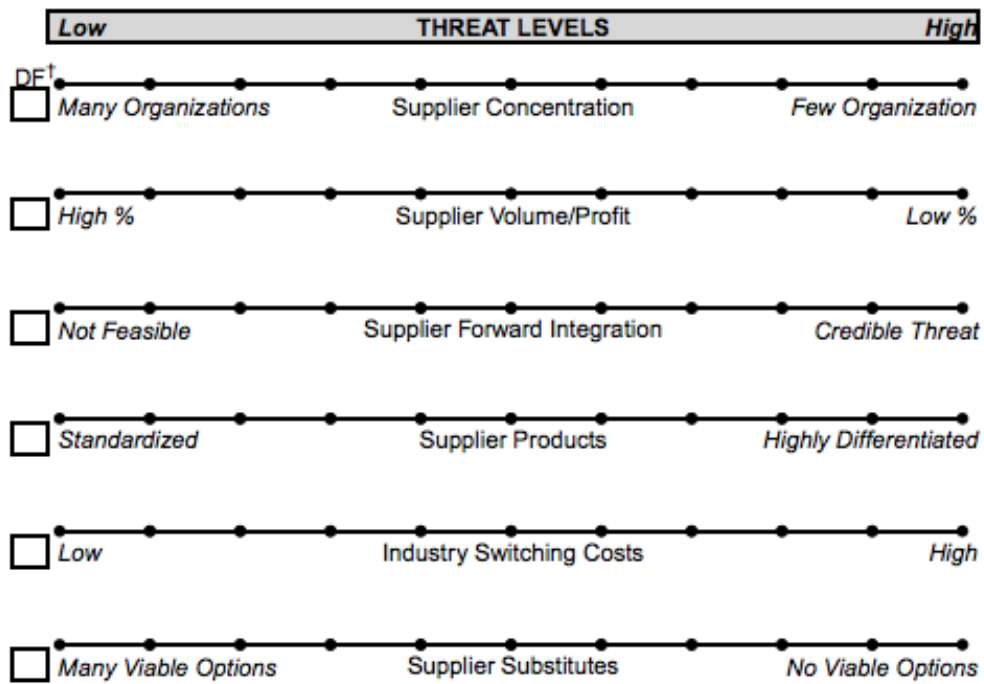


THREATS
1.
2.
OPPORTUNITIES
1.
2.

(continued)

Notes: *The threat of new entry puts downward pressure on prices, and upward pressure on costs/rate of investment necessary to keep new entrants out of the industry;
 †DF – driving factors of industry dynamics to be indicated with check marks

Threat of Suppliers/Supplier Groups* (_____)



THREATS
1.
2.
OPPORTUNITIES
1.
2.

(continued)

Notes: *Powerful suppliers charge higher prices, limit product/service features/quality, and/or shift costs to other industry players; †DF – driving factors of industry dynamics to be indicated with check marks

Threat of Buyers/Buying Groups* (_____)

Low THREAT LEVELS High

DF† _____

Single/Few Buyer Orders Large Volumes

Low Buyer Information High

Not Feasible Buyer Backward Integration Credible Threat

Highly Differentiated Industry Products Standardized

High Buyer Switching Costs Low

Low % Overall Buyer Costs High %

High Profits Buyer Profitability Operating Losses

High Impact Buyer Product/Service Low Impact

THREATS	
1.	
2.	
OPPORTUNITIES	
1.	
2.	

(continued)

Notes: *Powerful buyers (the first five) and/or price sensitive buyers (the last three) force down prices, demand better quality/service, and play competitors off one another; †DF – driving factors of industry dynamics to be indicated with check marks

Appendix 2. Questionnaire

Market Survey in Gwangju

This survey aims to understand the demands and preferences of coffee shop customers in Gwangju City, South Korea.

Gender 성별

- Female 여성
- Male 남성
- Other 그 외
- Option 4
- Option 5

Age group 연령대

- Under 20 세 미만
- 21-30
- 31-40
- 41-50
- Over 50 세 이상

Educational level 교육수준

- High school graduate or below 고등학교 이하
- College or university 대학교
- Graduate school 대학원

Occupation 직업

- Student 학생
- Professional 전문직
- Managerial 경영·관리직
- Sales 영업직
- Housewife 주부
- Other: _____

Monthly income 월급

- Less than 500,000 50만원 미만
- 500,000-1,000,000 50만원 - 100만원
- 1,000,000-1,500,000 100만원 - 150만원
- 1,500,000-2,000,000 150만원 - 200만원
- More than 2,000,000 200만원 이상

How often do you go to a cafe? 얼마나 자주 카페를 방문하시나요?

- Almost everyday 거의 매일 방문
- Once or twice per week 일주일에 한 두번 이상 방문
- Once or twice per month 한 달에 한 두번 이상 방문
- Rarely to never 거의 안 감 또는 전혀 안 감

What do you often go to cafes for? 어떤 목적으로 카페를 방문하시나요?

- To have a nice cup of coffee 맛있는 커피, 차를 마시고 싶어서
- To have fun with friends 친구들과 재밌는 시간을 보내기 위해서
- To study or work 공부하거나 일하기 위해서
- To enjoy the atmosphere 카페의 분위기가 좋아서
- To take photos and selfies 사진이나 셀카를 찍기 위해서
- Other: _____

What type of cafe do you prefer? 어떤 카페를 선호하시나요?

- National or regional chain (such as Starbucks, Hollys...) 체인점 (스타벅스, 할리스 등등)
- Local, family cafe 개인 카페

How long do you often stay in a cafe? 카페에 얼마나 오래 머무시나요?

- I often take away 테이크아웃해간다
- No more than 1 hour 1시간 이하
- 1 -2 hours 1-2시간 이내
- More than 2 hours 2시간 이상

What do you most care about when visiting a café? Choose top 5. 카페에 방문할 때 가장 중요하게 생각하는 점은 무엇인가요? (5개 선택)

- The quality of the drinks 음료의 맛
- The selfie corners 좋은 셀카 장소
- Green image 친환경
- Nice music 카페 내부 음악
- Beautiful interior 카페 인테리어
- Comfortable seats 좌석의 편안함
- Good location 카페의 위치
- Cheap price 저렴한 가격
- Quiet atmosphere 조용한 분위기
- Customer service (nice staff) 직원의 친절함
- Opening hours 영업시간
- Good Internet connection 와이파이 연결
- Other: _____

Do you have a favorite coffee shop in Gwangju? If yes, what is it? 광주에서 가장 좋아하는 카페가 있나요? 있다면 어디인가요?

Your answer _____

Do you think being environmental-friendly is one of the criteria for a good coffee shop? "친환경" 요소가 카페에 있어 중요한 요소라고 생각하시나요?

- Yes 그렇다
- No 아니다
- Maybe 잘 모르겠다

Would you prefer a coffee shop using mugs and cups than one using disposable cups? 일회용컵 대신 머그잔을 쓰는 카페를 선호하시나요?

- Yes 그렇다
- No 아니다
- Maybe 잘 모르겠다

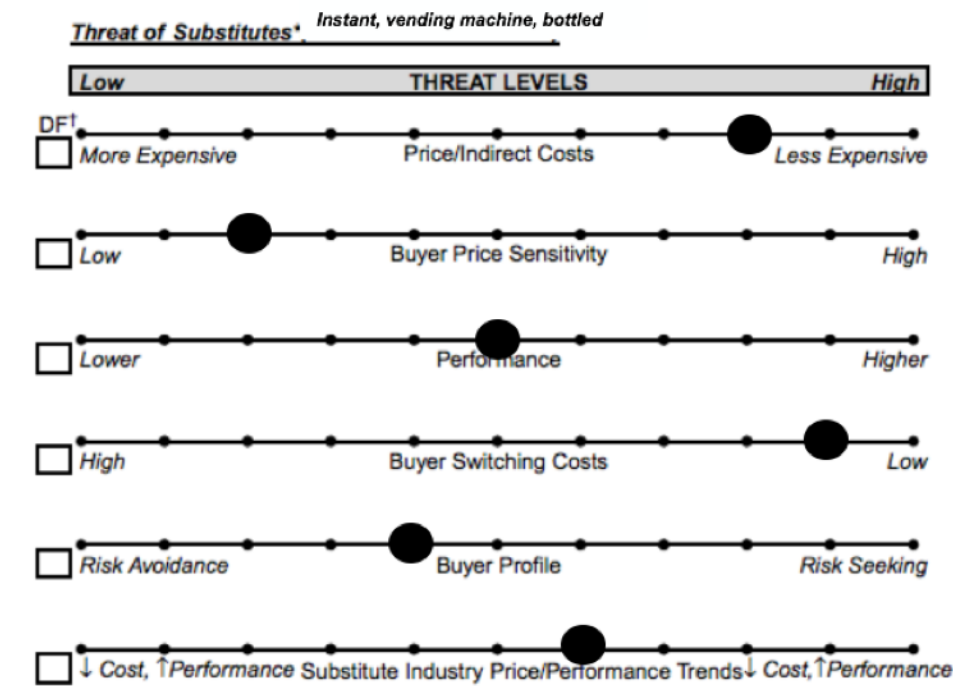
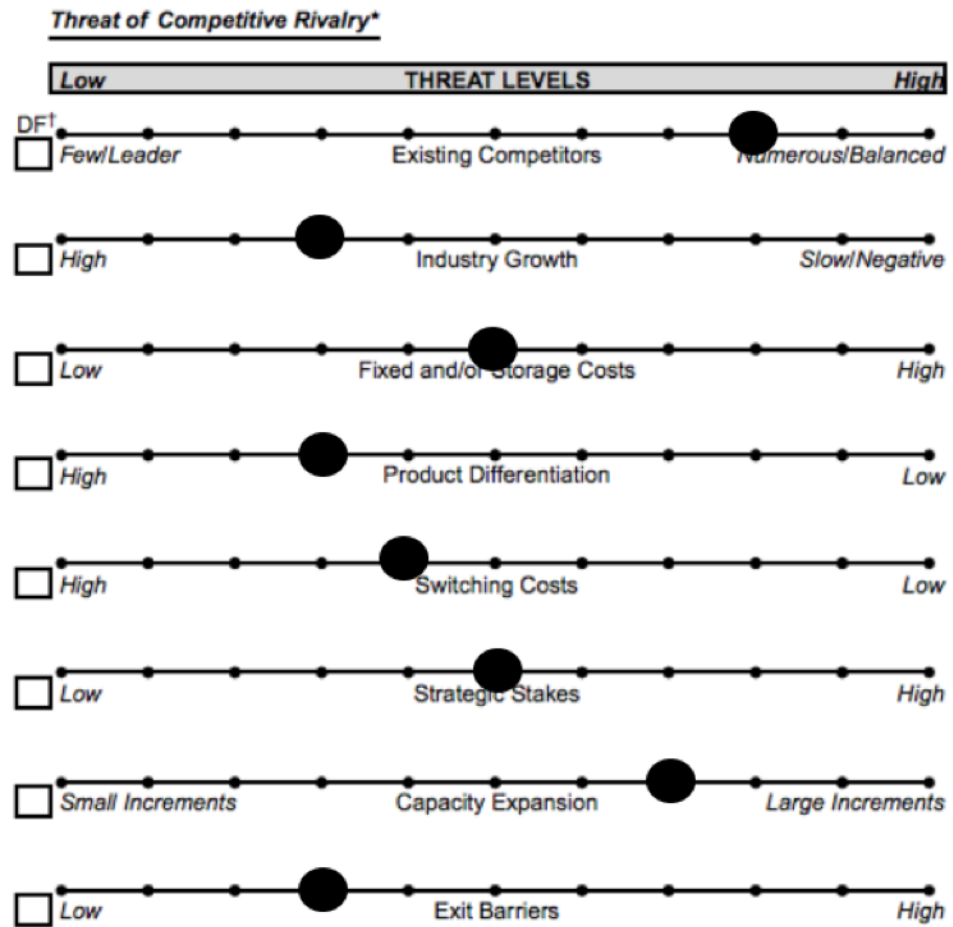
Are you willing to pay more if the drinks are organic and natural? 음료에 유기농 재료를 쓴다면 값을 더 지불하실 수 있나요?

- Yes 그렇다
- No 아니다
- Maybe 잘 모르겠다

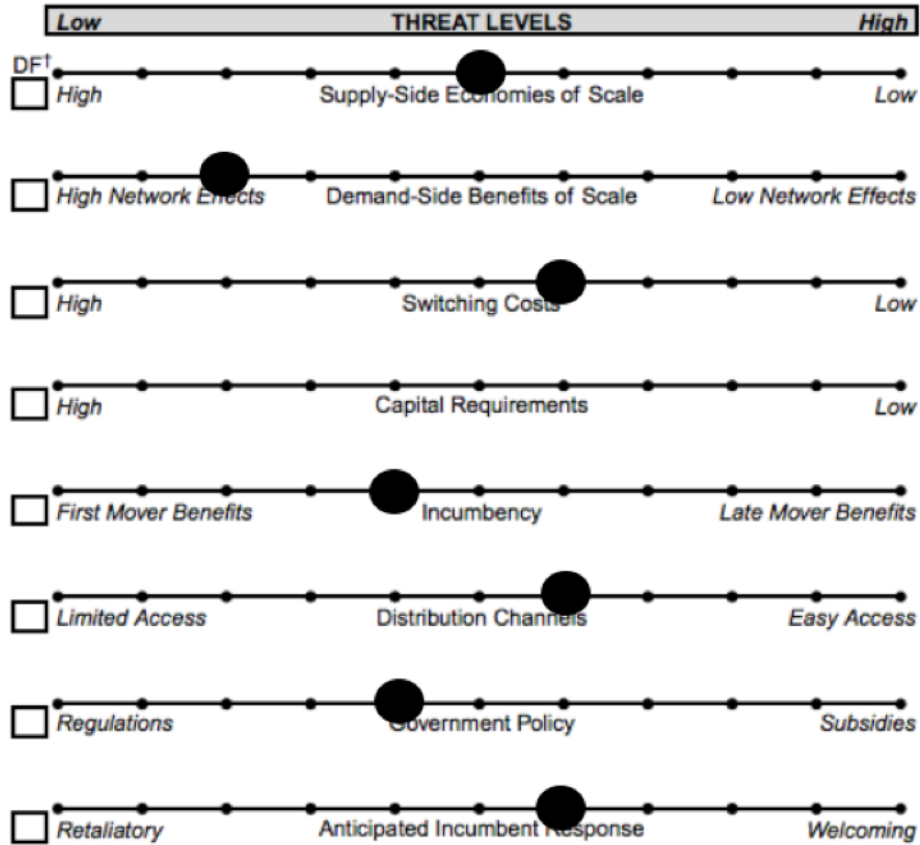
(Optional) What does the coffee shop need to do to prove to you they are honest about their products' origins? (선택사항) 원재료에 대해 정직하게 밝히는 곳이라면 소비자에게 어떻게 증명할 수 있다고 생각하시나요?

Your answer

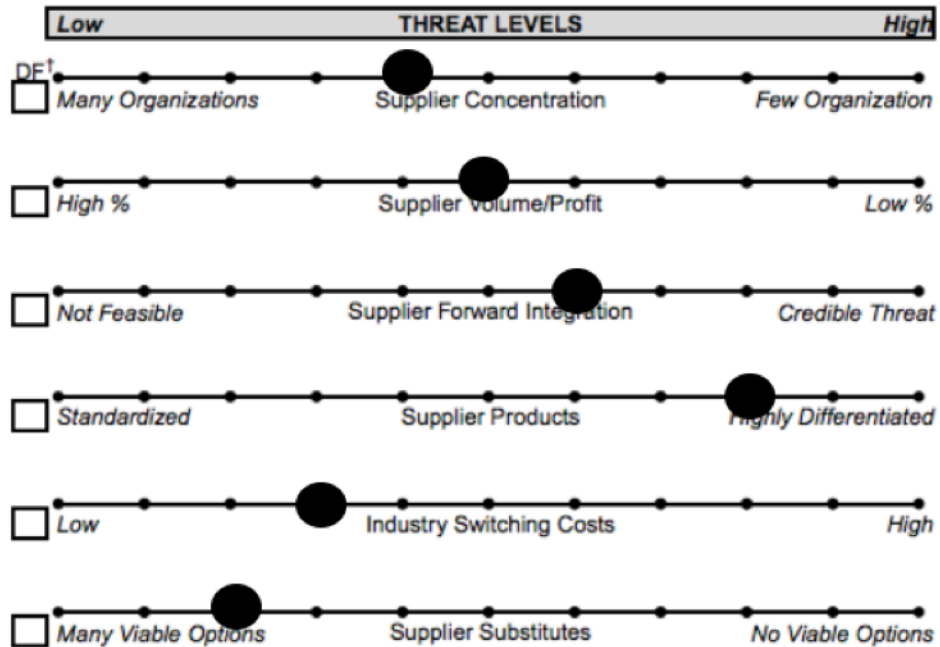
Appendix 3. Dobb's template applied to the coffee shop



Threat of New Entrants*



Threat of Suppliers/Supplier Groups* ()



Threat of Buyers/Buying Groups (University students)*

