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**ENGAGING GENERATION Z CUSTOMERS IN COFFEE HOUSE
INDUSTRY**

Comparative analysis of the Vietnamese and Finnish markets

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ABSTRACT

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<p>This thesis concentrated on finding and analysing generation Z customers' characteristics in coffee house industry, and on how to engage them into the services offerings and operation. Generation Z is expected to play an important role in all lines of industry as a promising group of customers, especially so for the coffee business. The thesis aimed at giving managers or senior officers a general view of generation Z customers' behaviour during the purchase to pay process. By having a deep understanding of generation Z customers' demands, companies can revolutionize customer relationship management and maximise business revenues costs and profits.</p> <p>The theoretical part was divided into two sections: the description of generation Z and the coffee house industry in Vietnamese and Finnish markets. There were key elements that further clarify and support the main idea of how to retain this customer classification. In addition, the empirical study was a qualitative research with a semi-structured interview method. The interviewees were two managers with more than five years' experience in the coffee house service and two customers representing generation Z. The final result expressing the theory was given and integrated in the theoretical section.</p> <p>In conclusion, generation Z was regarded to be the heart of most industries and businesses. It contributed as a primary part in demographic structure. Therefore, people belonging to this group generate new and dominant trends in the overall consumption. They can be considered as decision-makers who could manipulate the lifespan of the trends they themselves create. The behaviour of</p>		

ABSTRACT

generation Z has strongly influenced the coffee business, forcing them to make a profound impression during the customer engagement process. In the practical research, all participants were conscious of the role of generation Z in coffee house industry and all of them have their own opinions in giving better experiences for generation Z. From both interviewees' perspective, generation Z not only analyses what it buys, but also assesses consumption.

Key words

coffee house, coffee industry, digital natives, generation Z, iGeneration.

ABSTRACT

CONCEPT DEFINITIONS

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1 INTRODUCTION

Coffee is often viewed as being the favourite beverage in the world (Zegrahm 2020). The most reliable evidence of using coffee was found in the 15th century, when humans got used to coffee instead of water and wine (Milos 2010). Presently, coffee shops are deemed as the place for people to study, work, and relax. The development of the coffee house industry has created a new service experience for the young generation, the so-called generation Z.

The report analyses the characteristics of generation Z coffee customers and the coffee business itself in the Vietnamese and Finnish markets. It also illustrates how coffee business developed according to the customer needs. Generation Z has brought inspirations for many innovations in the Vietnamese and Finnish coffee housing. Recent years in Vietnam, the clean coffee and the organic coffee have been strongly developed in the coffee market. Meanwhile, in Finland, the in-store roasted coffee has been welcomed warmly by the young generation.

Besides that, the article also provides insight into the generation Z customers' behaviours to the coffee house service in the era of 4.0 industry. Nowadays, generation Z can easily get feedback and information from their phones. Service experience is the first element that creates customer relations. The service department is the factor that businesses look toward developing. The objective of this thesis is to answer the research question: Why do coffee trading companies have to attract generation Z with attractive marketing?

This thesis provides a case study of Nescafé, a coffee brand that belongs to Nestlé, to demonstrate the strong influence of the generation Z customers toward the coffee industry. The case company presents a clear view of developing a reasonable business strategy to fascinate customers of generation Z. The idea has been self-researched with the writer's knowledge of Customers Relationship Management (CRM), and no hypotheses were applied during the research.

To emphasize the value of this thesis, the qualitative approach was applied, as that was decided to be the most appropriate method. Statistics and figures from different sources were collected and added to this research so that the work would be more persuasive and practical. Through conducting interviews with the position holders in the same fields, the results have brought many surprises. Many development ideas, advices, and solutions were provided during the interviews.

The structure of the research contains of two main parts, the theoretical part and the empirical part. The theoretical part is researched using secondary data from bachelor's theses, research articles, reports, and articles. The empirical section includes both primary data and secondary data. The primary statistics is built based on the author's observation through a survey which is the coffee drinking habits of Vietnamese youth, and interviews with people having experience in the coffee house field. Meanwhile, the secondary data is gathered from reports and other empirical articles. This thesis can be considered as reference material or a reading source for any individuals who share common interests, or organizations which develop the CRM department.

2 GENERATION Z

With the rapid development of business, customers become an essential factor in contributing to the companies' revenues, cost and profits. However, not so many businesses have really understood the expectation of the customers in the services. Especially when it comes to customers who belong to the age group of young generation from 10 to 25 years. Once the customers' characteristics and behaviours are derived, the businesses are able to develop the customer relations stronger. In this chapter, the definition of generation Z, and the influence of generation Z customers toward the service industry will be discussed.

2.1 The definition of the generation Z

Generation Z is defined as a demographic group following the Millennials, also known as Generation Y. The iGeneration (iGen), and Digital Natives are other suggestions to imply Generation Z (Rouse 2020). Generation Z is the largest generation ever in human society. Almost 30% of the world's population, accounting for more than 2 billion people, belong to generation Z. By 2025, it is predicted that the generation Z will make up 27% of the workforce (McCrindle 2019).

Generation Z was born from the middle of the 1990s to the early 2000s. This was a period of escalated development of information technology and internet network. Internet technology advances significantly affect this generation. The iGeneration can look for information instantly and effortlessly (Piletic 2017). According to an article, 59% of 400 generation Z surveyors feel happy when using technology equipment (Stein 2019). The iGeneration spends 2 hours 55 minutes a day on social media on average (Viens 2019). Generation Z prefers to collect information on many perspectives such as environment, lifestyle, and social issues (Williams 2020).

This generation also possesses ingenious public speaking and communication skills. Generation Z can easily stand by themselves and express their potential aspirations. Along with extensive knowledge about the world and the environment, generation Z desires to create a better world. The environment protection speech of the Swedish girl, Greta Thunberg, is an evidence for generation Z standing up to protect the climate as well as the environment (Perna 2019).

Generation Z is a different and more innovative generation compared to the previous generation. From the customers perspective, generation Z has less loyalty to brands. They are eager to try and experience new products, goods, and services. A generation Z is willing to turn to other brands that offer more attractive and better products (Brands Vietnam 2018). Value for generation Z customers might be different. Generation Z expects the sellers to understand their shopping behaviour during the purchasing process. They want their experience to be customized. Generation Z manages activities through applications and network. According to CMO, a home and lifestyle retailer, Generation Z wants everything to be available 24/7. As a result, it creates more challenge for businesses as a whole (IBM Institute for Business Value 2017).

Generation Z has become accustomed to using mobile devices since childhood, so, there is no surprise that generation Z spends most of their time on social media. However; generation Z has less interest in online advertisements when watching videos. Generation Zers are ready to turn off or skip ads as soon as possible. The ad-blocking function of the application pages has been activated to avoid the disturbance from the online advertisements (Handley, 2017). This action prevents the businesses to impress their attention through such way of marketing and advertising.

2.2 The generation Z in the era of 4.0 industry

The fourth Industrial Revolution is for automation and data exchange in production technology. It includes physical networking, internet of things, cloud computing (Electronics media 2017). During the development of technological world from 2000s, generation Z is expected to be the main customers in all lines of business (Pankowski & Connection 2019). Acknowledging the technological benefits, they enjoy it to high degree. Such context generates an opportunity for businesses to reach this customer segmentation easily by exploiting the current tech-relevant advancement.

2.2.1 The adaption and innovation of young generation in era 4.0

Generation Z was born and has been raised in the world of the internet (Molla 2019). As citizens of the digital era 4.0 industry, generation Z has a different perspective on the working style. They are multi-taskers who are able to conduct many different activities at the same time such as chatting with many people, doing many things simultaneously, and getting immediate feedback. In fact, generation Zers

have a fast and flexible mindset in a professional environment. Many analysts think iGeneration's connectivity feature leads to the e-commerce boom. The generation Z behaviours have promoted the advancement of e-commerce (Smith 2015).

Facebook is one of the most popular social networking sites in the world (Clement 2020). However, the generation Z users are leaving the platform increasingly. An article in the Business Insider reported that 36% of generation Z respondents admit the platform of Instagram is a more favourite choice than Facebook (Hamilton 2019). The reason that makes generation Z to leave Facebook and turn to Instagram is that Instagram has more pictures with a layout that is easy to follow. The configuration of Instagram supports generation Z in finding new and trendy products easily (Hamilton 2019). This should be treated as an effective channel to connect with this group of customers. Businesses are currently more conscious about the content creation on Instagram, especially the food and beverages industries.

Since birth, generation Z have acquainted themselves with internet networking, digital entertainment and technology devices. Generation Z continually utilizes social media. It is understandable that many generation Z are comfortable with influencers and become a part of influencers. TikTok is launched in September 2016 is a Chinese social video platform. Influencers can easily share videos and streams with the viewers. The TikTok users can interact with followers through the comments. The viewers can donate to influencers virtual currency, which can be purchased in-app with fingerprint ID or facial recognition. As influencers, they deliver great performance to their community. As a result, it contributes greatly to the brand awareness and loyalty retention which may intelligently generate significant amount of benefits for the business. Generation Z is leading the tech entertainment trend. Digital native gamers have inspired the online entertainment company to develop their products in recent years. The prime example is how Sony online gaming company has changed to adapt their customers. Before 2000, there were only limited players were allowed to play in a single room. However, with the release of PlayStation 2, unlimited people could fit the game allowing gamers to get connected around the world. The development of Sony's product has made a major impact to the gaming entertainment industry. 68% generation Z males agree that games are a part of their personal identity (Wallace 2019).

2.2.2 The expectation of generation Z toward customer services.

Customer service plays an important role in brand loyalty. The satisfaction of the clients is the most effective way of contributing to the promotion of business. Generation Z cares about transparency and

customer's privacy policy. This section focuses on analysing the service conditions that mostly affect the experience of the young generation during the purchasing process.

2.2.2.1 Digital aspect of generation Z customers.

Digital services are an emerging approach to purchase products and consult customers through a smartphone or internet-connected device. The digital service method has been applied and developed to use for nearly two decades since 2008, when the technology has been revolutionized (McCrossan 2018). The production of digital services is created and adapted by the requirements of the customers. The convenience of digital services has supported companies in reaching and building new potential customer relationship. The payment via mobile phone or online wallet is one of the areas where any companies have been striving for development.

Nowadays, the e-commerce has become the most popular business. YouTube, Airbnb, Uber are among the developing e-commerce that do not own any assets. Customers research information from different sources before making buying decisions. The Chatbot is a software connected to Facebook Messenger. Chatbot is a pre-programmed artificial intelligence. The Chatbot is programmed four per seven to respond to customers as a messenger application (Rollason 2019). Chatbot is a convenient solution for businesses to serve their customers' inquiries. The sale service can support the customers' needs at any time. Furthermore, machine learning, which is a section of artificial intelligence, uses algorithms that allow computers to learn from data to perform tasks. Machine learning makes the best predictions about product users might like, to help businesses to optimize the revenue through cross-sale. The machine learning improves the users' purchasing experience through recommendation system that suits the users' needs perfectly. There are 85% of the generation Z customers searching for the feedback and review of the product before deciding to purchase the products (Piletic 2017).

E-commerce is highly favoured by generation Z customers; 75% of generation Z enjoy the online shopping. In the online shopping process, people have more time and private space to make purchasing decisions. Besides that, customers have more extensive choices products to buy and they can make a comparison between products. The promotion and accompanying gifts are also one of the reasons why generation Z customers spend more time shopping online. Online shopping is extremely suitable for busy people. Instead of wandering for hours in shopping malls, customers are able to purchase and

choose favourite products by just staying at home and be connected. This form of business has brought benefits to both customers and businesses. Customers have experienced new ways of buying products, while the businesses are able to promote the brand (Sweeney 2018).

iGeneration is always aware of security and prefer to use private social networking. Transparent purchasing policy and time convenience are probably among the most persuasive reasons explain the increase of online shopping in generation Z. Customers inquire about the safety and good security of their information. The story of Apple privacy policy is a prime example. The company requires all the application distributors to send necessary software data information to customers before having those applications installed. The main purpose is to secure the users' information and make Apps store a reliable application downloading platform (Liao 2018).

2.2.2.2 Physical and mental experience aspect of the generation Z customer

Physical and mental experience are rated highly in the service industry. There are two factors that bring a sense of comfort during the in-store purchase process for customers. The warm welcome is the first impression for all customers when entering the shop. During the in-store purchases process, customers feel more delighted and respected by the seller if they have a greeting word to customers. Service personnel is required to show friendliness, enthusiasm, and courtesy to all customers. There are several significant factors that affect the customer's loyalty and business profit. The good product introduction and well-located product distribution in store could be advantages that keep customers to come back. Besides, the kindness and friendliness of store seller that gives clients satisfaction may contribute to the customer loyalty.

Moreover, arranging items in a store creates an enjoyable shopping experience. Generation Z customers tend to come and buy items that has been listed. Young customers have less interested in products that do not meet their need. The product arrangement is essential to make cross-purchase and even up-purchase. The location of goods on the shelves needs to be studied in detail and considered carefully. The more noticeable the items, the more products can be bought. Many supermarkets nowadays organize products in a way that engages more purchases from customers. For example, they often put the important items such as the product are new or popular along the way so that on their customers journey to get their needed products, they might be unpersuaded to purchase some more items (Real Simple 2018).

In general, generation Z customers are different from other generations. Generation Z has a different vision about the world (Molla 2019). Over 50% of the young generation chooses organic food because generation Z acknowledge higher awareness of their health related to food intake (Gazdik 2019). They do care about health issues. This generation has a broader knowledge on healthy and organic products in comparison to the Millennials. There has been an increase in the number of organic products at the supermarket shelves and so do the number of generation Z customers purchase. As a result, businesses, especially organic-concentrated companies, should be able to understand the customer trends and behaviour.

Certainly, the coffee standard requirements of generation Zers are different. According to a survey from Beverage marketing corporation in cooperation with the college marketing agency called Fluent, 43% of generation Z students read labels before purchasing a cup of coffee (2016). The reason behind this is because of the ingredients in the coffee (Beverage marketing 2016). Although generation Z currently has a low income, as students and new workers, they spend much money on purchasing food and drink (Brands Vietnam 2018). Generation Z customers are willing to experience new products from any stores regardless of prices.

According to the 2019 Porter Novelli/Cone Gen Z Purpose Study has reported that almost 90% generation Z surveyors are concerned about nature and the planet (Conecomm 2019). Thanks to the environmental protection campaigns, many businesses such as McDonald's, Starbucks, Evian have minimized the usage of plastic-made products (Garcia 2018).

To sum up, products and services experience can positively affect customers' satisfaction and the engagement with the company. Customer service experience is increasingly essential because it is a part of important value chains of the business.

2.3 Generation Z reshaping the world's vision

“Gen Z provides digital leaders yet another great opportunity to bring new work styles, creativity, and fresh perspectives to the work in this area,” said Antonia Hock, global head of the Ritz Carlton Leadership Center (Overby 2019).

Generation Z is the first generation of the technology industry and digital equipment (Overby 2019). They hold the main role in creating an innovation chapter for society, politics, and investment. In other words, social justice, human values, and human rights have gradually become the goals that most generation Z considered as the purpose for their future life (Lamb 2018). Charitable activities and environmental protection activities easily attract the attention of generation Z. Generation Z redefine happiness, prosperity, and success. The iGeneration is also be expected to achieve great success in the fields of business and innovation.

According to mediakix by 2025 it is predicted that generation Z will become the largest population in the world accounting for 29% of the population (Mediakix 2018). Generation Z will soon become the part of which will affect world economics. A friendly and happy working environment is a primary requirement that the generation Z employees are looking for. However, it is said that flexibility is a reason that causes generation Z to switch their job frequently (Pelta 2019).

Generation Z own a more open social view than the previous generations. They are more likely to give positive view about the gender quality, especially in purchasing. For example, in order to meet the satisfaction of generation Z customers, many fashion brands have released products for the genderless such as the makeup products for non-gender by Mac Jacobs, the newest domestics male collection of Yves Saint Laurent, and the gender equality champagne “Chime for Change” by Gucci. These actions support of gender diversity throughout social media and in real life (Brands Vietnam 2019).

Generation Z is a unique segmentation with its unique portraits. They live for their own goals of being themselves, they fight for their values and their interest of development. Generation Z is expected to make a different world, the world of protecting the environment and humanity. Generation Z has been influenced by the generation Y and it has grown up in a technological climate. These factors resonate together, providing generation Z with a lot of potential in self-development and contributing to the development of the society.

3 COFFEE HOUSE INDUSTRY IN VIETNAM AND FINLAND

Vietnam is famous for coffee production and international coffee exports. Over the past decades, thanks to the development of Vietnam's coffee industry, investors and businesses have been increasingly investing in Vietnam. Particularly, Starbucks has expanded its business to the Vietnamese market. Less than 5 years after operating, Starbucks has more than 34 branches nationwide (Doanh 2018). Kaffa Roastery, La Torrefazione, and Johan & Nyström are businesses that operate a coffee roasting business model in Helsinki. Customers can enjoy the taste of roasted coffee at the coffee store. This coffee business model is well-received by Finnish people (Slurp 2018).

This chapter also demonstrates the influence of generation Z on the coffee service industry in Vietnam. In addition, the author partially explains how the coffee industry affects Vietnam's agriculture industry and Finland's coffee house business.

3.1 The coffee chain market in Vietnam for customers' experience.

In this section, the expansion of the coffee service industry to the customers will be presented. The customer service development in this field is indispensable. The differences of enjoying coffee between the Millennials and the generation Z are also illustrated. The traditional coffee service has been replaced to meet the customers' demand.

3.1.1 Strong penetration stage of coffee into Vietnam – particularly in Saigon

From the early 20th century onwards, coffee became more popular in the Vietnamese community. In the 1930s and later on, the Saigonese warmly welcomed the coffee stores. Over time, coffee became a part of Vietnamese life (Retro coffee 2017). Due to the influence of both Eastern and Western styles, two methods of brewing coffee in the market were used simultaneously in Saigon. The French used the filter, while the Chinese used a coffee racket to brew the coffee. Both methods produce their own distinctive coffee flavour. At that time, people often said that high-class coffee was French-style coffee, while racket coffee was more familiar to the working-class people (Nguyen 2015).

By the 1960s, Saigon's coffee industry entered an innovative period with the emergence of coffee filter. With the stir of coffee drops, the coffee filter has created a uniquely Vietnamese style compared to other coffee styles and flavours in the world. Over the years, the filter coffee has been seen as a representative Vietnam. (Retro coffee 2017). After the war in 1975, coffee in Saigon was still popular and became an unchangeable flavour. The coffee racket and filter coffee have created a new wave in the Saigon beverage market. Roasted soybeans have put together with the coffee beans in the process of making coffee to make the coffee blacker and more aromatic in order to meet the demand of Saigonese at that time (Nguyen 2015).

In the middle of 1996, many coffee companies began to open coffee chains such as Trung Nguyen Legend (Nguyen 2017). The coffee market becomes gradually more attractive and fuller of development potential. Since 2000, the city's economy has developed rapidly. As a result, many international coffee brands have entered Saigon such as Gloria Jeans Coffee, Coffee Bean, Angel in Us Coffee, Starbucks after 2007 (Nguyen 2015).

3.1.2 The coffee consumption between Millennials and Generation Z

Economic development affects the culture of drinking coffee. If the Millennials loved the taste and the aroma of coffee in the past, generation Z enjoys a cup of coffee also from the environment around – the decoration of the stores and the playing music themes (ThaoTTN 2020). The stores also focus on providing good service to attract generation Z customers besides product quality. Indeed, Generation Z spends hours at the coffee store to meet friends (Figure 1). They tend to choose a coffee store that meets their physical preference. In addition, they are thirsty for new experiences regardless of price and location. As a result, they are willing to pay more to gain better experience. Coffee has evolved in such a business climate. It is no longer a commodity for takeaway, but a combined feature for entertaining experience of the youth.

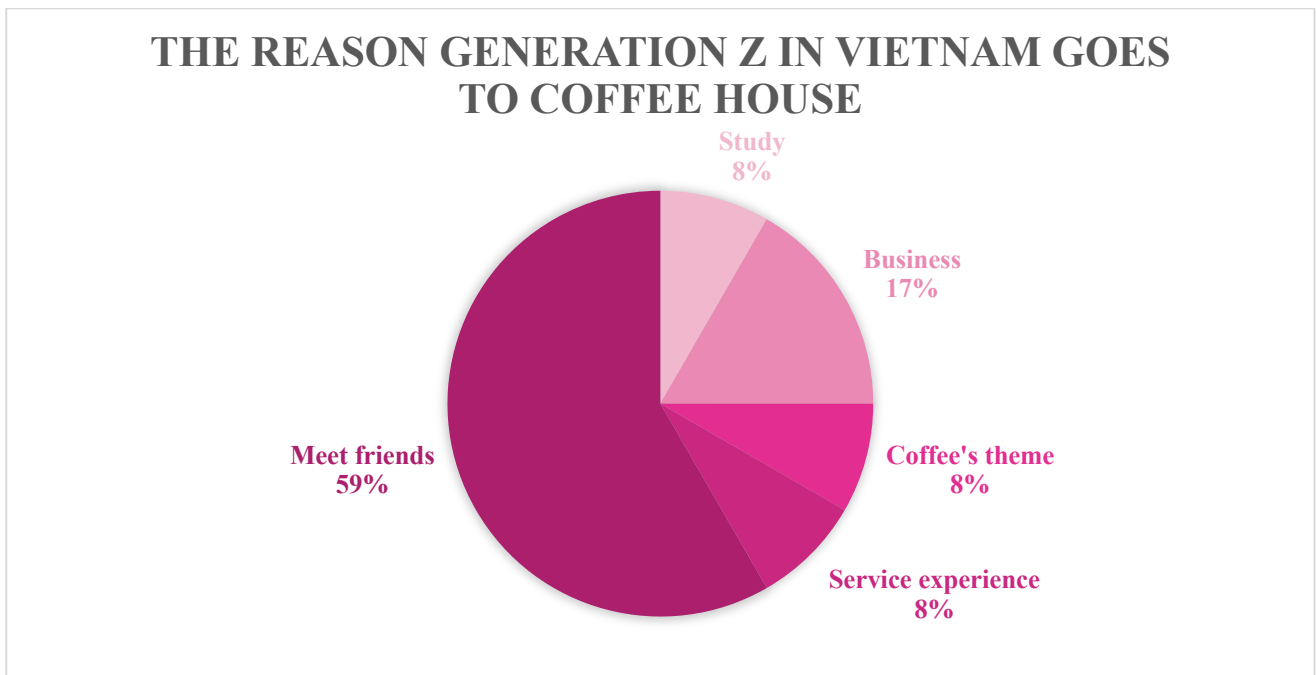


FIGURE 1. The reason generation Z in Vietnam goes to coffee house (Nguyen 2020).

Beside traditional coffee stores, the international factor is now presenting in Vietnam because of the rapid change in the coffee tasting preferences of the generation Z to Vietnam. McCafé, Starbucks, Highland, or the Coffee Beans brand have provided various choices for customers. The clients are able to choose their favourite ups among cappuccino, espresso, latte, or ice-blended coffee. The difference in coffee tasting preferences of generation Z is among the main reasons for the vast expansion.

3.1.3 The influence of the new young generation to coffee service in Vietnam

There were three waves of coffee in the world until now. The first one was in the 19th century with the introduction of instant coffee. The second started with high-quality specialty coffee at the store. And the third wave focuses on the product variation such as French Press, Syphon, Cold Brew, Chemex. Young customers are getting used to the flavour of coffee made by coffee machine.

Generation Z has become the target segmentation for this industry (Nguyen 2020). The majority of coffee businesses has upgraded and innovated their business models to meet the high demanding taste of customers (ThaoTTN 2020). Coffee shops seems to be an attractive place for people to have a break after a hard-working day. Vietnamese youth customers were reshaping the food and beverage industry in Vietnam in recent years. Typically, the appearance of many café stores, milk tea, and snack bars on

the street have proved the strong impact of youth generation on the food and beverage in Vietnam (Brands Vietnam 2018).

The words “clean coffee” or “origin coffee” are becoming an interest by young coffee lovers. There are many reasons for them to look for a clean coffee. The first reason is to protect health. And the second is to enjoy the true of taste coffee. Indeed, customers want to experience every essence taste of the coffee. In recent years, many coffee stores have coffee grinders directly showing the customers the coffee-making process. Therefore, with the in-store roasted coffee service, the business can build trust from the customer’s perspective as they can see the ingredients creating their coffee cup (Tuoi tre 2019).

In the same way of “clean coffee” is the traditional Vietnamese coffee style, generation Z customers can taste the origin coffee flavour. Young generation in Vietnam seems to still enjoy the old coffee style. A group of generation Z customers are loyal to some old Vietnamese coffee stores which are often placed in more quiet corners than the modern luxury famous coffee brands. As a result, coffee shops that follow this business style are very simple but bold engraving the old day of Vietnamese coffee style (Figure 2).

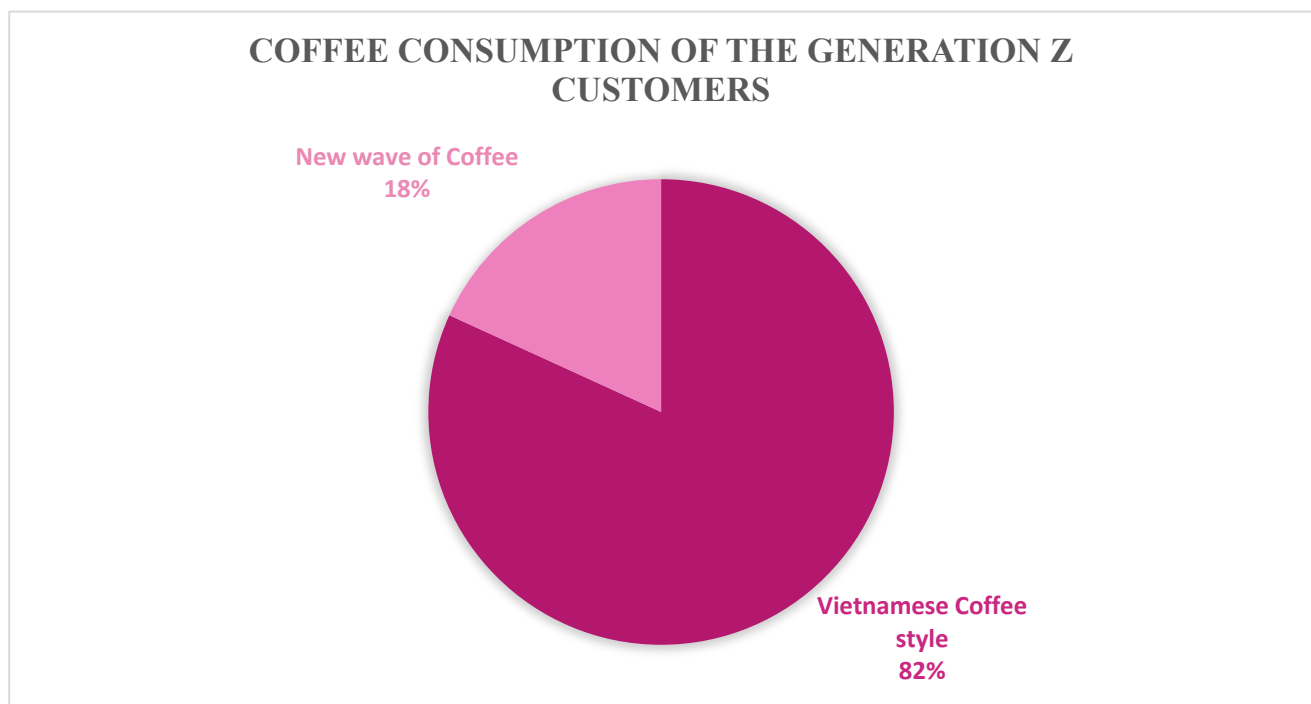


FIGURE 2. Coffee consumption of the generation Z customers (Nguyen 2020).

The generation Z customers have bought a new wave to the coffee house industry in Vietnam. Organizations have researched four main coffee styles that attract these new groups of customers. The Vintage-Retro style is a combination of nostalgia and modernity. Scandinavian style is designed based on the housing style in Northern Europe. The Industrial style brings a sense of creativity to the worker

while enjoying coffee in this style of background with the main colour of black and brown. The last model is the Modern style for those who love sophistication and simplicity (Phong cach moc 2019).

The young generation has created a new chapter for the development of the coffee house industry in Vietnam. Generation Z is seen as a potential customer that all industry lines are focusing on. With the strong influence of generation Z on the coffee sector in Vietnam, they are promising to bring new opportunities and orientations for the Vietnamese economy and Vietnam's coffee industry (Nguyen 2018).

3.2 Coffee consumption culture in Finland

Finland is known for its world-leading coffee consumption. Finns can enjoy up to 3 or 9 cups of coffee during a day (All things Nordic 2020). Most Finns start the day with a cup of coffee in the morning and another cup in the afternoon. Coffee is also considered as a drink in the evening for the elder to have a good night's sleep (Korhonen 2018). Coffee plays a significant role in Finnish's life; a cosy café can be easily found anywhere in the country. 80% of the coffee consumed is light roast. Coffee is consumed anywhere, at work, at home or even while walking on the street (Korhonen 2018).

3.2.1 The important of coffee in daily life

Coffee in Finland originated from Sweden and Russia. In the 17th century, coffee was at first a prolific beverage for the rich and the elite. During that time, coffee was also considered a medicine for health (All things Nordic 2020). In the next 100 years, coffee was welcomed and spreading throughout the country. In the 19th century, when alcohol was banned, coffee became an indispensable part of people's life. During World War II, coffee was scarce, and it was only sufficiently supplied by the end of the war (All things Nordic 2020). The consumption of coffee after the war has gradually turned Finland into the capital of coffee in the world. Finland has been consumed coffee more than Italy, France, and Spain people perceived (Figure 3).

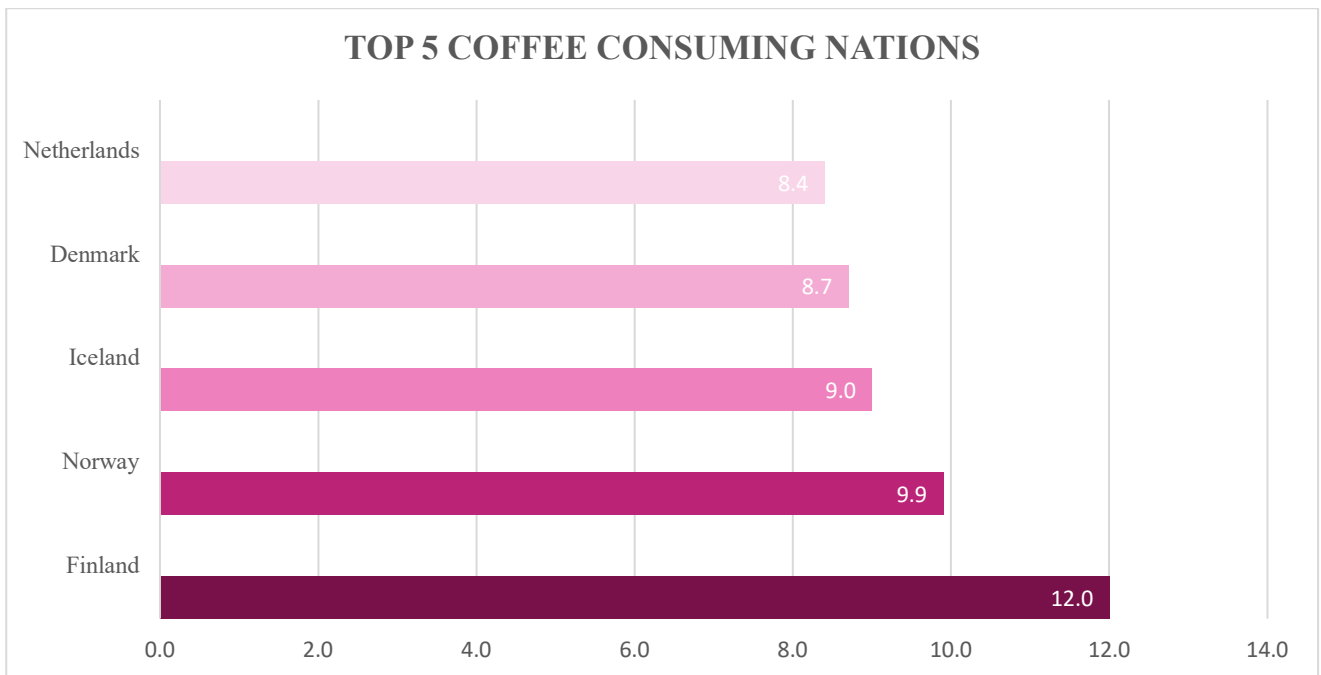


FIGURE 3. Top 5 coffee consuming nations in the world (Kg per person per year) (adapted from Bernard 2018).

In Finland, 2.64 cups of coffee are consumed on average in a day (Padovese 2017). Roasted coffee has only appeared in Finland for the last few decades and been welcomed in society. The coffee cup is usually served with sweet cake, and often drunk in the morning and the afternoon (All things Nordic 2020). The combination of coffee and sweet cake is a great option for everyone to spend time together.

Coffee is such an important drink for Finnish in every festival or celebration. Coffee is always served for the visitors, whenever the guests come or come unexpectedly, the house owner will serve a cup of coffee. This is considered a custom in Finland. The visitors can get a second refill with a small coffee cup. In some traditional families, the host isn't allowed to drink coffee before the guest doesn't want more of a full coffee cup (All things Nordic 2020).

Finns does not so talkative. However, it does not express that Finns are less socialized. In Finland, "Coffee is at the centre of almost every meeting between people in Finland", says Svante Hampf, CEO of Kaffa Roastery (Karlsson, 2019).

3.2.2 Potential development of coffee house industry.

Although the roasted coffee has been consumed for the last 10 years, customers are increasingly interested in the dark roasted coffee. Jhon Söderlund and his colleagues drink dark roasted coffee with milk in a big mug at any time of the day. In addition, he also defines the ‘new trends’ in coffee taste nowadays in Finland. Espresso-based coffee is a new trend. Jhon Söderlund continues his world that the product origin has to be revealed and also the sustainability issues (Pacifico 2019).

Finland has become the world’s top roasted coffee beans consumer (Pacifico 2019). La Torrefazione, a coffee store located on the second floor of a house in downtown Helsinki, has sold the roasted coffee in their coffee shop for many years. The espresso is the best seller. Other black coffees brewed on a Fetco food equipment, sweet cakes, and some other teacups are also being served in La Torrefazione. Because of the limited space of the coffee store, the aroma of the roasted coffee spread throughout the space makes the atmosphere cozy to the coffee devotees. Kaffa Roastery is also a coffee store with professional and delighted decoration. In Kaffa Roastery, customers can have fresh high-quality roasted coffee every day. Generally, Kaffa Roastery has only used its coffee to serve the customers and as a supplier to other coffee stores.

The in-store roasted coffee has advanced the coffee house industry to a new level. A new experience for customers to enjoy the coffee aroma roasted in-store. With the in-store roasted coffee model, businesses can be transparent to customers and receive many other benefits as well as impress the generation Z customers. In-store roasted coffee has created a trust for customers during the purchasing process along with the service process.

Summing up, the third wave of coffee creates a new chapter in the coffee house industry. Customers are able to experience a new coffee taste. Many Finnish roasted coffees are expected and invested in the field of roasted coffee, in order to improve the habit of drinking roasted coffee in Finland.

3.3 Vietnamese and Finnish coffee houses

Vietnam is the second-largest coffee production in the world, then Finland is the leading coffee consumption (Nguyen 2017; Pacifico 2019). Coffee is consumed daily at any place. The comparisons of coffee drinking habits and cultures of the two countries will be analysed in this section.

3.3.1 The difference in coffee taste and style

Coffee has gradually become a favourite drink of Vietnamese people. The flavour of the coffee depends on the living coffee seed environment. The geographical location, intercropping trees, rainfall, light, and altitude of the ground affect the flavour of coffee beans (Cycle coffee 2018).

Coffee has been a part of Finnish culture for more than 100 years (Locker 2017). Medium and dark coffee has been increasingly consumed while light-roasted coffee is still the most popular. Coffee plants generally prefer mild climates, slightly wet and sensitive to temperature changes. Due to the cold weather, the coffee trees are hardly grown in Finland. The Arabica and Robusta are imported from other countries as green coffee beans, either decaffeinated in Finland.

Vietnamese usually have two cups of coffee in a day, in the morning and evening. Around 80% of Vietnamese have a habit of drinking coffee every day. The condensed milk coffee is consumed the most while black coffee is in the second. There is a combination of two glasses of coffee, black and white coffee. It is a special Vietnamese white coffee cup, called 'bạc xỉu' in Vietnamese (Nguyen 2019). It uses condensed milk that is mixed with hot water instead of fresh milk to make white coffee. Nowadays, all three types of coffee are popular with even foreigners.

Vietnamese coffee culture is also very diverse. While the Northern people mostly like to drink drip coffee, the Southern have very few places to serve the Vietnamese filter coffee. Vietnamese people have their own culture of drinking coffee. Coffee is not just a quick drink that keeps the brain awake. For Vietnamese, drinking coffee is about enjoying and relaxing. Vietnamese usually read the newspaper or chat with friends during coffee time. This activity became a Vietnamese traditional hobby (Napoli 2019). For some reasons, Vietnamese and Finnish have the same coffee consumption habits, a cup in the morning, and in the evening.

According to YLE.fi's article (2014), Finns can pay up to 80 euros per year for coffee drinks. There are mainly two typical drinks coffee, one is black coffee and the other is milk coffee. The milk coffee is a combination of mixing milk or cream to the black coffee.

A coffee brew machine can be easily found at workplaces in Finland. Besides, capsule coffeemaker has been popular recently and has been used in many households. Capsule coffee maker is an alternative to the standard drip-brew coffee.

To sum up, the Vietnamese and Finnish have a different way of brewing coffee and a variety of coffee flavour. While Vietnamese prefer condensed milk with black coffee, Finns use milk or 'kerma' (cream) to mix with black coffee. The habit and purpose of enjoying coffee are the same. Vietnamese and Finnish drink coffee daily. In both countries, drinking coffee is among popular habit and cultures.

4 RESEARCH METHODOLOGY

This chapter focuses on analysing the method of implementing the research process, conducting the interviews and analysing the results. The process of writing the report will be explained briefly in this section.

4.1 Method of conducting research

The research strategy in this thesis is the case study base. Typical features are many types of books. The analysis method for qualitative data is used in the literature is qualitative content analysis. The chosen research method for empirical research is qualitative research with semi-structured interviews. The purpose of choosing qualitative research is to explore the behaviours of the consumers and customers through the perspective of managers. Data collection from interviewees' experience will be analysed and justified with all the theoretical background.

Concerning the interview process, all the interviewees were agreed to conduct interviews online via Skype beforehand. The participants are managers in the coffee house industry. One is working in Vietnam and the other is in Finland. Besides, two-generation Z customers were invited to the interview to demonstrate the behaviour and the habit of the youth generation during the coffee purchasing process. The duration of the interview was lasted around one to one and half an hour. The complete interview process was conducted on 25 April 2020. All the interviewees were asked to be recorded for studying purposes with notes. The result has been analysed and approved by the interviewees before being integrated and demonstrated in the report. The interview questions were sent beforehand to the interviewees for preparation and they were designed to fit different themes of the thesis. The first theme focused on the youth generation's habit during the coffee purchasing process. The other theme was to obtain the opinions and feedbacks of generation Z about the coffee house services.

4.2 Interview process - Participant's background

Four participants, two managers, and two loyal coffee buyers between the age of eighteen to twenty-five joined the interview. All of them have prerequisite in the coffee house industry, especially in the coffee house service.

The first interviewee is Mr. Phat Pham, twenty-eight years old from HCM city Vietnam. He is now positioned as Store Manager at Kofi Kai coffee and has worked in the coffee house industry for eight years. His main duty relates to handling the operation of the coffee store, the quality of the products and services, for example. His position requires flexibility and creativity to keep up with current business trends and to deal with fastidious customers. The second interviewee is Mrs. To Mai, twenty-six years old from Helsinki, Finland. She has worked as a Manager Director in the K.V coffee chain and has more than 5 years' experience in the same field. Her main responsibility is to establish the operating structure of the branch, including maintaining customer relationships and building business strategies. She observes diverse cultural experiences and service styles of the coffee house due to her job requirements.

Regarding the customers' perspective, the two interviewees are highly interested in the coffee house service. One of them named Hung Nguyen, is working as a CRM assistant at NGP interior company in Vietnam. He had worked as a waiter at a coffee store for more than two years, during his university years. The last one is Truc Hoang, a third-year student at Centria University Applied of Sciences, Kokkola Finland. She is now studying Business Administrator at school and has been in Finland for 3 years already.

4.3 Analytics result and discussion

There are two main themes to interview managing the generation Z customers, and behaviour and habit of the generation Z during coffee purchasing process. The first theme is formed from the viewpoint of coffee managers and the second one belongs to the generation Z customers. Thus, this chapter will focus on analysing the results based on the two mentioned subjects above.

To begin with, two managers were interviewed from the aspect of managing customers, especially in handling the customers between fifteen to twenty-five years old in their workplace. Although the viewpoints are different from the two countries, they both agreed that the demand for service and product quality of generation Z was rather high and harsh than others. According to Mr. Phat Pham, he has seen the clearest change in customers' behaviours in the last 5 years when generation Z was initially becoming

the core target of many industries in Vietnam. Generation Z has more demand than other generations. They focus on the store's background, promotion, and the coffee price. With development of the social media currently, generation Z aspires to have pictures and leave-on impression on social media, Mr. Phat Pham said. Although the store location might be difficult to find but has unique decoration, those virtual passionate visitors will come to under any circumstances, if the store has enough elements to meet their virtual needs. It not only satisfies customers, but the customers themselves also are the free digital marketers for the business. This strategy has saved a significant amount of the marketing budget. On the other hand, Finnish prefers the convenient store's location and relaxing space. Mrs. To Mai highlighted that the Finnish young generation has more concerns about product quality rather than appearance although it does have an influence on the customers' choice as well. The strong roasted coffee has created a new wave in Finland, although the country is traditionally famous for the lightly roasted coffee. The Finnish young generation tends to consume more dark-roast coffee cups nowadays. Indeed, both managers agree that product quality is critical, not only in the Finland coffee market but also in the Vietnam market even though the priority is slightly different.

The demand of customers has changed flexibly based on the current trend of the world's activities. For instance, being aware of the environmental factor in business, many environmental protection activities towards business have been well responded to. Mr. Phat Pham and Mrs. To Mai have answered without any hesitation that their business also shifted to using forms of environmental protection model such as paper straws and paper cups to minimize the use of plastic objects. This transformation has been well received from all groups of customers. However, Phat Pham said some of his customers have not adapted to the paper straws yet, the store is ready to change for those in need. Besides, the public perception of using organic products forces companies to adapt. To Mai contributes organic products for vegan and those interested in using organic food. Meanwhile in Vietnam, "clean coffee" is called organic food. This business model is becoming a potential coffee house market in Vietnam. Phat Pham points out, using 'clean coffee' is one of the elements that bring his customers back to their business.

Generation Z customers ask for transparency which means building trust between buyers and sellers, in operation. Generation Z has a lot of information and is also very intelligent, they can realize what is right, what is right for themselves, they are not easy to be led. In other words, the products served must be exactly compared to the details in the advertisement and also the coffee price should be clarified. The enterprise needs to create the right product, the content of the media story is interactive and create opportunities for generation Z to express themselves. Personality branding is also an effective marketing strategy, said Mrs. To Mai. With the internet recent years, generation Z customers tend to buy products

with positive feedbacks. Besides, Mr. Phat Pham also mentions, based on iGeneration's characteristics, the store's upcoming plan will promote a strong presence on social networks such as Facebook or Instagram. However, the content should not be too concentrated on the purpose of increasing sales, product quality is the core value. From the extent of managers, Mr. Phat Pham and Mrs. To Mai both point out that generation Z plays an important factor not only in the coffee house industry in particular but also, in all lines of business.

The second important theme to be interviewed relates to the perspective of generation Z customers from 20 to 24. Regarding "behaviours and habit of generation Z during coffee purchasing process", Hung Nguyen and Truc Hoang themselves also admit the generation Z belongs to the demanding customer service group. Living in fast economic development context, iGeneration has more opportunities to experience different customer service, which leads to the behaviour of comparing business to business. In addition, the brand should understand the expectations as well as their customers' needs.

Generation Z has more desire in getting a better service experience. Truc Hoang has experienced in the coffee service, both in Finland and Vietnam, the friendly service of Finland gives her more impression and politeness by saying "hei or moi" and "kiitos, heippa" whenever she enters or leaves the store. From her point of view, she has highly appreciated businesses that respectful-manned employees. Hung Nguyen also points out, that hospitality is one of the factors that keep him coming back. Both interviewees agree that the staff's attitude is the central value in the customer service department. The author who is also belonging to generation Z agrees with the interviewees that service attitude promotes the service company. Robert Half, a pioneered specialized staffing service, has said that "When the customer comes first, the customer will last - Robert Half" (Wilson 2019) Truc Hoang points out. Good customer service builds trust, reliability, and honesty with customers.

About the appearance of the coffee store, Hung Nguyen prefers the rooftop coffee or an air-conditioner coffee store. Those places would be a better selection for meeting partners. Meanwhile, a cozy coffee place would attract Truc Hoang when it is in the winter. Besides, Truc Hoang said that Finland has a seasonal business model. For instance, in the summer, coffee shops will arrange extra tables and chairs in the yard or in front of the store for customers to enjoy the sunshine while drinking coffee. Hung Nguyen often goes to the coffee store every weekend with his friends and weekdays to meet his customers. In Finland, restaurants usually close on Sundays and earlier on Saturdays, having a cup with friends in a coffee shop on weekend is something unusual. Hung Nguyen usually buys a take-away coffee or has a coffee cup with friends after school. There are not many coffee stores in Finland compared

to in Vietnam. Therefore, it is hard to find a nearby store, people mostly head to the city centre. However, there are more sweet cakes served with coffee than in Vietnam, from Hung Nguyen's viewpoint. The experience of coffee houses in two countries has brought her a new view from the coffee drink habit the coffee taste in each country.

In the end, all participants are aware of the significant role of generation Z as a customer to the business. Generation Z is gaining more business concentration by becoming a group with unique spending and purchasing habits. The business should grasp the changes to build their brand value. Selling experience is a strategic point to attract and engage generation Z in its buying experience. Keeping up with the behaviours and adapting to the change of client needs is the action that coffee companies should pursue so that they can maintain the loyal generation Z customers.

5 CASE COMPANY – NESCAFÉ

In this section, a practice-based case study will be presented to demonstrate that generation Z creates new and unique trends in the context of technology development and change in consumer habits. Nescafé implements a business strategy, in collaboration with marketing strategies that match the characteristics of the generation Z in the Industry 4.0.

Nescafé is a part of Nestlé, the world's largest food and beverage company. The purpose of this project is to brand affinity for Nescafé Mocha with generation Z. The presence of the generation Z customers has created a new chapter in the operation process of the business. The approaches relate to social media or online applications, such as YouTube because of the typical features of generation Z customers. Indeed, Nescafé has worked with Alex Wassabi and the Filharmonic, the YouTube creator, to write the content of the brand affinity among the generation Z. The strategy was successful, and the results have been unexpected. The report in 2017 has given that Nescafé Mocha was promised to be purchased with over 80% of the surveyed target audience with brand interest increases 323%, brand favourability rose 20%, and advertisement recall increases by 51%. All of these statistics were recorded from the Philippines coffee house market. (Think with Google 2017).

The campaign in 2018 “University Pride campaign” was built to enhance Nescafé's position among university students. Nescafé was concerned most about the brand loyalty of generation Z customers. Experience and relevance are the brand attractiveness factors to the generation Z. They have intention to constantly demand latest daily updates and highly appreciate valued content. Generation Z also looks for the most convenient products but still accompanied by product quality. Instead of enforcing the customers to fit with the brand personality, the organisation tries to create trust with consumers. Thus, Nescafé stepped into the digital platforms with a strategy called Nescafé 3in1, and “it worked really well” said Yasmine El Fiqi, Marketing Manager of Nescafé, with 30% sales increase after the first month launched (The brand berries 2018).

To sum up, this case study illustrates the typical characteristics of generation Z customers and the flexibility of Nescafé company in tailoring their marketing with the demand of the customers.

6 CONCLUSIONS AND DISCUSSION

Finally, the author got the answer to the research question and earned more knowledge through the study of the thesis topic: managing generation Z customers. The theoretical part and empirical study were applied throughout the research. Besides the theoretical framework, a practices-based case study was introduced to support the main concepts. With the information collected by doing qualitative research in the empirical study, the final result of the thesis was successfully answered. The analytical framework focusing on the characteristics of generation Z is the main section that thesis highlight for its content and in conducting research.

The research shows the influence of generation Z on the coffee market. With a unique observation, the generation Z shows different characteristics to other generation with a clear engagement with technology, social engagement and adapted mindset. The business can take advantages to approach, engage, delight and target this promising group customer. Additionally, this generation is known as digital native that will not hesitate to share experience on the customer services or product quality. Hence, coffee businesses should provide qualified services, as well as refer to their feedback in the store enhancement to satisfy these potential customers group.

The empirical study also brought precious information for the thesis result with valuable opinions from the interviewees. Generation Z is changing the business's service model. Both managers agree despite differences in nationalities, generation Z highly demands in-service experience. And the two other interviewees represented generation Z point out, that the friendly attitude of staff would make impressions for them during the purchase process.

However, with the fast spreading of information, generation Z could generate a threat to business. They express their ideas and opinions quickly on social media, which could address the business's weakness or bad customer service or product quality. Skilfully managing such situations is highly important. In order to have a tight relationship with these customers, the business must understand them well. This thesis hopefully provides useful information for the high-level managers to have proper strategies.

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APPENDIX 1/1

INTERVIEW PLAN

This part is interviewed only for the manager.

Part 1. Introduction

- What is your job position and your main responsibilities?
- How long have you been working in the coffee house industry?

Part 2 Coffee house industry

- What are the roles of the coffee industry in the living of people in your country?
- What is the culture of drinking coffee in your country, from your observation?
- What are the challenges in developing the coffee industry?

Part 3 Customer

- When is the rush hour in your store? What kinds of customer are they?
- How has customer demand changed in the last 5 years?
- What do you know about the youth generation/generation Z customers?
- How does gen Z affect your business?
- What are the factors/reasons that bring the gen Z customers to your business?
- What are some best-seller products among gen Z in your store?
- What are the challenges in dealing with gen Z customers?
- Have you ever adjusted your business model according to the feedback from gen Z customers?
(Will you do it in the future?)
- Could you share your future plan to keep attracting your potential customers?

APPENDIX1/2

INTERVIEW PLAN

This section is interviewed for those who plays the role of customer

Part 1. Introduction

- Can you share a brief introduction about yourself?

Part 2. Generation Z

- Do you have any information about the generation Z?
- How do you think about their role to society nowadays and in the near of future?
- Do you think generation Z is the group of customers have a high demand in service?

Part 3. Coffee house service

- Do you like coffee? What do think about your country's coffee culture?
- What kind of coffee business model do you prefer? Such as the space of the store.
- How often do you go to the coffee store? Who do you go with?
- How long will you stay there? Which factors that make you spend hours in the coffee store?
- Can you share some experience that keep you remember the most in coffee house service?
- What factors that make you most satisfied with the current coffee house service in your country?
- What do you expect for the coffee house service? And are there any advises?

APPENDIX 2/1

COFFEE DRINKING HABITS OF VIETNAMESE YOUTH

1. Which generation group are you belonging to?
 - Millennials (born 1980-1994)
 - Generation Z (born 1995-2010)

2. Do you like coffee?
 - Yes.
 - No

3. How often do you drink coffee in coffee store?
 - Everyday.
 - Every weekend. (2-3 days)
 - Once a week.
 - Others:

4. Do you prefer an in-store coffee model or takeaway?
 - In-store coffee.
 - Takeaway coffee.

5. Who do you often go with? (Multi-choice)
 - Friends
 - Member in family
 - Colleagues
 - Alone

6. What does the reason force you to enjoy a cup of coffee in-store? (Multi-choice)
 - New coffee service experience
 - Coffee store's theme/background
 - For business, meet partner
 - For studying
 - Meet friends
 - Others:

APPENDIX 2/2

7. What types of coffee cup do you prefer?

- Vietnamese coffee types (cà phê sữa/cà phê đen, bạc xỉu)
- Italian coffee styles (americano, cappuccino, espresso, ice blended coffee, latte, macchiato)

8. Why do you choose that coffee cup?

(Write down)

9. Do you satisfy with the current coffee service model?

- I like it.
- It's fine.
- It's not very well.

10. Is there any memorable experience that you can share?

(write down)

11. To extend the satisfaction, what do you expect from coffee house service?

(write down)

THANK YOU SO MUCH FOR TAKING PART IN THE SURVEY.