



BUSINESS PLAN FOR ESTABLISHING A CHINESE CAFÉ IN FINLAND

CASE: VOIKUKKA CAFÉ

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ABSTRACT

This thesis is mainly talking about planning a coffee shop business in Finland. Finland ranks the top coffee consumption country among Europeans. Based on this information, having a coffee shop seems to be a potential business. However, the nearly saturated coffee market is not a promising situation. In addition, statistics indicates that the number of Chinese overseas is increasing and more Finnish people are getting interests in Chinese culture. In order to break into this glut coffee market, a special coffee shop should be taken into consideration.

This thesis begins with a short background description of the thesis. Then follow with the explanation of theoretical framework. When coping with theoretical framework, to analyze coffee industry in Finland, PESTEL analysis method and Porters' Five Forces analysis tool are applied. This thesis goes through some existing coffee cases from Finland, and their products' prices are compared in a matrix map. In theoretical section, this thesis also use SWOT analysis tool to summary competitors' advantages and drawbacks. Furthermore, this thesis introduces three business models in the theoretical part. After applying theoretical knowledge, a business plan is created by using Hoffren's Business Model, which summarizes the market need, company image, products and resources requirements.

The thesis applies qualitative research method, for instance, data and statics are collected through electronic resources from official websites and news platforms. Literature resources are gathered by using published documents, such as written books and online articles.

The thesis is ended with the result that establishing a Chinese style café in Helsinki area is possible, and the best location for this Chinese café is in Kamppi shopping center. It will face a difficult time in the beginning, while a profitable state will be seen after the third business year.

Key words: business idea, business planning, cafe, Chinese café, marketing planning

CONTENTS

1	INTRODUCTION	
1.1	Background	1
1.2	Objectives & Research Questions	2
1.3	Limitations	3
1.4	Theoretical Framework	3
1.5	Research Methodology & Data Collection	4
1.6	Thesis Structure	6
2	BUSINESS PLANNING	8
2.1	Business Idea	8
2.2	Business Plan	9
2.2.1	Different Business Models	9
2.2.1.1	The Business Model Canvas	10
2.2.1.2	Hoffren's Business Model	12
2.2.1.3	Atomic Business Model	13
2.2.2	Business Model Conclusion	15
3	FINLAND AND ITS COFFEE INDUSTRY	16
3.1	PESTEL Analysis of Finland	16
3.2	Coffee Culture in Finland	19
3.3	Porter's Five Force Analysis of Finnish Caf� Industry	21
3.4	Business Model Cases of Existing Caf�s in Finland	25
4	CASE: VOIKUKKA CAF� BUSINESS PLAN	28
4.1	Business Idea	28
4.2	Marketing Objectives	29
4.3	Marketing Strategy	30
4.3.1	Target Marketing Segmentation	30
4.3.2	SWOT Analysis of Voikukka Caf� & Competitors	30
4.4	Marketing Mix	33
4.4.1	Product	33
4.4.2	Price	37
4.4.3	Place	37
4.4.4	Promotion	39
4.4.5	People	40

4.5	Action Plan of Business Idea	41
4.6	Financial Budget	43
5	FINDINGS AND CONCLUSION	45
5.1	Findings	45
5.2	Go or Not Go Decision Making	47
5.3	Recommendations & Conclusion	48
6	SUMMARY	50
	REFERENCES	51
	APPENDICES	56

LIST OF FIGURES

FIGURE 1. Theoretical Framework.....	4
FIGURE 2. Outline of qualitative research steps (modified from Business Research Methods 2007).....	5
FIGURE 3. Thesis Structure.....	6
FIGURE 4. Business Planning Process (modified from How to Prepare a Business Plan 2008).....	8
FIGURE 5. Business Model Canvas Theory (Modified from Business Model Generation 2010).....	10
FIGURE 6. Business Model Canvas (Modified from Business Model Generation 2010).....	11
FIGURE 7. Hoffren's Business Model (modified from Hoffren 2002).....	13
FIGURE 8. Atomic Business Model (modified from Vitale & Weill 2001).....	14
FIGURE 9. The Marketing Environment (modified from Marketing Planning 2010).....	17
FIGURE 10. The PESTEL Analysis of Finland	18
FIGURE 11. The World Map of Coffee Consumption (modified from World Resource Institute 2013).....	21
FIGURE 12. The Porter's Five Forces Analysis Tool (modified from Mind Tools 2013).....	22
FIGURE 13. Porter's Five Forces Analysis of Finnish Caf éIndustry (modified from Mind Tools 2013).....	23
FIGURE 14. Price Matrix of Competitors Analysis.....	27
FIGURE 15. Voikukka Caf é Marketing Objectives Process in Five Years.....	29

FIGURE 16. Hoffren’s Business Model of Voikukka Café (modified from).....	42
FIGURE 17. Possibilities to Conduct Voikukka Café.....	47
FIGURE 18. Future Research Issues.....	49

LIST OF TABLES

TABLE 1. The Top Five Countries on Coffee Consumption per capital (modified from ChartsBin 2013).....	20
TABLE 2. A General SWOT Analysis of Voikukka Caf é(modified from Internet Marketing: Strategy, Implementation and Practice 2009).....	31
TABLE 3. A General SWOT Analysis of Competitors (modified from Internet Marketing: Strategy, Implementation and Practice 2009).....	32
TABLE 4. Table of Chinese Beverage Products (modified from Meet Fresh 2013).....	34
TABLE 5. Table of Chinese Dessert Products (modified from Meet Fresh 2013).....	36
TABLE 6. Comparison of Three Business Districts (modified from Want to Run a Caf éBusiness 2013).....	38
TABLE 7. Table of the Thesis Findings.....	45

1 INTRODUCTION

Introduction chapter includes seven small sections. The first section goes through the background information for this thesis. Section 2, 3 and 4 provide a short description of the thesis objectives, research questions as well as the thesis limitations. The fifth part gives a picture of theoretical framework. Research methods are explained in the following chapter. In the last, chapter seven illustrates a clear image of thesis structure.

1.1 Background

For Finnish people drinking coffee is now more diverse than past years, there is a phenomenon that young people join to the coffee consuming group and start to enjoy coffee outside of home, such as at canteen, coffee shop and even on the way to school. Coffee seems to become an essential thing in Finns daily life, besides home and work place, coffee shop is the third place where people are gathered. It can be said that besides having Sauna together, a small talk at coffee break is another way for Finns to get to know each other. (Ojaniemi 2010)

This thesis is about researching Finnish café market as the preparation for making a business plan on establishing a Chinese style café in Finland. Studying in Finland for years, the author has realized that coffee is a necessity of life in Finland, Finnish people love coffee as much as Chinese people love tea, while when comparing from the café in China, the author found out there is a small product category in Finnish café. It would be a good opportunity to have a Chinese –tended café and bring some beverages that have not been seen in Finland, for example bubble milk tea, fresh grapefruit tea and aloe cold beverage, etc.

Chinese café provides common coffee which can be found everywhere in Finland, but also has its uniqueness. When visiting Finnish café consumers can only find instant tea bag, like Lipton, however, fresh fruits tea and Chinese tea are the main tea production at Chinese café. Comparing with some tea bags, Chinese café tends to offer healthy beverage without essence or edible pigment, this is the highlight of Chinese café.

The author has seen the potential market in Finland. The number of Chinese students and immigrants are increasing in Finland (Statistics Finland 2012). If they could not find desserts or beverages from home country, it would be a pity. Chinese style café provides more choices for these overseas people, at the same time more Finns will get interested in Chinese style café through overseas Chinese. In this way, the market size will be enlarged, not only for Chinese consumers, but also for those native who want to try multicultural products.

The key purpose of this thesis is to research whether Finns will accept Chinese café after a deep research about Finnish customers' buying power and market prospect, this thesis can be a reference for the author to make an appropriate business plan concerning catering industry.

1.2 Objectives and Research Questions

Establishing a café in Finland requires deep marketing research and a suitable business plan. The main objective of this thesis is to research Finnish café market, to analyze Finnish customers' buying behaviors and to gain some knowledge about the capital amount for the first business year. Through the data collected, the author will know whether Finns accept the Chinese style café or not. Later on, when this business is about to implement, the author will make an appropriate practical business plan.

The secondary objective that the author wants to know is what other beverages Finns will consider to buy besides coffee. When the café business starts, coffee will be one of the products to be sold, while drinks like tea, ice shaving or smoothie will be sold as well in this café. Ice shaving

Research questions are:

1. Why business is planned?
2. What is the target group concerning Chinese café?
3. What is Chinese café's highlight?

4. Will Finnish customers order other beverage besides coffee from a café?
5. Can Finnish customers accept Chinese tea and cold beverage?

Subordinate research questions are:

1. Who are the competitors for Chinese café?
2. What is the amount for startup capital?

1.3 Limitations

As the author has a business idea about having a café in Finland, one limitation is this thesis will only focus on Finland market, not from other European countries. Because the business idea is to establish a Chinese style café the other limitation is that the author will not do market research on the rest of Asian countries like Malaysia, Singapore, but China only.

Due to the limited start-up capital, the author is not going to have this cafe in the short term. Financial part will not be discussed deeply in this thesis. Instead, the author will focus more on information collection, for instance, customers' buying power, market research and some knowledge about making a business plan.

1.4 Theoretical Framework

First of all, some knowledge of business plan will be explained in this thesis, so that the author will understand how to complement this business idea. The second step is to choose an appropriate business model. To analyze the collected data and the researched information, PESTEL, Porter's Five Force and SWOT analysis tool will be used in this thesis.

PESTEL is to figure out the situations in Finland, such as the environmental factor and economical issue. To understand Finnish coffee industrial, Porter's Five Force model is a good choice. As for SWOT analysis model, the author will research the strength, weakness, opportunity and threats of Chinese café. In addition, a SWOT analyze of competitors will be done as well.

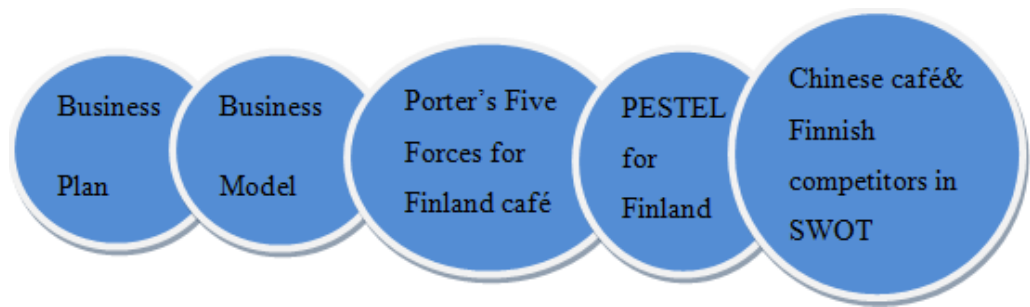


FIGURE 1. Theoretical Framework

1.5 Research Methodology and Data Collection

Research Methodology

In order to gather enough data for this research, an applicable research method should be applied. Quantitative research is a collection of numerical data and a view of the relationship between theory and research as deductive. To apply quantitative research method, usually SPSS data editor software are used to complement this work. Quantitative method is used when begin with a theory or assumption, and then they will be tested for confirmation or disconfirmation of the hypothesis. (Newman & Benz 1998, 3; Bryman & Bell 2007, 150)

Qualitative research method tends to use more words than numbers. It is a summary of the relationship between theory and research. Qualitative research is a research approach used more in business research, it is designed to tell researchers how the process goes and why it should be so, and it is used for advertising development, sales analysis and marketing segmentation (Cooper & Schindler 2008, 106).

Comparing with quantitative research, more documental materials will be considered as the source of data, like the published presses. This thesis is about a business idea, qualitative research method is a proper approach to use. Qualitative method is conducted with six steps and the picture below will give a clear explanation:

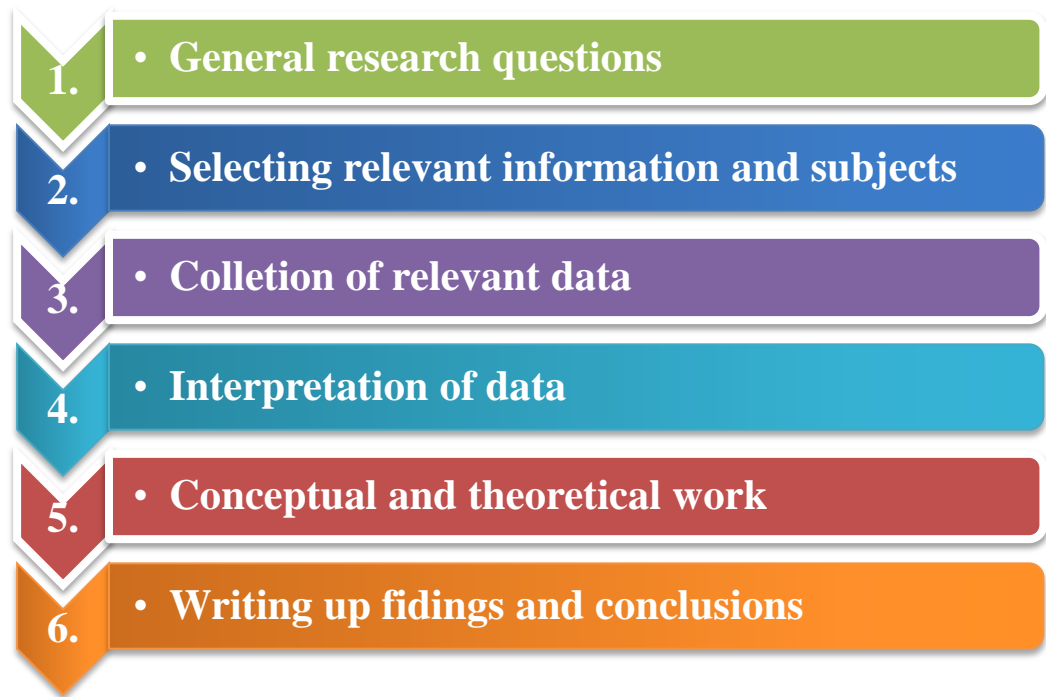


FIGURE 2. Outline of qualitative research steps (modified from *Business Research Methods* 2007, 390)

There are two types of reasoning approaches, which are inductive and deductive methods. Inductive argument is to establish a probability of arguer's conclusion and tends to be used more in sciences research, an inductive method goes from a specific idea to a general idea. While deductive method precisely conducts oppositely, when author declares that an assumed conclusion is true, the role of deductive argument is to provide the truth of the conclusion with a guarantee, and deductive method starts from generalization to a specification. The author has a general idea to establish a Chinese café in Finland, but more specific research needs to be done, for instance, finding a propitiate business models, financial issues and marketing analysis. Therefore, deductive approach is going to be applied to this thesis. (IEP 2013)

Data collection

The thesis is going to collect data through primary and secondary materials. Primary sources include individual interviews with an entrepreneur of a café or some questionnaires for Finns in order to get some knowledge of their buying behavior. Secondary materials are mainly from some organizations' data portfolios,

published documents, electronic index and written achieves, such as journals, books and reports, they are easy to find in library or from internet.

1.6 Thesis Structure

The thesis structure is illustrated as below:



FIGURE 3. Thesis Structure

This thesis is divided into six parts. In the beginning of this thesis is the introduction, the author will explain why coffee seems more and more important in this world and what makes the author to come up with the business idea of having a Chinese caf e in Finland, including the thesis background, objectives, research questions, research method and data analyzing method. Chapter 2 will discuss about the theory of a business idea and choosing a suitable business model to complete the

business idea. In chapter 3, the author chooses Finland as a target market to analyze its market potential, advantages and shortcomings. In addition, Chapter 4 will go through a case study, find out where to establish this café according to marketing mix, meanwhile, the author will collect some information about Finnish customers' behaviors. Chapter 5 and chapter 6 will be the last two chapters. These two chapters will come up with the business making decision, and based on deep marketing research process, the author will know whether it is possible to establish a Chinese café in Finland.

2 BUSINESS PLANNING

In this chapter, the author will clarify what should be taken into consideration in a business plan and how to conduct a business idea into a feasible business plan. The author will also describe some concepts of different business models, then choose a suitable one for the thesis case. The flow chart below gives a short description on establishing a business plan:



FIGURE 4. Business Planning Process (modified from *How to Prepare a Business Plan 2008*, 5-12)

2.1 Business Idea

It is very common for new entrepreneurs to be confused with the concepts of a business idea and a business plan. A business idea comes in anytime, some could lead to a real active and a successful business, but some may fade. A successful company starts with a creative business idea, which is the precondition for a growing company. A compelling business idea has these characteristics:

- *Fulfills a customer's need:* Understand what service or product your target customers are looking for.
- *Innovative:* It refers to business system and can be applied to a new product or service. Business system innovation usually focuses on lowering costs and product or service innovation reflects on enhancing customers' benefits.
- *Unique:* Business idea must be special and product or service is different from others, from functional or appearance aspect.
- *Clear focus:* Figure out what your customers' segmentation is.
- *Profitable in the long term:* Need a large market to keep your business moving on.

(Venture 2013)

2.2 Business Plan

Business plan is a tool to support a business idea with a statement of a set of business goals, including business background, market analysis, competitors' analysis, product or service strategy and financial analysis. Many new entrepreneurs consider business plan only as a tool for starting a new business or applying for business loans, nevertheless, business plan is also vital for running a business. It is a plan for a company's future business prospect. With a business plan, entrepreneurs will have a clear mind map of company's business model, find out the problem inside the target market and solve the problem by making a profitable and sustainable business plan. (Makal Business Voice 2013)

Business model is an essential part of business strategy, it provides a template for a company to enter a market, it is a template on how the company is going to make profit, it also describes how a firm works with its internal resource (employees and managers) and external resource (suppliers, customers). Business model is the milestone of a business plan, without a business model, entrepreneurs have no clue to run the business. (Financial Time Lexicon 2013)

2.2.1 Different Business Models

A business model describes the rational of how an organization creates, delivers and captures economic, social, cultural or other forms of value (Osterwalder & Pigneur 2010, 14). Business model includes business purpose, business strategies, target customers, offerings, infrastructure, organizational structures, operating processes and policies, with business model a manager from company can probe into business feasibilities for future development (CUBIC 2013). This section is going to describe some existing business models such as business models canvas from Osterwalder, Hoffren's business idea model and atomic business model from Weill and Vitale, at the end of this section the author will analyze which will be the final chosen business model for this Chinese café case.

2.2.1.1 The Business Model Canvas

Business model canvas is a strategic management template for developing new or documenting existing business models. It is a visual tool resembles nine blocks describing a company's value proposition, infrastructure and financial activities. (Osterwalder et al. 2010, 14-44)

Business model canvas works well when organizer paints a picture of it and put on the wall for a group of people to discuss. Here is the basic idea of business model canvas, from the painted picture below it is easy to understand the relations between different blocks.

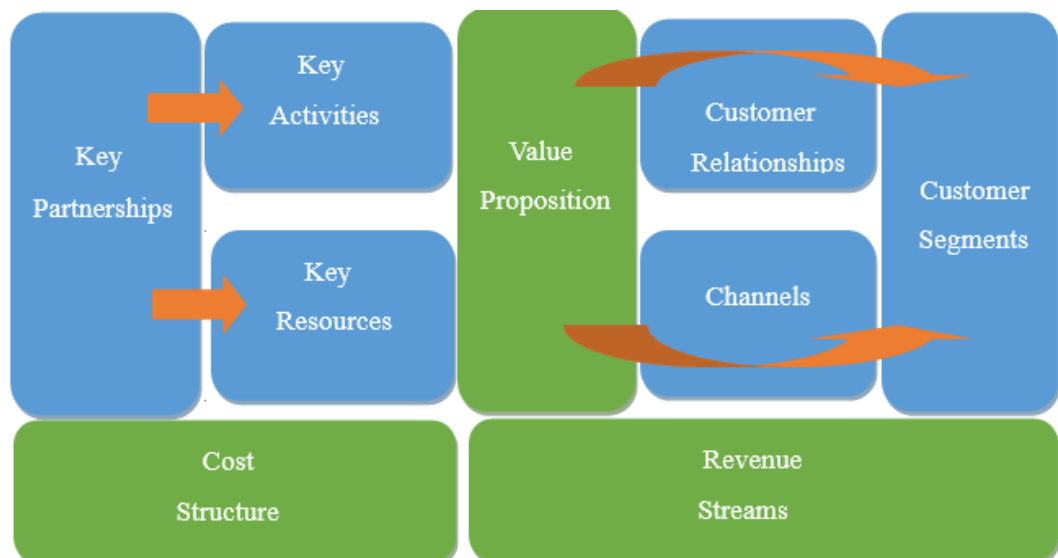


FIGURE 5. Business Model Canvas Theory (Modified from *Business Model Generation* 2010, 49)

As Osterwalder mentioned in his book, there are nine building blocks in business model canvas, it takes three steps to complete: to plot the canvas on a poster, then put the poster on the wall and sketch out a business model. A business model canvas is placed on the wall like this table:

<p>Key Partnerships</p> <p>Who are the key partners?</p> <p>Who are the key suppliers?</p> <p>From which resources does the company acquiring from partners?</p> <p>Which key activities do partners perform?</p>	<p>Key Activities</p> <p>What key activities do our value propositions require? Our distribution channels? Customer relationship?</p> <p>Key Resources</p> <p>What key resources do our value propositions require? Our distribution channels? Customer relationship?</p>	<p>Value proposition</p> <p>What value does the company delivers to customer?</p> <p>Which customer needs are we satisfying?</p>	<p>Customer Relationships</p> <p>What type of relationship does each customer segment expect us to establish with them?</p> <p>Channels</p> <p>Through which channels do customer segments want to be reached?</p> <p>Which ones work best?</p>	<p>Customer Segments</p> <p>For whom is the company creating value?</p> <p>Who are the most important customers?</p>
<p>Cost Structure</p> <p>Which are the most important costs inherent in our business model?</p> <p>Which are the most expensive key resources?</p>		<p>Revenue Streams</p> <p>For what value are customers really willing to pay?</p> <p>How would they prefer to pay?</p>		

FIGURE 6. Business Model Canvas (Modified from *Business Model Generation* 2010, 44)

Key Partnerships: It relates to the network of suppliers and business partners.

Key Activities: It can be clarified as production designing, making, and delivering, customer problem solving and network platform activities.

Key resources: It can be physical, financial or human resource. The company can offer key resources itself or lease from key partners.

Value Propositions: It shows what benefit does company offer to customers, some value propositions may be innovate a new service or product, some might be similar to existing market.

Customer Relationships: It describes the relationships a company establishes with each customer segments.

Channels: Channels building block describes how a company communicates with and reaches its customer segments to deliver a value proposition.

Customer Segments: In order to provide better service and to satisfy customers, a company will group them into some segments with common buying behavior, needs or other attributes like customer cultures. A company should make a conclusion about which segments to serve.

Cost Structure: Minimizing cost is required in each company. The costs include fixed costs, for example rents, salaries and facilities; variable costs, like electric costs; economics of scale, for instance, benefit from lower purchase rates; and economies of scope.

Revenue Streams: If customers are the heart of a business model, then revenue streams are its arteries.

(Osterwalder et al. 2010, 14-45)

2.2.1.2 Hoffren's Business Model

Hoffren's business model is unique for its dynamic business idea model. It constructs of market need, image, product or service, target group, mode of operations, and resources consisting of physical, financial and human, six elements in total (Hoffren 2002, 35).



FIGURE 7. Hoffren's Business Model (modified from *Hoffren 2002*)

Hoffren's business model gives a dynamic business idea structure in order to explain the basic information of business, dynamic business ideal model, the reason for finding of the company and business idea, business objectives, financial demand, business strategy and SWOT analysis of business. (Hoffren 2001, 1-39)

2.2.1.3 Atomic Business Model

The Atomic business model describes the roles and relationships among company's customers, allies and suppliers. It also clarifies the major flows of products, information, money and benefits. (Vitale & Weill 2001, 39)

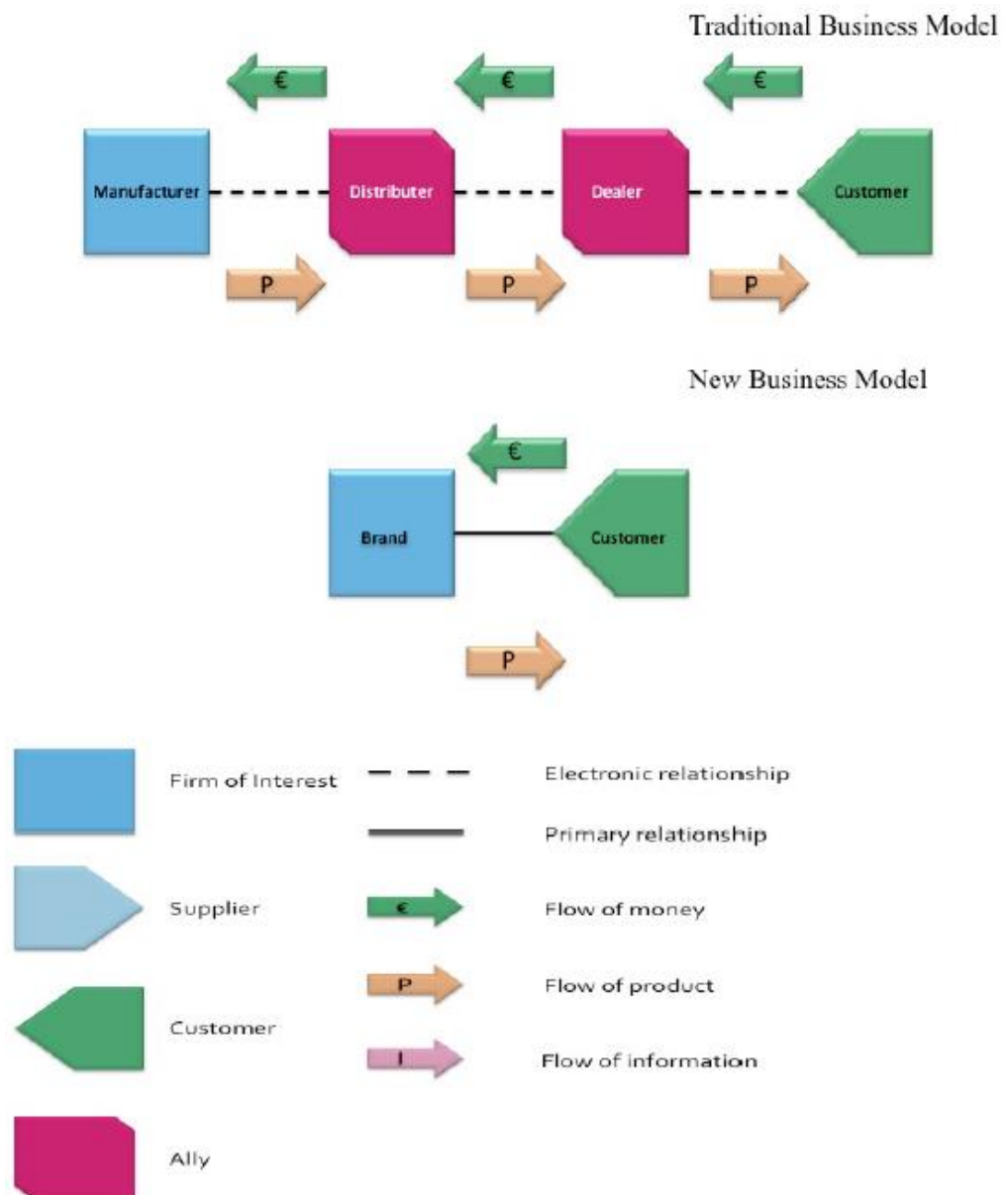


FIGURE 8. Atomic Business Model (modified from Vitale & Weill 2001)

There are in total eight atomic models on Atomic business model, each of the models conduct the business differently in an electric way, and they are combined together to form a business initiative. The flow process picture above is an e-business model illustration. By using this illustration, an organizer will find out the position of each player in the industry value chain, conclude organizational form and IT infrastructure for implementation and understand which initiative owns customer relationships, data and transaction. (Vitale et al. 2001, 42-54)

2.2.2 Business Model Conclusion

The author considered in applying Hoffren's business model to Chinese coffee shop case, because it shows all general requirements of starting a business in a visible way, which is easy to follow when there is a group of people to discuss. Hoffren's business model is easy to handle. It has six basic important elements and a manager just needs to fulfill it in the order as the dynamic structure shows. Hoffren's business model is more effective and easy to handle, the dynamic structure gives a clear picture of business idea, an organizer can analyze the business along the train of thought that Hoffren's model shows. Therefore, it is a feasible choice for this café case. In chapter four, the author will apply Hoffren's business model on Chinese café case, before applying Hoffren's model, the author will analyze the Finnish coffee market and strengths of Chinese café case. In the end of the chapter, the author will gather all analyzed information and represent them on a readable Hoffren's business model picture.

3 FINLAND AND ITS COFFEE INDUSTRY

In this chapter, the author will first introduce the coffee culture in Finland. The purpose is to get more knowledge concerning Finnish customers' selection criteria when buying coffee. After this, in order to have a successful café business in Finland, more information about Finnish political, economic, social, technological issue, environmental and legal aspects are analyzed by PESTEL tool. Then by applying Porter's Five Forces mind tool, a short summary of Finnish café market will be explained. In the last section, the author will give some real life café cases from Finland, which already have run a profitable café business in Helsinki.

3.1 PESTEL Analysis of Finland

The PESTEL analyze tool is useful for collecting external environment information at a macro level, to make a strategic decision-making and a plan for future blueprint, enterprises need to understand the macro environment including all the factors that influence the company but are out of its direct control (CIPD 2013). The PESTEL stands for six elements: political, economic, social, technological, the ecological (environmental) and legal. With PESTEL analysis, organizations can take a big advantage to maximize the opportunities and minimize the weaknesses from the market. (BusinessBalls 2013)

The picture bellow gives a clear understanding of how PESTEL analysis tool is consisted. This mind tool is clarified as the following picture:

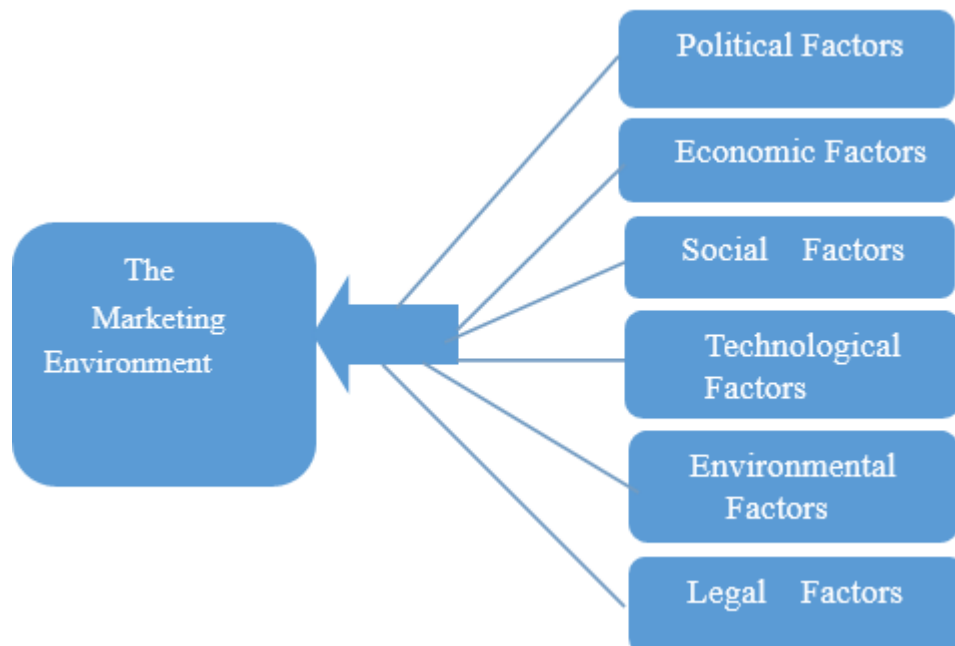


FIGURE 9. The Marketing Environment (modified from *Marketing Planning 2010*, 65)

- Political factors, such as current government legislation, trading policies, funding and grants
- Economic factors, for instance general and overseas taxation issues, market and trade cycles, interest and exchange rates, market distribution trends
- Social factors, for example lifestyle trends, consumer attitudes, media ways, brand and company image, and ethical issues
- Technological factors includes competing technology development, communications technology, and manufacturing capacity
- Environmental factors, conservation of natural resources, pollution treatment and sustainable supplies of raw materials
- Legal factors, like legislation concerning establishing a company or labor cost issues

(Blythe & Megicks 2010, 65)

The author is going to analyze Finland by using PESTEL analyze tool, and the following table illustrates it.

POLITICAL FACTORS

- EU member
- Modern and competitive economy with vibrant information and communications technology sectors
- Business freedom (14 days to start a business)

ECONOMIC FACTOR

- Fast-grew economy
- Euros (€) as its currency, relatively stable exchange rate of inflation
- Open to foreign direct investment
- Sophisticated financial system provides a wide range of service
- High taxation

SOCIAL FACTOR

- Property rights are well protected
- High quality of judiciary and civil service
- High unemployed rate

TECHNOLOGICAL FACTOR

- Companies contribute to innovate new technology
- R & D investment
- National Innovation Strategy

ENVIRONMENTAL FACTOR

- Cold temperature, mild wind, over 60000 lakes
- Air pollution from power plants and manufacturing, which leads to acid rain
- Industrial wastes and agricultural chemicals contributing to water pollution
- Situated far north (around 10 weeks in a year no sun set during summer)

LEGAL FACTOR

- Restricted working hours
- Strictly honored contractual agreements
- Restrictive labor regulations
- Efficient regulatory and legal environment

FIGURE 10. The PESTEL Analysis of Finland

By using PESTEL analysis tool, the author found out for political factor, Finland became a member of European Union in 1995 and it boosts a modern and competitive economy with vibrant information and communication technology sectors. Finland has more freedom on business establishing aspect. Comparing with world average of 35 days to start a business, Finland takes 14 days only.

On economic factor, Finland has a relatively high level of overall taxation, such as the income tax rate is 30.5 percent, VAT is percentage of 23. Finland is open to

foreign direct investment, but those investors who do not belong to European Economic Area need to apply for a license to invest in security, alcohol, telecommunications and restaurants. More than 300 domestic banks in Finland, but 3 bank groups (Nordea, OP and Sampo), and credit is available to both nationals and foreigners.

For social factor, Finland protect citizens' property rights very well, also has a high quality of judiciary and civil service. On technological factor, Finnish companies aim to enhance the level of research and development, also government intends to prepare a national innovation strategy.

For environmental element, Finland is extremely cold in winter, while summer is full of sunshine. There are more than 60000 lakes in Finland, which gives a cozy picture in summer with the forests. However, manufacturing, industrial wastes and power plants lead to air and water pollution. On the aspect of legal issues, Finland has efficient regulations and legal environment, in Finland contractual agreements are strictly honored and restricted working hours.

(Scribd 2013)

3.2 Coffee Culture in Finland

In 20th century, Finland ranked the biggest coffee-consuming countries among European countries. While because of the high taxation, wars and prohibitions until the end of World War II, Finnish coffee consumption was reducing, but Finns' desire of coffee has continued in the 21st century.

The way Finns prepare coffee is different from other countries. In Finland, coffee is roasted lighter than in Southern and Central Europe, with the high quality coffee bean, softness and good quality Finnish water, light roasted coffee does not defect its taste that should be hidden by roasting them darker.

Finns drink around 4 to 5 cups of coffee per day (Ojaniemi 2010), unlike other countries coffee is served in glasses, usually the coffee in Finland is served in cup or mug and many Finnish families have at least one set of coffee dishes for guests or

big event. The author found some figures about how much coffee Finns consume yearly.

(Ojaniemi 2010)

TABLE 1. The Top Five Countries on Coffee Consumption per capital (modified from *ChartsBin* 2013)

Country	Latest Available (metric tons)	Latest Available (Kg/ person, annually)
Finland	63,414	12
Norway	46,285	9.9
Iceland	2,679	9
Denmark	47,592	8.7
Netherlands	137,525	8.4

The chart shows the top five coffee consumption countries, and most of them are from European area. From the chart it is obviously to know that Finnish people are among the biggest coffee consumption in the world. The average amount of annual coffee consumption is around twice of other European countries, which is 12 kilograms per capital yearly. Suppose each bag of coffee is 500 g, 24 bags of coffee will be consumed per person each year in Finland. (ChartsBin 2013)

Current Worldwide Annual Coffee Consumption per capita

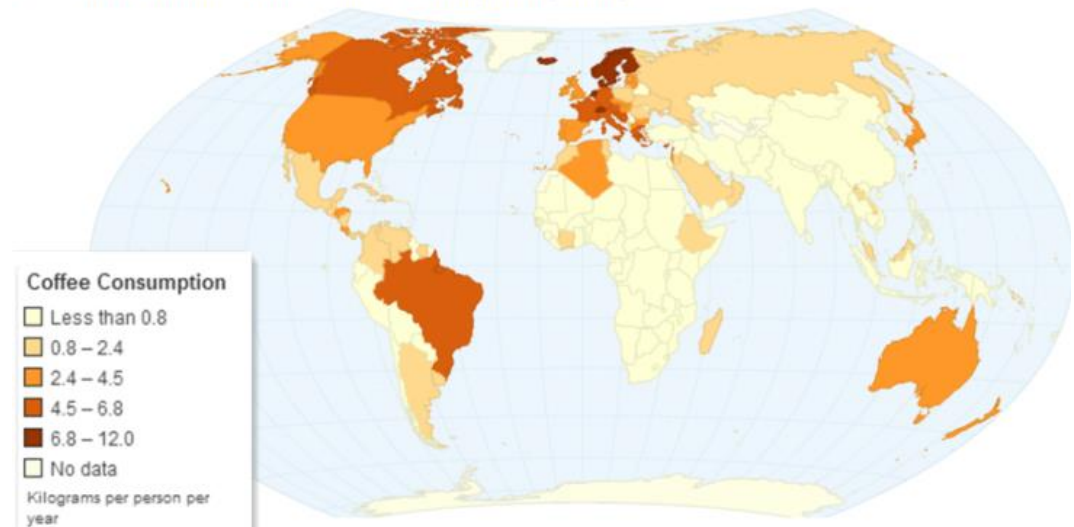


FIGURE 11. The World Map of Coffee Consumption (modified from *World Resource Institute* 2013)

Here is another picture of worldwide coffee consumption annually. It explains Table 1 clearly and macroscopically, also it is easy to see Canada and Brazil ranks the third big coffee consumption countries. Western countries such as Germany (6.4 kg per person/year), Austria (6.1 kg per person/year), Italy (5.9 kg per person/year) and France (5.4 kg per person/year) are the second high coffee consumption countries; Finland ranks the first place in this world map, which is 12 kilograms per person each year.

3.3 Porter's Five Forces Analysis of Finnish Caf  Industry

The Porter's Five Forces is a business strategy tool created by a professor from Harvard Business School, it helps an organizer to understand the current competitive situation and competitor's strength. With this analysis tool, organizer will get a clear picture of its weakness as well, so that an analyzer can improve the weakness and find out whether new products, service or business has the potential to make profit.

Just as its name implies, the Porter's Five Forces Analysis tool consists of five important forces: competitive rivalry, threat of new entry, threat of Substitution, power of suppliers and power of buyer, here is a picture that illustrates what affects Porter's Five Forces:

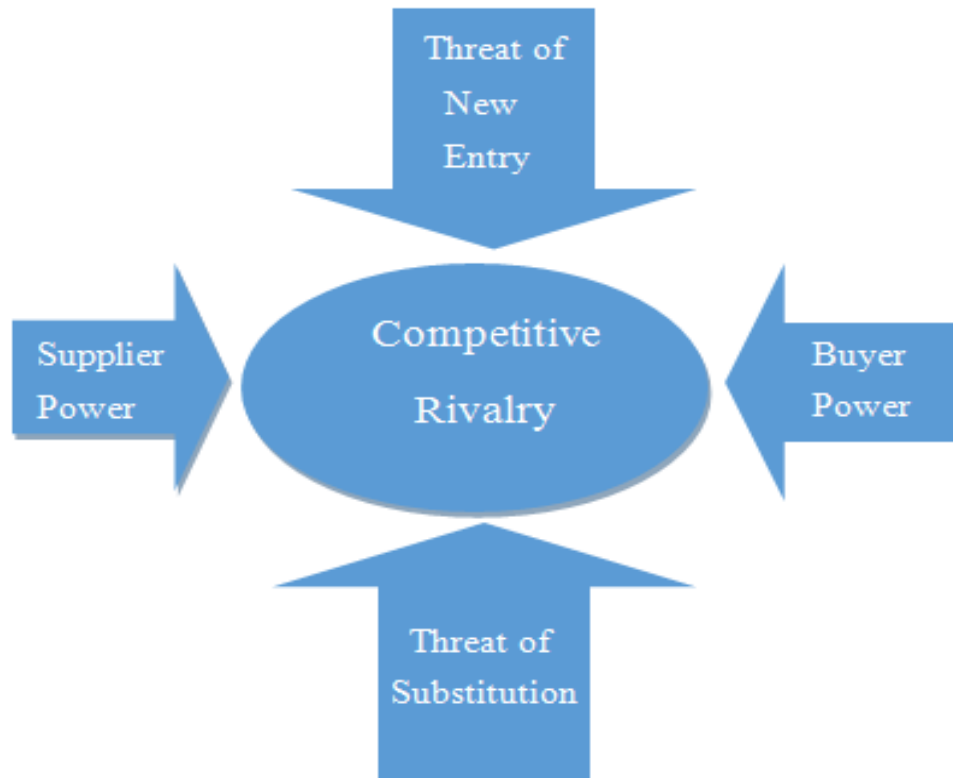


FIGURE 12. The Porter's Five Forces Analysis Tool (modified from *MindTools* 2013)

Competitive Rivalry: An organizer should know how many competitors he has and competitors' capacity as well. If the organizer has a large number of competitors and their products or services are as good as the organizer's, then the organizer is losing its power in this force.

Supplier Power: In this force, an organizer can assess how easy it is for suppliers to raise up commodity price, this is driven by how many suppliers the organizer has, the fewer the supplier choices an organizer has, the more help is needed from supplier, the more powerful suppliers are.

Buyer Power: Organizer need to analyze how easy it is for customers to decrease prices, which is led by the number of buyers, if a company has few buyers, the buyers are powerful.

Threat of Substitution: If substitution is easy and substitution is viable, then organizer's power is weak.

Threat of New Entry: It is affected by how long and how much it costs to enter the market, for example, if organizer has a little protection for the vital technology, then competitors can enter this market easily. On the other hand, if an organizer sets a strong barrier to enter, the power of this force is strong.

(MindTools 2013)

In the following figure, the author is going to analyze Caf é industry in Finland by applying Porter's Five Forces Analysis tool, aiming to have a basic knowledge of competitors from Finnish caf é market. The author took some coffee shops as references to analyze Finnish caf é industry and summarize it as the following map:

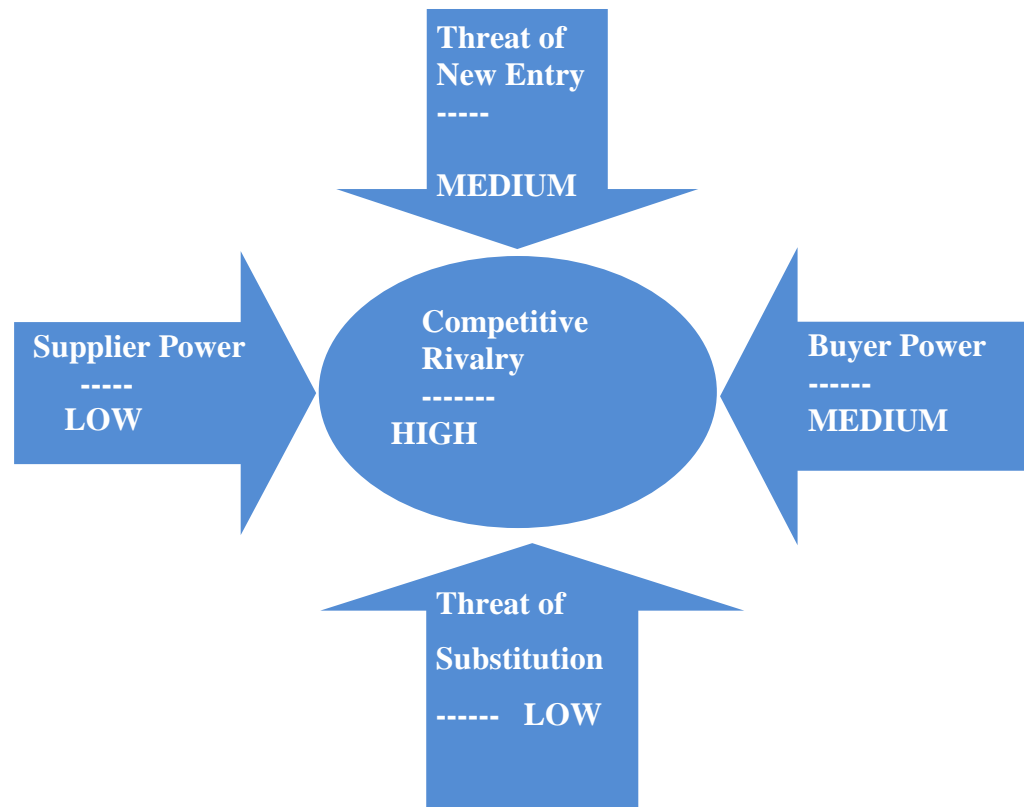


FIGURE 13. Porter's Five Forces Analysis of Finland Caf é Industry (modified from *MindTools* 2013)

Rivalry among existing competitors considered in a high level, even though the author will establish a Chinese caf é in Finland offering Chinese beverages and desserts, light roasted coffee is still Finns favorable beverage. Furthermore, only in Helsinki area, quite many coffee shops are located around Senate Square, Market

Square and shoreline, this could be a powerful competitiveness for the author's Chinese café

The power of supplier is affected by number and size of suppliers, the author found out there are enormous coffee shops in Helsinki, the choices of suppliers would be large as well, in this situation it is not easy for supplier to drive up prices, therefore supplier's power is weak.

As for buyer power, if customers are looking for ordinary coffee only, then buyers are powerful in view of the fact that many coffee shops sell ordinary coffee. However, if buyers are interested in trying special beverage, the author's Chinese café is a good option, because there are no other places in Helsinki provide unique products as author offers. Overall, the buyer power can be described as a medium level.

Threat of substitution is determined by how easily for customers to find a replaceable product or service. As the author has mentioned many times in thesis, coffee shops can easily be found everywhere in Finland, but there are only two cafés provide bubble milk tea which is not a big threaten for author's Chinese café. In this case, the threat of substitution is not very powerful. Besides, author's Chinese café sells beverages like traditional Chinese tea, herbal tea with milk, traditional black tea with pearl and Q Mochi. In conclusion, all these products are difficult to find in Finland currently.

The threat of new entry is in a medium level, making coffee is not difficult and people can even make it at home with a high quality coffee maker. Even though Chinese café provides some beverages different from other cafes, it is easy to imitate and get some products similar as long as a person has café experience, and to some extent, the threat of new entry is high. However, some beverages from Chinese café require high techniques that other Finnish cafés have barely knowledge about it. For instance pearl milk tea, Finns have no idea how many hours the milk and tea should be boiled to make a good-tasted milk tea, furthermore they do not know how to make the so-called "pearl (bubble)". In addition, the good Latte Art cannot easily be found in Finland, author is planning to learn the Latte Art

herself in order to make more different styles (Appendix I), which is going to be a big threaten to others, from this point the threat of new entry is low.

All in all, according to the Porter's Five Forces analysis of café industry in Finland, Finnish café market is not a big threaten to Chinese café while still there could be a big competition in the near future when café industry is becoming more and more multifarious.

3.4 Business Model Cases of Existing Cafés in Finland

In this section, the author will research some real existing coffee shop cases from Finland, the Robert's Coffee, R-Kioski, Ciao Caffé, Wayne's Coffee and E■ Café, then shortly summary the information on a matrix map. The purpose of this section is to help the author analyze competitors' power, and it will be a resource for the next chapter on competitors' SWOT analysis as well.

Robert's Coffee is a franchising coffee business, and is the largest coffee shop chain in Nordic countries. Robert's coffee serves original coffee, own blends, espressos, flavored coffees, decaffeinated coffees and variable selection of tea. It also offers milkshakes, smoothies, fruit drinks, desserts and salad. Robert's Coffee shops are located in shopping malls, like Forum, Kamppi and Stockmann. Customers that visit the cafés will get free wifi and comfortable atmosphere. The author researched the price list and found out the ordinary coffee ranging from 2.40 to 4.20 euros for small to large size; Espresso costs 2.40 to 3.20 euros and latte is 4.40 euros with hot and cold option. Robert's Coffee sells hot drinks as well, such as hot chocolate is 3.50 euros without cream and 0.50 euros added if customer requires cream; brewed tea is 2.40 euros. (Robert's Coffee 2013)

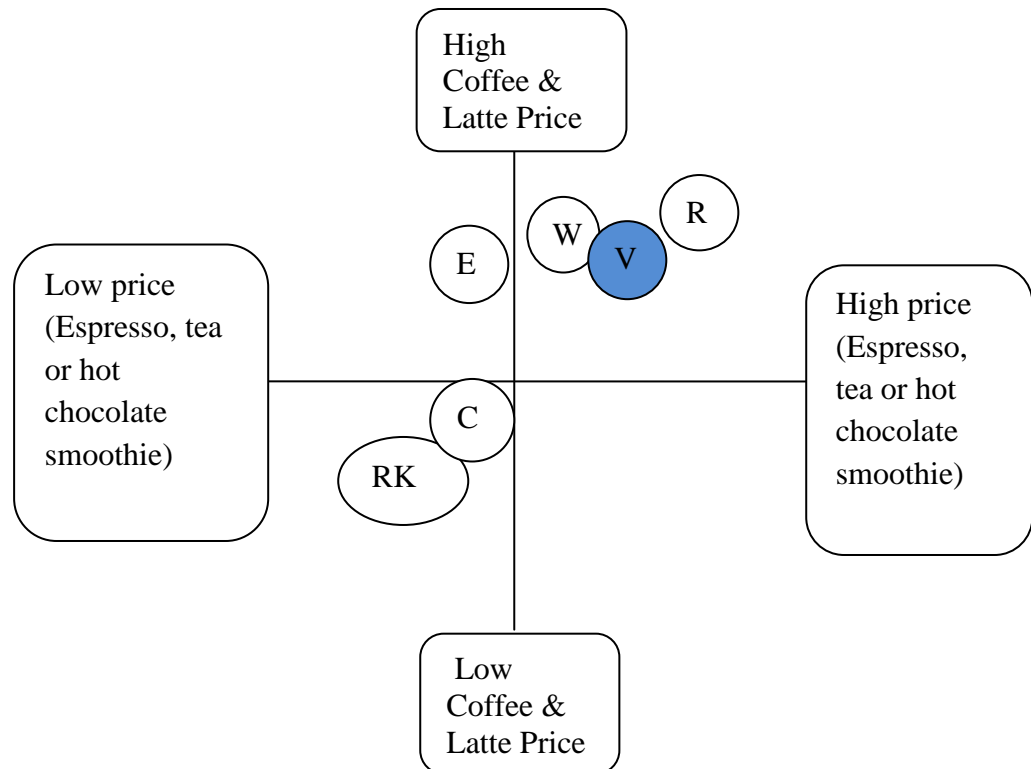
R-Kioski is a chain store owned by Reitan Group, until now there are 723 R-Kioski shops in Finland. R-Kioski sells books, magazines, tobacco, ready meal, snacks and coffee, etc. Usually R-Kioski customers are from train station, metro station, it has a large passenger flow volume due to the selected location. Coffee served in R-Kioski is 1.50 euros for small cup and 2 euros for the big one. Snacks are comparative higher than from supper market. (R-Kioski 2013)

Ciao Caffé sells tasty and high-quality Italian ice cream, the first Ciao Caffé established in Finland was in summer 2005. This Italian style café usually located in shopping malls. Ice cream is the main product from Ciao, but Ciao has coffee with its partner Caffé Pascucci, selling Espresso and hand-crafted traditional coffee. In addition, Ciao Caffé makes some healthy and organic smoothies with fresh fruits and berries. The products from Ciao are at medium price level, for instance, Espresso is 1.70 euros for small cup and 2.20 euros for large one; Caffé Late is 3.40 euros and original coffee is 2.20 euros. Ciao Caffé is one of the sponsors for charity organizations, like Fida International, Unicef, Punainen Risti and Suomen Lähetysseura. On Red Nose Day, Ciao Caffé will make some special-priced products, and the income from these products will be donated to charity missions. (Ciao Caffé 2013)

Wayne's Coffee is a Swedish-based coffee chain brand founded in Stockholm in year 1994, and nowadays it has extended to Finland, Estonia, Denmark, Cyprus, Norway and Poland. In 2010, Wayne's Coffee ran its first coffee shop in China, in the Oriental Plaza shopping mall, which has over 750 000 visitors per week. From the researched data, approximate 80% customers are Chinese for Wayne's Coffee (My News Desk 2013). Wayne's Coffee aims at serving coffee brewing than fast-food coffee. It provides a home-felling cozy location to customers enjoy the silent moment and simply having rest at coffee shop. Price is ranging from 5 euros to 11 euros, and five basic products are sold in Wayne's Coffee: coffee, cold drinks, hot drinks, pastries and fresh salad. (Wayne's Coffee 2013)

E■ café is a self-employed Taiwanese coffee shop located in Eerikinkatu, Helsinki. E■ coffee shop is not far from Kamppi metro station, it takes 6 minutes by walking from Kamppi subway station to E■ Café. The author had a research on its products price, and found out its traditional coffee costs around 2 euros, latte coffee sells in 4.20 euros and Chinese food cost no more than 8 euros. E■ Café has products with Chinese food and beverages, and it already run the business for 2 years in Helsinki. (E■ Café 2013)

Based on the gathered information, the author made a matrix map to clarify the price levels of these coffee shops. Here is the easy-reading map in the below:



R =Robert's Coffee, RK =R-Kioski, C =Ciao Caff , V = Voikukka Caf 
 W =Wayne's Coffee, E =E Caf 

FIGURE 14. Price Matrix of Competitors Analysis

The price is usually the most important attribute for customers when making buying decisions. From the matrix, the author found Robert's Caf  is the most expensive option for customers among these four shops, R-Kioski is not the popular place for coffee consumption, it is mostly for passing-by consumers. The matrix shows Voikukka Caf  has a high performance price ratio comparing with the other three coffee shops. However, Ciao Caff  is the biggest competitor when talking about price level. Comparatively speaking, Ciao has lower price but good quality products. From the map, the author got the conclusion that E Caf  is the biggest competitor to Voikukka, from the price level to products offering, E has many similarities with Voikukka. E sells Chinese bubble milk-tea as well, which could be a competitive factor. But E sells Taiwan local food instead of Chinese desserts that Voikukka has. In a summary, E will be a powerful competitor to the author's Chinese coffee shop.

4 CASE: VOIKUKKA CAFÉ BUSINESS PLAN

It is essential to make a business idea into a business plan decision and it should consist of several components: background situation (etc., business idea), marketing objectives, marketing strategy, marketing mix, action plans, budget and organizational implications (Doyle & Stern 2006, 85-86). In the beginning of the thesis, the author had given a short description of business background. In this chapter, the author will focus on marketing objectives, marketing mix, action plan and budget.

4.1 Business idea

Finnish people drink 4 to 5 cups of coffee each day, ranking at the top of coffee consumption among the rest of European countries. According to this data, it would be a great opportunity to have coffee business in Finland. However, only providing coffee will not satisfy Finnish market absolutely, because there are quite many coffee shops in Finland and around 7000 Chinese immigrants living in Finland, which including 2000 overseas Chinese students. More and more Finns are getting interested in Chinese culture. Because of the raising amount, Helsinki University cooperates with People's University of China establishing Confucius Institute in Helsinki, and providing a platform to teach Finns Chinese language and culture. By the end of September 2013, there are already 435 Confucius Institutes and 644 Confucius Classes all around the world. In this point of view, some products for immigrants and for those who are interested in foreign cultures should break into Finnish market. (Overseas Chinese Affairs 2013)

The author came up with a business idea to have a Chinese style café in Helsinki, Finland. The author will name the café as Voikukka, Voikukka has the similar pronunciation with Chinese "I love black coffee". From the author's personal fondness for black coffee, Voikkuka is a felicitous name. Moreover, the author has a wish that this coffee shop can be a well-known café in Helsinki and in the future this business could spread out not to everywhere but at least to some main cities in Finland.

After a deep study on Finnish marketing environment, the author found out that Finland opens direct investment to foreigners and the business start-up period is short, which means it will not take long to start a business if all required documents and materials are ready by entrepreneur. And Finnish government respects private property rights, and supports business beginners in technical aspect. Also Finland has effective regulation and legal environment, so to say Finland provides a promising business environment.

4.2 Marketing Objectives

The author is planning to have a café named Voikukka Café, which has around 15-20 seats, 40-45 square meters. The primary plan is to locate it at somewhere not far from Helsinki city center area, such as Kamppi center. The marketing objective for Voikukka Café is that one year after the business has started, Chinese people from Helsinki area will have heard about this Chinese café, in the same time online Chinese platform - Sina Weibo could get at least a hundred followers from Helsinki area. The author will make a timeline to show the basic marketing objectives within five years.

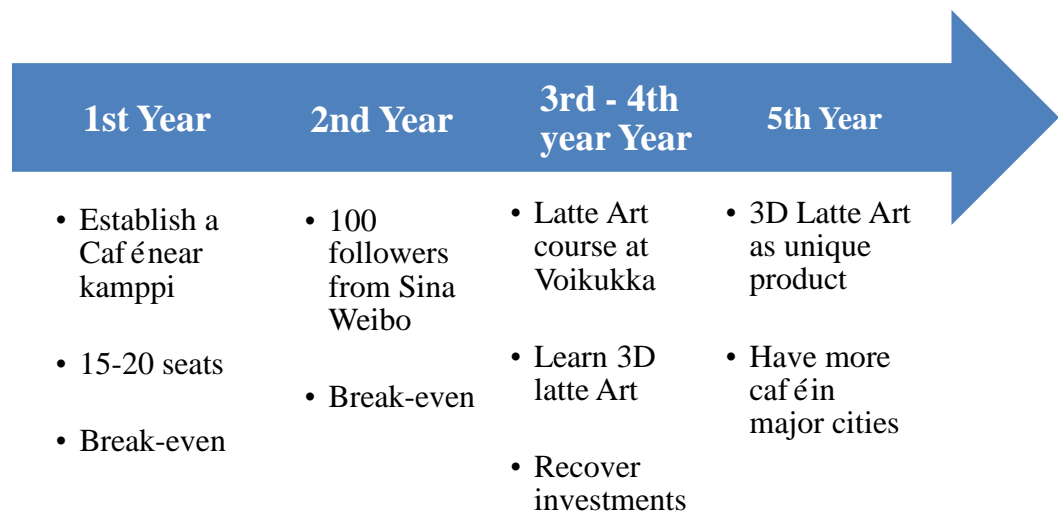


FIGURE 15. Voikukka Café Marketing Objectives Process in Five Years

For financial objective, the author aims at making a break-even business for the first and second year. In the fourth year, the business should make profit and revenue should recover the investment capital. After acquiring enough information on segmented customers' preference, the author will sell only some specific beverages

and desserts. When the café business is on the right track and doing well, the author will start with a small Latte Art course at Voikukka Café with no more than 10 students each Friday. After three years, the author will have learned how to make 3D Latte Art (Appendix II), and have made it as a unique feature from Voikukka Café

4.3 Marketing Strategy

Marketing strategy helps organizer to achieve marketing objectives from two factors: choosing target market segments; the choice of differential advantage, meaning, to analyze competitors and organizers' strengths and weakness, so that the organizer could make a profitable strategy to attract customers to prefer and purchase its offer. (Doyle et al. 2006, 88)

The author will identify the target market in this chapter, then summarize its advantages and shortcomings, analyze its marketing mix and apply Voikukka café case into Hoffren's business model.

4.3.1 Target market Segmentation

Voikukka Chinese café aims to satisfy those Chinese customers who live in Finland, for those who miss home county's beverages and desserts, and also for the Finns who are interested in Chinese desserts and drinks. Because this is a coffee business, there is no age limit. This business plan will target on middle-income people living in Helsinki, for example, overseas students, shop sellers near Kamppi shopping mall and officers. This café is going to be a place where people come to rest and relax, but not for official business affairs for instance negotiating business agreements.

4.3.2 SWOT Analysis of Voikukka café and Competitors

For understanding organization's strengths and weaknesses, also for analyzing its opportunities and threats, SWOT analysis method is a useful tool helps organizer on marketing assessment. From internal environment on strengths and weakness, as well the external environment of opportunity and threats, SWOT analysis tool is a

good option (BusinessBalls 2013). Author will use SWOT analysis tool for identifying Voikukka Caf é and its competitors.

TABLE 2. A General SWOT Analysis of Voikukka Caf é (modified from *Internet Marketing: Strategy, Implementation and Practice* 2009, 222)

VOIKUKKA CAFÉ	Strengths	Weaknesses
	<ul style="list-style-type: none"> • Unique products • Not easy to “copy” • Affordable price • Low substitution (Products are not easy be replaced) • Health preserving 	<ul style="list-style-type: none"> • Time consuming to prepare food and beverage • Small scale business brings low profit
	Opportunities	Threats
	<ul style="list-style-type: none"> • More Finns are interested in Chinese culture, food and language • A great number of Chinese overseas students and immigrants • Powerful suppliers • Not many competitors 	<ul style="list-style-type: none"> • High rent at Kamppi center • Products are not familiar for Finnish • A similar Taiwanese caf é at Kamppi

The author found out that the Chinese desserts from Voikukka is a big strength, this is the uniqueness which will bring more profits. Moreover, Finnish caf é has neither concept about making bubble milk tea nor Chinese desserts, so to say the competitor power is lower. Products are in a medium to low price level, which will reduce the limitation on customer segment. But still it has weaknesses, the author needs to purchase some materials from China, it might take time until materials get to Finland, also preparing the food is a time consuming process. Some coffee shops purchase bread, desserts and smoothies from certain retailers. Unlike Finnish coffee shops, the author herself prepares most of the products in Voikukka Caf é

The greatest opportunity is the increasing number of Finns who are interested in Chinese culture. Since Voikukka is a Chinese café, those who are the fans of Chinese culture are more willing to visit there. Voikukka will become not only an ordinary coffee shop, but also it will be a place where people can learn more about Chinese culture and even a platform for Finns to learn Chinese language. The author considers choosing Kamppi as the business site. Kamppi shopping center is located at the city center of Helsinki, consequently rent must be higher than other places so it could be one of the threats for Voikukka Café at the beginning of business year.

TABLE 3. A General SWOT Analysis of Competitors (modified from *Internet Marketing: Strategy, Implementation and Practice* 2009, 222)

COMPETITORS	Strengths	Weaknesses
	<ul style="list-style-type: none"> • Well-known brand • Good brand image refers to good quality • Lower price with high quality 	<ul style="list-style-type: none"> • Limited options • Products are easy to be replaced • No features
	Opportunities	Threats
	<ul style="list-style-type: none"> • Have enough capital to reach international market • Brand image makes it easy to run franchising business (chain stores) 	<ul style="list-style-type: none"> • New brand comes into Finnish market • A glut coffee market • Foreign brands break into

From this SWOT chart, the author realized that the threat for Voikukka is not as high as the author imagined. Robert's Coffee, R-Kioski, Ciao Caffé and Wayne's Coffee are well-known coffee brands, they have the fixed customers already, and they have strong financial power to enlarge market size abroad. A well-known brand gives customers an image that it sells high quality products. However, a significant

threat that the competitors are facing is that the coffee market is nearly reaching a saturation point. Only having coffee and pastries is not enough to satisfy customers if there is no characteristic product in a café moreover even foreign brands are coming into Finnish market, for instance there are two Starbuck chain stores just entered into the Vantaa airport in 2012 and Alppila, Stockmann in 2013.

Price level is the competitive part for Voikukka, while it is not a significant factor. Voikukka has products that other competitors are lack. Many of the competitors do not have features, as the number of international coffee shops are increasing in Finnish market, traditional coffee could not become a competitive power. The author has realized this problem, so it becomes one of the reasons that having a Chinese-styled coffee shop in Helsinki. Overall, to the question of product-offering issue, Voikukka Café has promising market competitiveness.

4.4 Marketing Mix

Once marketing strategy and business plan are done, marketing mix should be taken into consideration to conduct business activities for making sure the business is on the right track. Overall, marketing mix aims at finding the right business position in a market and putting the right product in the right place, at the right price, at the right time (MindTool 2013). It consists with product, price, place, promotion and people.




Chapter 4 is mainly talking about what the author sell and how they are prepared, and comparing with different price levels with competitors. By listing a comparison table of different business areas, the author will further explain the selection criteria of choosing an appropriate location for this Chinese style coffee shop. In the end of this chapter, the author will make a promotion plan as well as taking labors selection into consideration.


4.4.1 Product

Product itself should have some special characters, the author's café is a Chinese-tend café and therefore some products from China will be the special product in this café The author will offer not only Chinese beverages, but also

some Chinese snacks and desserts. The tables below will give a clear picture of some characteristics products the author is going to offer in Voikukka Caf é those products have some features that can distinguish from competitors, also will be the highlight of this Chinese Caf é

TABLE 4. Table of Chinese Beverage Products (modified from *MeetFresh* 2013)

Beverages	Effects & Features
<p data-bbox="375 636 831 667">Traditional Black Tea& Green Tea</p> 	<ul style="list-style-type: none"> <li data-bbox="970 730 1342 761">• Helps promote appetite <li data-bbox="970 797 1257 828">• Reduce blood fat <li data-bbox="970 864 1310 896">• Reduce hypertension
<p data-bbox="375 1249 635 1281">Milk Tea with Pearl</p> 	<ul style="list-style-type: none"> <li data-bbox="970 1059 1437 1133">• A mixture of tea, milk, honey, tapioca pearls <li data-bbox="970 1234 1114 1265">• Chewy
<p data-bbox="375 1341 807 1373">Herbal Tea with Milk and Cream</p> 	<ul style="list-style-type: none"> <li data-bbox="970 1435 1267 1467">• Prevent sunstroke <li data-bbox="970 1503 1342 1576">• Herbal jelly is good for nourishing kidneys <li data-bbox="970 1612 1437 1644">• Enhance the flexibility of skin
<p data-bbox="375 1756 762 1787">White Gourd Tea with Melon</p>	<ul style="list-style-type: none"> <li data-bbox="970 1850 1331 1924">• White gourd promotes metabolism <li data-bbox="970 1960 1437 2033">• Contains high vitamin & fiber (0.9 k fibers in each 100 k

	<p>white gourds)</p>
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In this section, the author will make two tables for products display, the first table shows what drinks offered in Voikukka café. The second following table will present some pictures of Chinese desserts, materials, and effects will mention as well in this products table.





The table above is about soft drinks that the author is going to sell at Chinese coffee, the author chose some representative beverage products as examples as the table explained.

For the beverage products, the author chooses big glass jar as containers (473 ml). Customers will see the ingredients through this jar, making sure they are having healthy drinks. This kind of jar presents a good out-looking for products.

Some of the beverages contain tapioca balls called “pearls”. Pearls are made of sweet potato flour marinated with honey and milk. Those soft drinks have health preserving functions, for instance, herbal tea is good for preventing sunstroke in summer and nourishing kidneys. Some drinks even help reducing blood fat. In order to make Finnish customers learn more about the products, the author will post some short descriptions for the ingredients, introducing its functions and the way to cook some Chinese food with the ingredients.

All desserts will be served in traditional Chinese bowls as Song dynasty had in the year of 960 to 1279. These kind of bowls are made of china material: diameter is 18.4 cm long, height with 7 cm and its volume is 850 ml. And most of the Chinese desserts will be prepared by the author herself with purple rice and red beans.

TABLE 5. Table of Chinese Dessert Products (modified from *MeetFresh* 2013)

Snacks & Desserts	Effects & Features
<p data-bbox="408 383 743 416">Lotus Seed Tofu Pudding</p> 	<ul data-bbox="1110 383 1406 712" style="list-style-type: none"> • Lotus is good for nourishing stomach, • Tofu contains high protein and calcium • Tofu (yellow bean) is good for women skin
<p data-bbox="408 723 1010 757">Purple Rice Porridge with Red Bean & Pearls</p> 	<ul data-bbox="1110 723 1406 1050" style="list-style-type: none"> • Hot / cold porridge • Purple rice: good for pregnant women & middle-aged people • Red bean: vitamin B1 & B2, tonify the blood
<p data-bbox="408 1061 767 1095">Red Bean with Crushed Ice</p> 	<ul data-bbox="1110 1128 1406 1274" style="list-style-type: none"> • Ice is prepared with milk • Summer-option • Tasty
<p data-bbox="408 1576 547 1610">Taro Balls</p> 	<ul data-bbox="1110 1429 1289 1585" style="list-style-type: none"> • Red beans • Peanuts • Pearls

To understand more about Finnish customer's preference, the author will prepare questionnaires on serving tables. If some customers have allergy with some ingredients can inform the author in advance. There is a possibility that some customers are lactose intolerant, the author will prepare the products with "HYLA"

milk: a lactose free produced milk with Valio-patented technology. (Yle Uutiset 2013)

4.4.2 Price

Price not only brings income to a company, but also gives the quality image. People tend to consider that a higher-priced product also refers to a high quality product (Blythe. et al. 2010, 192). Price influences marketing positioning. Voikukka Caf éis for middle-income people and students, in this point the price should not be high. The ordinary coffee will be sold in 2.50 euros; coffee latte will be sold higher than other coffee shops in 4.50 euros, because it is offered with different Latte Arts. Chinese beverages provide with big jar (473 ml) that charges for 3.50 euros to 6 euros and Chinese desserts are for 6.20 euros to 8 euros.

As the author had analyzed in the thesis, customers' buying decision is mostly decided by the price level. In chapter two, the author illustrated a price level matrix to show that Voikukka Caf éis neither the most expensive among competitors, nor the cheapest one. Because some materials will be purchased from China, long distance causes a higher importing and taxes expenses. The author needs to cover this expense by raising the price a bit higher than other coffee shops. Moreover, the author uses HYL A as the main milk ingredient, which costs more than normal milk. In addition, Latte Art coffee needs skillful technique. All these factors make Voikukka products comparatively high. When comparing with other coffee shops, Voikukka Caf éhas a high performance in price ratio.

4.4.3 Place

Place refers to provide a location where customers can easily access the products. The location where a business takes place will affect customer's perception on product (Blythe et al. 2010, 192). The author figured out that choosing a suitable business district is important. Business district means taking the location of a company or shop as the central area, how far a firm can reach to its customers. To put it simply, it means the geographic scope customers live and work at. There are three big business districts: residential district, scholastic district, and commercial

district including office building, shopping mall and amusement area. (Lee 2013, 50)

TABLE 6. Comparison of Three Business Districts (modified from *Want to Run a Café Business* 2013, 59-70)

	Advantages	Disadvantages
Residential District	<ul style="list-style-type: none"> • Fixed customer segments 	<ul style="list-style-type: none"> • One-type customers • Limited passenger flow
Scholastic District	<ul style="list-style-type: none"> • Young people aging from 19 to 25, more interested in new subjects • Like small groups, cafés one of the choices to stay • Good dating-locus 	<ul style="list-style-type: none"> • Spend less money but more time at one place • Holidays and vocations, no students in campus
Commercial District	<ul style="list-style-type: none"> • Peak time in the morning & afternoon coffee break • For officers & shop sellers • For window shopping customers 	<ul style="list-style-type: none"> • Intensive competition • Higher rent • Various income group • Near city-center (high passenger volume)

The author analyzed the advantages and drawbacks of these three big business districts, then summarized in a table showing in the above. From this table, the author concludes that residential district has small passenger volume and a limited customer segment. Most of the customers from residential area are residents from nearby living districts, they usually rather make homemade coffee than buy from coffee shops. Scholastic seems meet the author's target segment, while the biggest problem is the business might fail, if the author considers only Chinese students as

target group. This coffee is going to run in Finland, even if the number of overseas Chinese students is increasing, it still occupies a small market size. Furthermore, on holidays no students stay at school campus, which means no student customers will come to visit coffee shops.

According to the comparison for three big business areas, the author plans to establish the café in commercial business area, for example at Kamppi center. There is no Chinese Town in Helsinki, but many Chinese restaurants are located at Kamppi shopping center, so the author deduces that Kamppi could be the place where Chinese customers visit frequently. Since Chinese is one of the target groups for Voikukka Café, Kamppi center will be the priority selection to the author.

Furthermore, train station has a big passenger volume, and Kamppi shopping center is only 2.5km from Helsinki city railway station, it takes 8 minutes to walk there. Also the center bus station is built underground in Kamppi, therefore Kamppi is an appropriate location for cafeteria business. The author will choose a location from Kamppi indoor shop, taking Wayne's Coffee in Forum shopping mall as an example, which has around 30 seats and is located at the route way to Kamppi shopping center.

4.4.4 Promotion

Promotion is important in the early stages of developing a marketing position, but it is not a clever choice to overuse sales promotion, because it will damage a brand image and make it in a worse position (Blythe et al. 2010, 192). In the first year, there will be a username for Voikukka in Sina Weibo platform and Facebook to upload the newest promotion news and discount activities. Weibo is a Chinese blogging website similar as Facebook and Twitter, it was founded in August 2009. By the year of December 2012 there had been 503 million registered users in Sina Weibo, which has become the biggest social media platform in China. (BaiduBaiké 2013)

Because this coffee shop is going to locate in a shopping mall, from 3pm to 6pm Voikukka café will offer take-out service without charging. Those who order product from Voikukka over 8 euros and work at Kamppi indoor areas will get free

delivery from 15:00 to 18:00. Customers can register as members and get a membership card with 5% off discount. Moreover, Voikukka will give customers reward cards, once customer purchase a cup of coffee or bubble milk-tea will get a voikukka image stamp. After collecting 10 stamps, they will get one cup of coffee or bubble milk-tea as reward without paying. This promotion will last whenever the business is on.

On each Friday, Voikukka will have Chinese language learning class to international customers, and timetable will be updated on Sina Weibo and Facebook, and informed on the shop notice board. It will become one of the promotions to attract more customers, for those who come to the language course will order something to drink. The author will take some photos during the course and post them to social media platforms. This activity will increase the knowledge of Voikukka and enlarge customer groups. After three years, Chinese learning course will be adapted to Tuesday because of the Latte Art teaching course will be hold on each Friday.

4.4.5 People

The author will talk about recruiting employees in this section. Most of the time, employee's attitude leave deep impression to customers, and employees represent company image. A rude and careless staff will put a company into very bad position in the minds of customers. Whereas, a helpful employee gives customers good mood and brings more benefits to company. (Blythe et al. 2010, 193)

Instead of hiring many staff, the author will recruit one employee and the author will be second employee. In view of the fact that Finnish people have no idea about making Chinese food, the author and the helper will prepare food by themselves. Also due to the limited investment capital, the author needs to save expenditure in the first year. The employee that the author is going to recruit will work 8 hours daily and should have over one year working background at coffee shop and the one who has Latte Art skill is preferred to be hired. Since this is catering business, the author and the other worker are required to have Evira certificate from the Finnish Food Safety Authority Mission.

4.5 Action Plan of Business Idea

In this section the author will study on business model of the case, the Chinese coffee shop Voikukka Caf  . This case is illustrated in detail by applying Hoffren's business model.

The Hoffren's business model is chosen to display Voikukka Caf   business ideas and business actions. The figure below will give a dynamic explanation about the reason why customers need product from Voikukka, the reason customers have to purchase from the author. Furthermore, the author will shortly explain product and service features, Voikukka Caf   target groups and the operation model. In the end of this dynamic figure, the author will give some examples of required resources concerning physical resource, financial and human resource.

Voikukka coffee shop will offer tasty daily made Chinese food and drinks that are prepared by caf   owner herself. For the Chinese customers, those products are home-made food, which are familiar to them. In addition, the free language learning active is an attractive promotion. Voikukka Caf   warmly welcomes whoever is interested in learning Chinese language. Briefly speaking, Voikukka provides what target customers need and prefer.

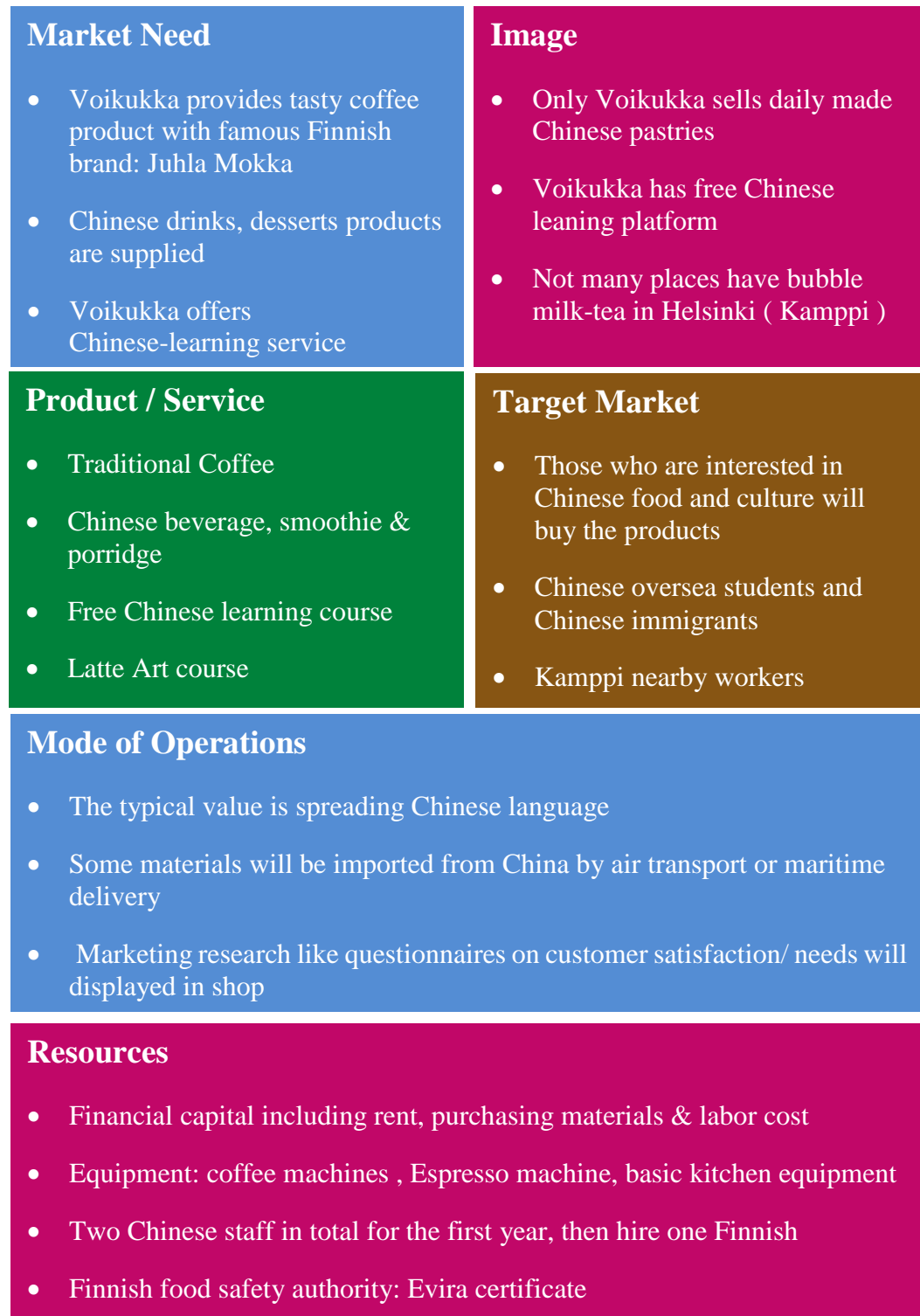


FIGURE 16. Hoffren's Business Model of Voikukka Café (modified from Hoffren 2002)

As for human resource aspect, to save investment cost, the author will not hire many workers. Especially in the first year, the author will work with one extra instead of hiring many waiters. Both the partner and the author will responsible for

product selling, shop cleaning, as well as material purchasing. In the second year, the author and her partner will in charge of the coffee shop in turn, and hire a Finnish waiter as the shop seller. Because catering industry requires language skill and Finnish seller is easy to communicate with Finnish customers.

4.6 Financial Budget

The author brought the question with start-up capital requirement for the first business year, this section will calculate the initial capital for establishing Voikukka. The expenditure includes investment capital that is going to be used on business operation, such as company registration fee, equipment cost, working capital (for instance labor cost) and insurance, etc. In this budget planning section, the author will cope with three main financing forms: capital requirements form, profitability form and sales form. Based on these financial calculations, the author will answer what the amount is for starting a coffee shop and how many products should be sold to make this business profitable.

In order to deal with financial budget, the author regards Uusyrityskeskus as resource. It is an online service with the purpose of guiding new entrepreneurs on making appropriate business plan. The author will only apply the financial budget plan forms from this online service page and display three tables in the following paragraphs. (Uusyrityskeskus 2013)

The author will prepare EUR 50000 as personal investment fund. From the investment table, the author realized that rent and rent deposit cost a lot. The author consulted the rental fee by a phone call interview with Chen (2013) and a face-to-face interview with Mr. Liang (2013). Supposing the rent is EUR 8000 per month, rental capital is EUR 24000 in total including deposit (two months' rental cost). It can be read from Appendix III that the second big expenditure is renovation of premises, which is EUR 5000. Including the author, there are only two employees in this coffee shop, so working capital expenses for salary are not very high, which is EUR 1600 each person per month (EUR 3200 monthly in total). The first month salary is included in investment capital, but the rest of personal costs come from monthly revenues.

Overall EUR 52500 capitals are required to start this business. Because it costs EUR 350 for company registration fee, and EUR 2500 should be saved in bank as share capital. Therefore, it is enough for the author preparing EUR 50000 as the start-up investment capital.

The profitability calculation for Voikukka coffee shop is managed in Appendix IV. To make a profitable coffee business, the monthly sales turnover should minimum four times of rental cost (Lee 2013, 45). According to this resource, the monthly rental cost is EUR 8000, the author targets its sales revenue as EUR 32000 per month and it has written in the profitability form. To calculate unemployment fund, considering the employees need to pay 0.6% tax to get it, so the unemployment fund is EUR 9.6 each month. According to data collection, the value added tax for food, restaurant and catering service is 14%. Therefore, the net revenue requirement for each month is EUR 15090 after tax payment.

(Valtiovarainministeriö 2013)

Then come with sales calculation issue. The author divides customers into three groups, who comes alone; those who come with friends, so at least two customers will come together; and the family group, minimum three customers in total. The author assumes average consumption is 5 euros each person. Basing on net revenue is EUR 27534 per month and it was calculated in the beginning, sales result is 6400 products that should be sold monthly.

From the sales revenue table, it is easy to know that the possible need of additional sales is EUR -1376. The result indicates that there is a profitless business in the very begging. However, the result is affordable for a new entrepreneur and the author's business plan is to make the Chinese café well known in Helsinki area in the first couple of years.

5 FINDINGS AND CONCLUSION

This is the chapter towards the end of the thesis, the author will collect findings to answer research questions mentioned in chapter one and modify them into a table. In the end, the author will make a conclusion to estimate this business plan and give some recommendations for the future marketing research.

5.1 Findings

The table includes research questions mentioned in the beginning of this thesis and shortly answered as the following findings. The findings table includes two parts, the first one is four research questions and the second part includes two subordinate research questions.

TABLE 7. Table of the Thesis Findings

Research Questions	Findings
1. Why business is planned?	<ul style="list-style-type: none"> Increasing Chinese overseas students & immigrants
2. What is the target group concerning Chinese coffee shop: Voikukka Caf é?	<ul style="list-style-type: none"> Chinese overseas students & immigrants Those who are interested in Chinese food and culture
3. What is the highlight of Voikukka?	<ul style="list-style-type: none"> Chinese beverages and desserts
4. Will Finnish customers order other beverage besides coffee from a caf é?	<ul style="list-style-type: none"> Yes, because E coffee has run a business with bubble milk-tea & Chinese food
5. Can Finnish customers accept Chinese tea and cold beverage?	<ul style="list-style-type: none"> Even Finnish caf és offer tea bags & some places also have Chinese beverage
Sub-research Questions	Findings
1. Who are the competitors for Chinese caf é?	<ul style="list-style-type: none"> Robert's Coffee, R-Kioski, Ciao Caffé, Wayne's Coffee, E Caf é Ciao Caffé (the biggest competitor concerning price level) E Caf é (the biggest competitor concerning products offering)
2. What is the amount for start-up capital?	<ul style="list-style-type: none"> EUR 52500 in total (including EUR 2500 share capital at bank)

Before starting the research, the author realized that Finnish people drink coffee at least three times per day. Coffee seems to be an essential product in Finns' daily life. Therefore, the author started the question with finding out the target coffee-consuming group for coffee shops and for the study case. In chapter four, the author has answered the first research question, the target market segment for Voikukka case is the increasing 2000 Chinese overseas and Chinese-interested Finnish customers.

Since coffee business is facing a nearly saturated coffee market, the author should have a coffee shop which provides products that are different from other competitors. With this question, the author came up with the idea that perhaps having Chinese food and beverages could be a competitive power. For this reason, the author regards Chinese beverage and hand-made Chinese desserts as the high light products. The detailed information has mentioned in product section from chapter four.

The author was worried that Finnish customers are not willing to try other beverages except coffee, while after researching the author found that there is a Chinese style café near Kamppi shopping center for two years until 2013. The author has visited that coffee shop couple of times, finding out Finnish people accept diversity beverages and like Chinese food. Even in Finnish coffee shops traditional coffee is not the only product that Finns will order, smoothies and tea are also welcomed by Finnish customers.

For making sure the business idea will come true in the future, the author needs to calculate the start-up capital amount, this part was answered in chapter five.

According to three displayed budget forms, the author came with the result that EUR 52500 in total is required to start this business, including share capital of EUR 2500 in the bank.

5.2 Go or Not Go Decision Making

According to the collected information and data, from the author's point of view, the business idea that establishing a Chinese coffee shop in Helsinki city is executable.

From the PESTEL analysis, the author found out that Finland gives new entrepreneurs a preference addition to start business. Finland provides a short-term business preparation period, which makes sure that a business plan can be conducted as soon as possible. Additionally Finland government respects international entrepreneurs, supporting them in business training, legal factor and technology aspect.

With the analysis of coffee culture in Finland, the result came with Finland ranking the top of coffee consumption country among European countries. The author believes coffee business is profitable in Finnish market. To make the author's coffee shop more competitive, the author came up with the business idea that having a Chinese culture café could be the attractive element. In addition, SWOT analysis and Porter's Five Forces map illustrate that Voikukka café has a low substitution power and a new medium entry power. It is worthy to make the business idea in realistic.



FIGURE 17. Possibilities to Conduct Voikukka Café

The author makes a mind map to clarify the reason why she should conduct this business idea. With the map above, it is easy to read the possibilities for having a Chinese coffee shop in Helsinki.

According to the financial result, it can be seen that it is going to be a profitless business in the beginning. The author realized that this result is because in the first year, the business requires a large amount of costs on marketing promotion, production equipment acquisitions and renovation of premises. While with the increasing popularity, the Chinese café will gain more customers, brings more profits and costs will decrease as well.

5.3 Recommendations and Conclusion

In the research process, the author had problem in finding products price lists from competitors. The author went to competitors' coffee shops and wrote down the product price information. From the point of doing marketing research, the author should have interviewed some competitors if possible.

In the matter of financial budget, the author should have researched loan issue, for instance, loan interest rate and requirements for borrowing loans. It would be better if the author have enough information about some organizations supporting new entrepreneur.

Considering that some of the materials are required to ship from China, in the future research, the author is recommended to study importing matters. Such as the transportation cost and the author should know what the most effective and cheapest transportation method is for Voikukka coffee shop.

Marketing

- Interviews with competitors

Financing

- Loan interest & loan-lending institutions
- Organizations for international entrepreneur

Logistics

- Importing requirements
- The chosen vehicle to delivery materials rfrom China to Finland

Products

- Latte Art course

FIGURE 18. Future Research Issues

In order to make Voikukka becomes a competitive coffee shop, the author is going to make Latte Art coffee products. Therefore, Latte Art training will be necessary for the author, who will participant a Latte Art course for one and a half months in China. In the same time, the author is able to start searching for a good quality Espresso machine, kitchen equipment and materials for making bubble (taro balls). This information is gathered by consulting author's friends, who are the coffee shop owners from China and Finland.

6 SUMMARY

The thesis starts with the purpose of studying Finnish café market and making a business plan for the study case. In the beginning of the thesis, the author introduced the thesis background, research method and research questions. The background of the thesis is, according to the increasing number of Chinese overseas students and immigrants, some new products should come into Finnish market to satisfy those customers. Then the author had a business idea with having a Chinese-tended coffee shop called Voikukka Café and planned to make it true. To make this business plan, the author firstly brought research questions and answered them by using qualitative research method. The author collected data through published documental resources and electronic resources. Also the author uses different analysis tools, for example, the author used PESTEL tool to identify Finnish coffee market and Porter's Five Forces is used to summary Finnish café industry situation.

The core chapter in this thesis is the case study chapter. In that chapter, the author explained business idea and business planning. Business planning was separated into marketing objectives and marketing strategy. The description of marketing mix makes the author understood customers segment and the strengths of Voikukka coffee shop. After marketing research, the author decided to choose Kamppi shopping center as the business location, where the target customers visit mostly. In the end, the author used Hoffren's business model to summarize the business image, market need, products' introduction and required resources. The first year's financial budget was presented as well in the end of this thesis.

To state succinctly, this thesis includes theoretical knowledge and a practical business plan. The author summarized findings in a table to answer the research questions mentioned in this thesis and gave some recommendations for future research to improve this business plan. In the very near future, the author considers to conduct this business plan after getting enough consulting and researching.

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Interview

Chen, H. 2013. Restaurant owners of Asian Ravintola. Interview 29 December 2013.

Liang, X. 2013. The main chef of Peking House. Interview 29 December 2013.

APPENDICES

Appendix I: Latte Art (modified from *PIXNET: Rain Dog Blog* 2013)



Appendix II: 3D Latte Art (modified from *PIXNET: Rain Dog Blog* 2013)



Appendix III: Funding: Start-up Capital Requirements for Voikukka Caf 

(modified from *Uusyrityskeskus: business plan 2013*)**CAPITAL REQUIREMENTS**

INVESTMENTS			
Immaterial goods	Registration costs	350	
	other		
Machinery and equipment	IT	450	
	Production equipment acquisitions	4000	
	Assets, in kind	0	
	Vehicle	1500	
	Furniture	2000	
	phone/fax/Internet including installation	500	
	Installation of machinery and equipment	3000	
	Renovation of premises	5000	
	Movables of the company	Office supplies	200
	Other devices		
Working capital 2 month	Initial advertising/brochures	1600	
	Costs of the premise	Rent and rent deposit	24000
	Equipment costs	Equipment rental/leasing costs	
	Salaries	Personnel costs	6400
	Entrepreneur s personal living costs		
Sales and	initial inventory	1500	
Financial assets	Cash reserve	2000	
CAPITAL REQUIREMENTS IN TOTAL		52500	
CAPITAL SOURCES			
Equity	Share capital	2500	
	Personal funds invested	50000	
	Personal production tools and equipment	0	
	other		
Equity loan	Shareholder loan		
	Bank loan		
	Finnvera loan		
	other		
	Supplier loan		
Other sources of financing			
Difference		0	
SOURCES OF CAPITAL IN TOTAL		52500	

Appendix IV: Profitability Calculations for Voikukka Caf e(modified from
Uusyrityskeskus: business plan 2013)

Profitability

Comp. form:

Num. of Entrepreneurs:

			Per month	Per year
= TARGET NET RESULT			0	0
+ Loan amortisements	Years <input type="text"/> Ammount <input type="text"/>		0	0
= INCOME AFTER TAXES			0	0
+ Taxation	% <input type="text" value="0.00"/>		0	0
= CAPITAL REQUIREMENTS			0	0
+ Company loan Interests	% <input type="text"/>		0	0
A - OPERATING MARGIN			0	0
+ Fixed costs (excl. VAT)				
+ YCL %	<input type="text" value="15.9"/> Income level <input type="text"/> Gale % <input type="text"/>		0	0
+ other insurances				0
+ salaries			1600	19200
+ salary related	% <input type="text"/>		0	0
+ entrepreneur salary			1600	19200
+ entrepreneur salary related	% <input type="text"/>		0	0
+ Company premises				0
+ leasing payments			8000	96000
+ communication			60	720
+ accounting, tax declaration etc.			150	1800
+ office expenses	<input type="text" value="pens, notebooks, chalks"/>		20	240
+ travel, vehicle etc			160	1920
+ marketing	<input type="text" value="business card, website, newsle"/>		2500	30000
+ education, books, magazines				0
+ Fixing and maintenance	<input type="text"/>			0
+ unemployment fund			9.6	115
+ other expenses	<input type="text" value="electronic, water, wastes"/>		200	2400
B = TOTAL FIXED COSTS			14290	171475
A+B = SALES MARGIN REQUIREMENT			14290	171480
+ purchases (excluding VAT:)	Margin % <input type="text"/> or EUR <input type="text" value="800"/>		300	3600
= NET REVENUE REQUIREMENT			15090	181080
- other net income				0
+ VAT	% <input type="text" value="14"/>		3113	37356
= TOTAL SALES / INVOICING REQUIREMENT			17203	206436

By selecting the suitable alternative, you can estimate your minimum target invoicing level, or the ratio between price/quantity.

		Excluding tax	Including VAT
Monthly invoicing target	months/year <input type="text" value="12"/>	15090	17203
- <input type="text"/>	<input type="text"/>	0	0
- <input type="text"/>	<input type="text"/>	0	0

Appendix V: Sales for Voikukka Caf e(modified from *Uusyrittyskeskus: business plan 2013*)

Sales

	Product/product group 1		Product/product group 2		Product/product group 3		Product/product group 4		Product/product group 5		Product/product group 6		EUR/month Excluding VAT
Products' / product group's name	Latte Art Coffee		Black/Green Tea		Milktea with Pearl		Lotus Seed Tofu F		Red Bean with Cr.		Taro Balls		
	unit price	4.50	unit price	3.50	unit price	5	unit price	6.20	unit price	7.50	unit price	8	
	- costs	2.20	- costs	2.30	- costs	2.50	- costs	3.20	- costs	2.80	- costs	4	
	=margin	2.30	=margin	1.20	=margin	2.50	=margin	3	=margin	4.70	=margin	4	
Customer /customer group	pcs	Total	pcs	Total	pcs	Total	pcs	Total	pcs	Total	pcs	Total	Total
Singel	950	2185	550	660	130	325	15	45	15	70.50	10	40	3326
Friends	1800	4140	750	900	200	500	35	105	35	165	20	80	5890
Family	1000	2300	700	840	130	325	20	60	20	94	20	80	3699
D		0		0		0		0		0		0	0
E		0		0		0		0		0		0	0
F		0		0		0		0		0		0	0
G		0		0		0		0		0		0	0
Sales margin total:		8625		2400		1150		210		329		200	12914
Total sales of the product:	3750	16875	2000	7000	460	2300	70	434	70	525	50	400	27534

	month	per year
Net revenue (excluding VAT):	27534	330408
Total costs:	-14620	-175440
Sales margin total:	12914	154968
Sales margin requirement from the profitability calculation:	months/year 12	14290
Difference (possible need of additional sales)	-1376	-16512
Difference -% (target is to obtain difference -% <80%)		

Appendix VI:

Interview structure for restaurant owners of Asian Ravintola

1. How much is the rental fee near Kamppi area ?
2. For example inside Kamppi shopping mall and nearby Kamppi shopping center ?

Appendix VII:

Interview structure for the main Chef of Peking House

1. How much is the rental fee near Kamppi area ?
2. For example inside Kamppi shopping mall and nearby Kamppi shopping center ?