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The importance of marketing in developing Café-deli model in Finland

Study case: Bumi Café, Helsinki

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Café Deli is a trendy model in the food and beverage industry. It has been rapidly growing in Finland in recent years. It exists in various types and comes from different cultural backgrounds. It is important to consider that marketing is crucial activity in order to succeed. In this thesis, some necessary marketing tools are suggested for promoting products among the customers of an SME, Bumi Café, selected for the case study.

The study of the thesis could help the reader better understand the development of small businesses in Finland from the perspective of marketing, especially in the Café Deli business. The thesis is a scientific study, where the research method used is quantitative. A questionnaire was used to study the potential effects of marketing for the Café Deli model.

Based on the results of the survey, the researcher recommends that the new business owners, who want to grow their Café Deli, consider marketing as an effective tool to promote their business.

Keywords: marketing, Café-Deli, SME, food and beverage industry
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# Terms and Abbreviations

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1 INTRODUCTION

Marketing is an important factor for successful business. By understanding how marketing should be used to get a profitable business and build a significant image, entrepreneur can generate suitable strategies to get their own target.

In this thesis, researcher would like to point out the reason why marketing is necessary to business, what kind of marketing types are, especially traditional and modern marketing. In addition, what marketing tool should be use to fit the form of business and SME.

The researcher use Bumi Café Deli as a case for analyzing, in particular, they define what factors could affect to Bumi Café and what tool of marketing Bumi have done and should be improve to get better result of business and profitable operation. There is also evaluation from the owner of Bumi café and discussion between researcher and the entrepreneurs from Bumi.

This thesis is also mentioned about different research methods, specifically, the qualitative and quantitative. The pros and cons of different methods is clearly pointed out to see what method is suitable for research this thesis. Survey is used to collect statistics and the researcher will compare and analyze those statistics in order to understand the demand of target groups, thus marketing strategies will be proposed to suit the need from different customer segments.

In conclusion, the researcher would like to recommend entrepreneur and reader, who care about Café business model should take a look from this research as a short guide for marketing strategies and also as an example of how Bumi Café enhance their image through marketing.
2 MARKETING TOOLS

2.1 Why marketing is important for successful business

According to Hundekar, Appannaiah & Reddy (2010, 6), marketing plays an important role in business, especially, it could be compared as a heart of business operation. A right marketing strategies will help business to growth steadily in the market and also it is simple to advertise product widely to potential customers. The importance of marketing could be clearly understood by the following:

- It helps company to achieve target profit within affordable cost.

- It promotes the brand of company to people, so that they can recognize the business by its word (name) or visual (symbol).

- It is an instruction for company to generate new ideas for development and to compete other rivals, especially by delivering competitive advantages.

- It avoids wastage and optimizer the productivity by participating an active role in consumption chain (from needs → search → purchase → delivery → use → repair → disposal).

- It helps company to accommodate the changes of market and modify the challenging situation.

- It is a factor that fosters cohesion between other department in company, for instance, marketing will guide the sales department to implement advertising strategies to customers.
2.2 Core concept of marketing

Following the marketing concepts to Hundekar, Appannaiah & Reddy (2010, 7), critics allege that marketers create needs, but they create the demand for people or actually “wants”.

2.2.1 Needs, wants and demand

a. Needs

The fundamental elements for human to survive such as food, water, sleep. In the business, it means that the necessary to maintain the life of company and people inside.

b. Wants

It happens when the needs is satisfied and the desire is fulfilled. For example, people needs food to be alive and the type of food may vary between different people.

c. Demands
Demand is actually the ability and willingness to spend on a certain type of product or service.

2.2.2 Exchange

Exchange comes from merchant to client, it is an act of relation between buyer and seller. Marketing exists when people want to fill their needs and wants through action of communication, offering values, accepting deal.

2.2.3 Transaction

When the deal is accepted between buyer and seller, the transaction is the trade of value between parties, in principle, money is used to traded from buyer to seller.

2.2.4 Marketing Offers

Marketing offers make sure that the client are satisfied with their choices, which can either be product, service or experience.

2.2.5 Value and satisfaction

a. Value

People always want the best value of what they purchase, thus value is also the level of enjoyment. The high quality of the product is considered as a measure for the value.

b. Satisfaction

There are no criteria for satisfaction because it can not be seen, however, it may be mentally observed by the loyalty of customer to the product and positive feedback from customer.
2.2.6 Relationship

Relationship is the way people connect with each other and in marketing, the relationship is the maintaining between people in a long-term period. It is important that marketing creates good relationship with people by understanding who customers are and supplying product to fulfil their needs and get making them satisfied.
2.3 Traditional marketing and marketing online

FIGURE 2. How to get more revenue by minimizing traditional advertising cost?

Traditional marketing primarily focuses on product distribution, which means merchants create product first and they use marketing to sell their products. In a nutshell, traditional marketing includes television, flyers, radio station, etc. Traditional marketing nowadays should be creative by creating highlight points, avoiding boredom, focusing on beautiful and modern design. For instance, a product catalogue with information about prices and discount will attract consumers.

Using technology and digital solution to market the product is today trend in modern marketing or marketing online because it saves time and human resources. Nowadays, people are searching for product and service on the Internet. In fact, Internet can provide product information, comparison of different product, quick purchasing methods. Therefore, a lot of enterprises are using Internet for their business. Social media, email, search engines are useful channel to approach potential customer.
Looking at advertising cost between traditional marketing and the digital one in figure 1, there is big gap between them. With the development of technology, customer approaching method varies, especially online marketing. For instance, to reach 2000 audiences, marketer may spend from 150 USD to 900 USD in broadcast, newspapers, magazine or direct mail; however, to reach the same amount of audience by online marketing, marketer may spend 50 USD to 75 USD on social network. Thus, digital marketing method should be implement in order to save costs and reach more customers.

Nowadays, enterprises are using both traditional marketing and digital marketing in product and service selling. Depending on the cost of business, demand from customer, each business has its own strategies to market their products. For example, if the customers are international and in multi location, the digital marketing may save company a lot of money to reach their target easier than traditional marketing. However, a local company may get their local customer easier if they use traditional marketing methods such as advertising on newspapers and flyers. Thus, defining what types of customers and their needs may help company to choose the right marketing methods and apply it properly.

![Graph showing digital marketing tools effectiveness in 2015.](image)

**FIGURE 3. Which Digital Marketing Tools Are Most Effective in 2015?**
According to Digital Marketing research 2015 in figure 2, around 50 percent of marketers believed that email marketing and SEO are top effective tools to reach customer. This result may come from great amount of people, who use searching engine such as Google, Bing to look for product and service. In addition, email marketing is preferred to send to customer as newsletters due to its simplicity and promptitude. Other online channel such as AdWords, social media and online PR are preferred moderately and about 19 percent of marketers prefer display advertising channel. Apparently, the percentage showed in top marketing channel is the trend they marketers prefer to use nowadays, however, depending on company needs, the channels may vary in different circumstance.
3 CAFÉ – DELI MODEL IN FINLAND

There are various ways to understand the importance of marketing to business, in fact, marketing is a large topic for researcher and it requires lots of time to study. Therefore, in this thesis, researcher will give a glance of marketing in a certain business model, which researcher thinks that it may be practical and interesting topic: Café-Deli model in Finland.

3.1 What is Café-deli?

To understand the different between coffee shop and Café-deli, it is necessary to differentiate the combination words “café” and “deli”. Café is a small restaurant, where beverage and light meals are served. Deli means delicatessen, which comes from “delicious food” or foreign prepared food. Café deli is popular around the world, but in Finland, the model of café-deli is recently growing, it is called “lounaskahvila” in Finnish language.

PHOTO 1. An example of Café-deli in Finland
3.2 Why Café deli needs marketing?

Like any kind of business, Café deli needs marketing. Café-deli model is the special combination between drinks and good food, therefore, promoting and advertising these two components in a restaurant is not easy as it seems. When people go to a coffee shop, their default mind is about drinking either coffee, tea or other beverage. There might be additional light food such as small cake or sweet bites. Meanwhile, Café-deli not only serve drinks, but delicious meals (a la carte) as well. Whether going to a café for lunch is a proper choice. This is a stereotype of people, who is familiar with the term café for coffee and that is the reason why marketing should create the “wants” for people.

3.3 How they do it?

Café-deli model is the ideal for people, who want to have lunch and drink in the same place. There are many Café-deli in Finland recently, hence the demand for this business model is rising. Each Café-deli has its own marketing strategy and to know about how they market this business model; the researcher is going to analyse the details in the next section by taking a certain study case.
4 BUMI CAFÉ IN HELSINKI

4.1 Facts about Bumi-Café

Bumi Café deli is established on 25 November 2015 under registration of private trader Nguyen Tran Nhat Linh and co-founder Nguyen Le Minh Quang. Starting with a small coffee shop, where mainly focus on coffee-to-go concept, Bumi Café has provided classic coffee and snack bars. During 2 years of operation, the business has been oriented to expanded from a small coffee shop to a restaurant, which is expected to be popular in urban area of Helsinki. Currently, they are managing to reach as many marketing channels as possible in order to prepare for the launch of the new restaurant.

Since the owners of Bumi Cafe is Asian-based business entrepreneurs, therefore, they faced many difficulties during their establishing stage. First of all, cultural difference is an obstacle that almost every foreign entrepreneur has to confront while opening their business in another country, especially Asian business-mind-set people. In Finland, people consume highest amount of coffee comparing to other countries in the world, specifically about 12 kilos per person per year (Nordic Coffee Culture Blog). They found out that, although there is similarity in consuming coffee between Finnish and Vietnamese, the taste is different. Vietnamese tend to drink stronger coffee than Finnish. For this matter, they have to do their study of making coffee properly in order to serve Finnish customers better. Secondly, not only the culture difference is a disadvantage to the owners, but also there are many difficulties in adapting to the business running in Finland. Language, investment capital, supplier and operation are challenges that follow owners during their establishment period. Another obstacle that is worth mentioning is the supplying correctly what customer’s demand. Bumi Café had developed the menu from time to time in order to suit consumer’s need, however, there was still always something missing. After all, they found out that Finns are not used to new changes, even trendy drinks or new dishes need to be served as the way they used to. Thus, Bumi decided to have a firmly menu of their own without changes, all the new and trendy products would
be introduced to customers in other way. This has given Bumi a more decisive way to orient their business for the further future.

After a year of operation, Bumi has become a familiar name to residents of Punavuori Helsinki, in particular, they have served approximately 2000 in average customers per month. This is considered as a solid foundation for Bumi’s development in the long run. As a result, owner intend to reach further goals for their development.

The entrepreneurs continuously plan for marketing development, branding and extending the business. They decide to invest in marketing strategies and build their image in order to make Bumi become significance. Beside the development of Bumi coffee chain, owners are cherishing the new idea of Bumi food truck and restaurant, which are expected to be launched in 2018.

PHOTO 2. Bumi Café in Helsinki
4.2 Marketing strategies of Bumi café

From the beginning, they had applied different marketing strategies, which are based on their own brand’s figures. There are some specific strategies that Bumi applied to marketing their business that in the following section such as: location, marketing, loyal customer campaign and hospitality.

Location is one of the most important factor for successful business. Understanding this factor, the entrepreneurs established their business in intersection of Punavuori, the Helsinki design district, where is surrounded by many residential areas. However, this are is areas of sparse market and restaurant, which brought Bumi lots of advantages. After their grand opening, Bumi rapidly became store supplier of people in the area. This is good for them to put marketing poster outside when people can see discount or offer from Bumi.

Bumi defined their possible channels that they can deliver their product’s promotion to their target customers by researching and learning from other competitors in the same field. In addition, they used both traditional and modern marketing methods such as printed newspapers and social media. In traditional marketing strategies, they took advantage of local printed newspaper, thus they can get attention from local resident in Helsinki area, for example advertisement in Eira-Kamppi press. This can be considered as a wise strategy of Bumi for they had done study properly about Finnish culture and Finn’s behavior, especially newspapers are read daily by 95 percent of Finnish population (Helsinki Time). Meanwhile, the owners had also distribute their flyers around city center along with the content of their grand opening and special offers in the initial campaign. Flyer was chosen as a way to reach Bumi’s customer because it is economical plus Bumi’s unique and attractive content, it had become an effective way of marketing.

On the other hand, they also use modern marketing methods like social media, online PR, SEO, email marketing. Facebook and Instagram are major social media channels that Bumi focused on.
Both Facebook and Instagram are updated with not only photos, but also videos with attractive content everyday. The photos, which are chosen to upload show customers the diversity and unique of Bumi’s menu. The owners invest their time creating the best display out of their promoting channel.
Bumi implemented different marketing campaign to promote every new product and try to attract customers from different seasons. The most successful campaign they have done was about Vietnamese Pho Challenge, a beef noodle soup challenge which is not only brought customer and profit, but also made Bumi famous of serving best traditional Pho in town. The campaign occurred during a month, they got customer attention and curiosity from visitors and evidently, there were many people participated in this campaign. People were very excited in this event and they visited the café shop many time with their friends. Evidently, there are numbers of people, who became loyal customers and willing to visit this café every day.

Hospitality is highly appreciated in the café business because it is clear that good service will get its positive payoff. The staffs of Bumi are well trained, good-service manner oriented to create warm atmosphere for customers each time they pay a visit. By this, customers will feel comfort, trust and willing to come back again.
5 RESEARCH METHODOLOGY

5.1 Approaching to the research method

There are many types of research methods but there are two types of research methods that are frequently used: qualitative and quantitative. They both have advantages and disadvantages, thus depending on purpose of study, the suitable method should be considered to picked up.

The Research Methodology (2012-2013) describes the different between two types of research methods

<table>
<thead>
<tr>
<th>QUANTITATIVE</th>
<th>QUALITATIVE</th>
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<tbody>
<tr>
<td>Question and hypotheses</td>
<td>Board interest and topic</td>
</tr>
<tr>
<td>Survey</td>
<td>Interview</td>
</tr>
<tr>
<td>Valid statistic</td>
<td>In depth sample</td>
</tr>
<tr>
<td>Uncertain about participants’ thoughts</td>
<td>Small sample</td>
</tr>
</tbody>
</table>

TABLE 1. Difference between research methodology (2012-2013)

5.2 The aim of applying research method

The research method in this thesis is survey research. According to Roger (2011, 2), a survey describes a population, survey asks questions that the research want answers. It collects data from a target group or random group to analyse and compare. It is fast way to get answer from people. The questionnaire considers about age range, interest, criteria and price.
5.3 Application of research method

The questionnaire was handed out to 30 random people, who visit Bumi Café and they were willing to answer the questions. The question will reveal the percentage of people age, their activities and average spend. The collected data will be analysed to understand the population and this is important factor to creating suitable marketing strategies.
6 RESULT

FIGURE 4. What do people do in a coffee shop

The figures from Figure 4 has shown that 90% of the customers who have been interviewed, spending time drinking coffee in the coffee shop while 83% spend time chatting with friends. Ranking 3rd of the chart of time consuming activities is using social media with 60%. This has illustrated that the influence of social media on coffee shops is significant. Working has also been an activity that is done by 27% of interviewed customers in a coffee shop. Other activities that are carried out in a coffee shop occupied 10%.

According to all the Figure 4, it is clearly that drinking coffee and chatting with friends are the main reasons people go to a coffee shop. Based on this information, it is important to have appropriate strategies to approach the essential needs of customers. In order to do so, owners must have the certainty of their coffee and service quality as well as the competitive prices. These are the most important factors not only for the coffee-deli business model shops but also for all the enterprises in the Food and Beverage industry to assert their position in the market. Relating to the
establishment of the marketing plan for coffee shop, the main factors: quality, service and prices should be the key idea for creating effective strategy. Additionally, up-to-date trends in the market should be applied simultaneously to advance in competing with other competitors.

Nowadays, social media plays an important part in daily life, which have turned it into such an effective tool in marketing field. It is easy to find a “check in” post on any news feed of a personal social network platform. A post or news can contain information about places, activities, products or even prices and reaction of feedback. Therefore, using social media in a coffee shop can also be consider as an essential activity for time consuming with 60 percent in the chart. This leads to an explosion of creative marketing strategies which is not only an opportunity but also a challenge to all coffee-deli model business. Owners must choose their approaching methods wisely in order to gain the best profit without turning their marketing campaigns into lost investment.

With 27% of interviewed customers, who claimed their time working in a coffee shop, it is considerable to have deals that would attract customers to spend their time not only focusing on their work but also using products from the shop. This is a difficult target for owners because in Finland privacy is priority, especially when someone is focusing on their work. However, if owners know how to archive customers based on their needs, this would become a strength for the business.

Other activities such as having meals, meeting… contributed 10 percent of customers’ time consuming. Beside serving coffee and related products, it would be ideal for coffee shops to also notice on the minority needs and able to provide their customers.

To sum up information from Figure 4, it is quite a challenge for coffee shop owners to plan their marketing strategies based on the survey, nonetheless, it is an opportunity for those who understand their business and their customers’ needs to take advantages of these habits and contemporary learn from the massive development of social media.
From Figure 5, the level of money spent is proportional to the age range. Customers under 15 years old tend to spend in a coffee shop from 5 euro to 10 euro. Similarly, people from group 15 – 25 years old spent from 10 euro to 15 euro. The two age groups of customers that spent the most money in a coffee shop are: age 26 – 35 and over 35 years old. On average, age group 26-35 spent about 13 euro per person while over 35 years old customers might spent about 22 euro per person. It has illustrated that there is a positive correlation between average spending amount and age ranges. Therefore, owners need to focus on the age groups that willing to pay for trying or buying different types of their products to have a better strategy in specific marketing plans and campaigns.
FIGURE 6. The customer’s age range.

With the chart from Figure 6, the customer’s age range has been indicated precisely. The main age group of customers visit the coffee shop is from 15 to 25 years old with 40 percent of the total. People of the age group 26 to 35 years old ranking second with 30 percent. With 17 percent and 13 percent, people over 35 years old and people under 15 years old ranking third and last in order.

Customers from the age group of 15 – 25 are potential targets that needed to be focus on. Although the amount that they are willing to spend is from 10 euro to 20 euro but they are the main customers to visit the coffee shop so it is essential to have the right strategy on marketing plans. The most useful methods to reach target of this group is social media. Therefore, Facebook and Instagram are the efficiency means of media for advertising. Moreover, offers with economical criteria can be apply in reaching this target.

Another potential group of customers with 30 percent in total is the age rage from 26 to 35 years old. People from this group would spend 15 euro to 20 euro in a coffee shop. For this group, both traditional and modern methods of marketing are quite useful to reach for the customers’ demand. Factors that would attract this target are quality, service and the diversity of serving menu. Relating to this matter, it
is not only the marketing strategy that need to be make but also the production of the coffee shop.

Attainment of 30 percent together in total, both group age of under 15 years old and over 35 years old are more difficult to come up with the right strategy. Nonetheless, the influence of coffee shop’s quality and price would be the strategic weapon in aiming for this group of customers.

In conclusion, owners need to know who are their customers, which group they belong to, how much are they willing to spend in order to have appropriate and specific approaching methods. This survey is not only important to the decision making process in marketing but also essential to the coffee shop’s branding process.
7 CONCLUSION

This research contains the elements of marketing, case study and research method. As the introduction and analysis above, marketing is an important tool for business development and when it is applied to certain case, it creates positive effects to business, therefore help company reach the goal. Besides, the research method is also a tool to support marketing in the way that it provides statistics from market survey, hence the suitable marketing strategy is generated to adapt the change and circumstance.

The researcher hopes that reader will get a part knowledge about principle of marketing, especially core concepts of marketing and how each element is explained including needs, wants, demand, exchange, transaction, marketing offers, value and satisfaction and relationship. In addition, the reader can realize the function of marketing in small business, specifically Café-Deli model. The study case about Bumi Café may help researcher to know which tools Bumi used to market their business and what marketing channels is effective, hence it is premise for further study.
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APPENDICES

Appendix 1. Questionnaires

Theses questions below support the local market research of my thesis. Thank in advance.

1. Age range
   - Under 15
   - 16 - 25
   - 26 - 35
   - Above 35

2. What do you do in a coffee shop? (Multiple choices)
   - Drinking coffee
   - Chatting with friends
   - Working
   - Using social media (Facebook, Instagram, Snapchat, taking selfies…)
   - Other

3. How much you are willing to spend in a coffee shop?
   - Under 10€
   - 10 – 20€
   - Over 20€

4. Which criteria(s) do you think that an ideal coffee shop should have?
   - Coffee quality
   - Music
   - Decoration
   - Space
   - Location