



Guideline to Understand Viennese Market for Internationalizing Organic Mexican Coffee

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Abstract

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<p>The following thesis is a project-based research thesis for the BBA Programme in International Business in the major specialization of Marketing in the Haaga-Helia University of Applied Sciences.</p> <p>The purpose of this project is to study the Viennese market and its organic coffee businesses. The aim is to identify if it would be possible to internationalize Mexican organic coffee for a commissioning company that wants to expand in Vienna, Austria due to the lack of Mexican organic coffee in the target market.</p> <p>The study was carried out through qualitative research, the author did previous desktop research, face to face observations in the actual Viennese market and also expertise interviews were conducted to identify this matter and develop this project.</p> <p>Consequently, it was founded how the Viennese market works in a market environment research approach and also what specific organic coffee businesses are a good opportunity to make businesses with for the commissioning company.</p> <p>Overall, the results prove that there is indeed an opportunity for Mexican organic coffee businesses to enter Viennese market since there is an actual demand of the product that has not yet being fulfilled as the market aims. Therefore, the whole thesis helps the commissioning company with a guideline to understand the target market and have already closed affiliations if wanting to internationalize its product.</p> <p>In addition, the author recommends the commissioning company to do financial and supply chain management research to fully conduct this project. Nevertheless, if the commissioning company cannot conduct this project for other reasons, then other organic coffee businesses can definitely use this information.</p>
Keywords Market environment, internationalization, organic coffee.

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1 Introduction

There are several Mexican coffee businesses that are apprehensive to enter foreign markets, especially in Europe. The Mexican organic coffee industry is quite extensive, although it is not so common to find its products in Austrian markets, particularly in Vienna, which is one of the most well-known cities for coffee houses around the world.

To contribute to this matter, research was conducted by UNESCO. It stated that Viennese people see their coffee houses as an integral part of the city's social experience and are also described as "the city's public living room" (UNESCO 2022). In Vienna, drinking coffee has been part of their social lifestyle since 1683.

Back in those days, coffee houses became a point where people met to have intellectual discussions and creative ideas with other artists and thinkers like Gustav Klimt, Egon Schiele, Sigmund Freud and many others. Throughout the years till now, Vienna has established a coffee house tradition like no other city in the world. According to Stadt Wien, coffee and coffee houses are at their best in Vienna.

Nowadays, it is very common to still find them as coffee houses or coffee shops. Some of them are still keeping the old Viennese look and others are more modern. Nevertheless, most of them make sure to serve a glass of water besides every cup of coffee which was an old tradition in the city that keeps remaining. (Stadt Wien 2022.)

Viennese coffee businesses have a wide variety of coffee options from Latin countries like Brazil, Colombia, and Costa Rica. However, Mexican coffee is not so easy to find in the city, even though Mexico is one of the top two producers in organic coffee, it is not common to find it in Viennese coffee shops. (Thelmadatter 2021.) Given the above, Mexican coffee companies could take a big advantage of this situation, since this opportunity has not yet been fulfilled in Viennese markets.

The commissioning company can take that opportunity into consideration since there is not a lot of competition with the same product in Vienna. The author of the thesis has the opportunity to experience this market face to face for the next few months. The goal is to have meetings and conduct surveys with local businesses, in order to fully analyze how the market moves. All this information will be then presented as a quick guideline with the main information of how Coffediction can understand and enter the Viennese market.

2 Commissioning Company

The commissioning company for this thesis is “Coffediction”, a Mexican organic coffee business located in Querétaro, México. Coffediction was founded in 2018 by Vianett Derbez Souza when she discovered her love and passion for coffee. Since then, she created her brand to create more local awareness in terms of coffee knowledge, Mexican products, environmental matters and ethical practices.

Coffediction creates value for customers who appreciate the pleasure of a good and organic coffee. The business works with different types of customers but mainly adults who want to have good quality coffee in their households or at their work. Also, our b2b customers are coffee shops and organic stores in Querétaro. The mission is to educate people by demonstrating the benefits of drinking organic coffee and also to become more aware of local businesses with good practices and high-quality coffee in Mexico.

At the moment, the business operates only in Mexico by selling metallic bags of organic coffee in two presentations: Grounded coffee and whole bean coffee. These bags vary in terms of size but mainly the company works with two sizes, by Kilo or 500 grams. Though this can be changed regarding customer’s wants. Coffediction offers two different types of coffee roasts being French roast and Turkish roast. It is important to mention that if the customer wants, the coffee can be sold as green coffee in case the customer wants to do its own roast which mainly would work for b2b customers.

The necessary activities to maintain the company’s distribution channels is continuing the partnership with its supplier in Veracruz, Mexico which is where the coffee beans come from and then are delivered to Querétaro via post. Both companies pay an amount for this shipment and the coffee beans come already in the metallic bags without labels so Coffediction can make use of them with its own label brand. Consequently, Coffediction has a supplier in Querétaro for the labels which are made like stickers that can be added to the metallic bag easily and without falling off.

Following with the necessary resources that the company needs are coffee bean bags, labels with the logo brand and background information, customers, car to deliver the goods, phone and a laptop to develop marketing content and also take orders since they all come from WhatsApp, phone call and Instagram.

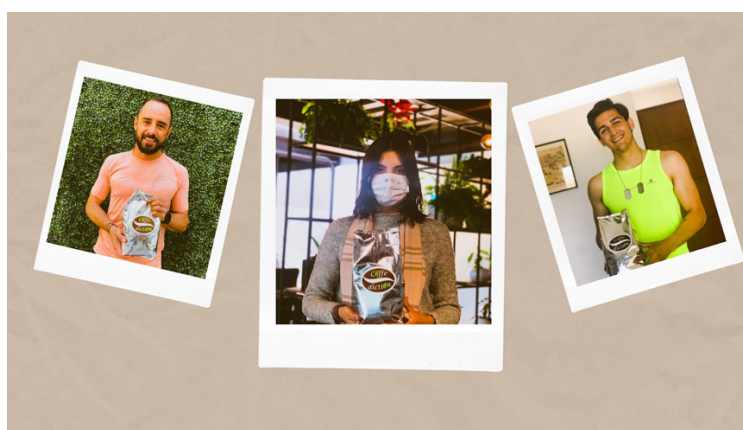
As described, marketing content is key for Coffediction and this leads to explaining its channels. The company is very active in social media, mainly in Instagram since it creates a big engagement with its customers. After some years of experience, the company can

state that their customers want to be reminded of the brand by Instagram and then be reached by WhatsApp or phone call. The brand is also active on Facebook or via email but these two are not very common anymore.



Picture 1. Coffediction's social media content for Instagram (Coffediction 2022)

As illustrated in the figure above, these are some pictures that Coffediction takes in order to create brand awareness for its Instagram channel. They like to use green and brown colors to remind people of the coffee and organic sense of the company. In addition, Coffediction likes to post pictures of the coffee bags in different places from Mexico to remind people it is a Mexican company and also the company shares testimonials of its customers.



Picture 2. Coffediction's testimonial customer pictures (Coffediction 2022)

Given the above, the company is having a good profit and it wants to keep growing to create more consciousness and awareness in other markets outside Mexico. Coffediction's vision is to become an international brand, selling its coffee bags in other markets outside Mexico, ideally in foreign local coffee shops.

3 Objectives, Problems and Development Goals

The main objective is to create a useful guideline to understand how the Viennese market environment works and to recognize how local coffee businesses in the target city function. Moreover, this guideline will include a market study with specific factors to understand the target market, findings of how coffee businesses in Vienna function, and which specific local coffee businesses would agree to work with the commissioning company.

This project concentrates only in the understanding of the Viennese market and no other European markets, specifically in the organic coffee shops sector. The analysis of the investigation will be throughout qualitative research, using research interviews, observations and expert interviews.

The main beneficiary of this project is the commissioning company “Coffediction”, where the company can use this information to expand as a brand. However, if the mentioned company is not able to internationalize the product for other reasons, Coffediction is fully aware of sharing this information to other organic coffee companies that can be applicable to other organic coffee businesses in Mexico as well.

This information can help to increase affiliations between B2B customers since other Mexican companies can use this information to work with Viennese businesses. Nevertheless, this final guideline does not guarantee that the information given will be applicable to all organic coffee companies in Mexico.

This thesis aims to break barriers between the unknown target markets for local businesses in Mexico and find ways to enter a new market by using actual facts, research and personal interviews with businesses. Consequently, an analysis stating if it is possible to enter local coffee shops in Vienna with the commissioning company.

4 Methodology and Implementation Plan

In order to conduct this qualitative research successfully, the author will use two models throughout the thesis in order to achieve the final goal. The first model is the PESTEL analysis, created in 1960 by Francis Aguilar, whose expertise was in strategic planning. During the 1960s, he published a book called "Scanning the Business Environment" where he states facts about decision making for businesses, which is still used nowadays. However, the PESTEL analysis has had different names throughout the years using different acronyms but overall referring to the same tool.

The PESTEL analysis is commonly used in marketing strategy planning since it helps to inform people's decision making and identify new target markets. This tool focuses on external factors that can cause an impact in businesses like maximizing external strengths ahead of competition, new ways of innovation, and decreasing possible risks or threats. It is important to highlight that this tool helps businesses succeed because it permits business owners to have a better understanding of the aiming market. (Reding 2021.)

For this reason, the author will implement this method in the thesis through online research from reliable resources in order to have a better understanding of the Viennese market environmental factors. The specific external factors that will be exposed furthermore are:

- Political factors
 - Government regulations, political action committees, voter participation rates, and political parties.
- Economic factors
 - Growth rate, gross domestic product rate, gross regional product rate, foreign trade rate, economic sector rates, and direct investment.
- Social factors
 - Population size, immigration rates, lifestyles, education level, income and salaries, health consciousness, and life expectancy.
- Technological factors
 - Research and development activity, technology incentives, automation, technological change, access to new technology and technological awareness.
- Environmental factors
 - Climate change, environmental policies, air and water pollution, attitudes towards green products, and support for renewable energy.
- Legal factors
 - Consumer protection laws and taxation (Corporate Finance Institute 2022.)

After these external factors have been analyzed, the author will concentrate on the findings of organic coffee shops in Vienna. The qualitative method that will be used for this is first through their business websites where the author will analyze if the business matches with the commissioning company's goals. The ones who do not match are eliminated from the research but the ones who match will be investigated with research interviews. In the beginning the author will explain the purpose of the interview, ask general questions about what the coffee shops offers and after the general interview, the author will ask the following questions:

- Will you be willing to offer other coffee brands?
- Will you be interested in Mexican organic coffee brands?
- What are your requirements/process?
- How many bags do you sell per month?
- What is the average price rate of the coffee you sell?
- How much is the percentage profit for you?
- How much will you be willing to pay for a high-quality coffee?
- After talking about Coffediction, will you be willing to buy it and offer it to your customers?

If the Viennese coffee shops are willing to buy Coffedictions' products after the interview, then the author will schedule a second expert interview with the owner of the target company. This leads the research to the second method to have detailed data of how these specific coffee shops that agreed actually work in more depth. The Business Canvas Model Method is a strategic management tool which is very helpful to understand how a business works in a detailed and structured way. This method was created by Alexander Osterwalder in 2009, based on his book "Business Model Ontology".

The Canvas Model allows the development of a company's business model in nine different areas. Finally, the owners/managers of the final coffee shops in Vienna that agreed to have Coffediction in their business, will be interviewed with the following questions to elaborate their Business Canvas Model, including the nine areas which are:

- 1. Customers
 - Who are you creating value for?
 - Who are your most important customers?
 - Why should they buy from you?
- 2. Value Proposition
 - What value do you deliver to your customer?
 - What needs are you fulfilling for the customer?
 - Which customer problems are you helping to solve?

- What product/service do you offer for every kind of customer?
- 3. Channels
 - Through which channels do your customer segments want to be reached?
 - How are you reaching them now?
 - How are your channels integrated?
 - Which among your channels is the most efficient/cheapest?
- 4. Customer Relation
 - What type of relationship do your customers expect to build with you?
 - What type of relationship do you have already with them?
 - How will your company get and keep customers?
- 5. Key Partners
 - Who are your significant partners?
 - Who are your significant suppliers?
 - What critical activities do your partners perform?
 - What important resources are you acquiring from your suppliers?
- 6. Key Activities
 - What activities does your value proposition require?
 - What activities are necessary to maintain your distribution channel?
 - What activities are necessary to build your revenue channels?
- 7. Key Resources
 - What sources does your value proposition require?
 - What are the sources necessary to maintain your distribution channel?
 - What activities are necessary to build your revenue channels?
- 8. Cost Structure
 - What are the most important costs inherent from your business model?
 - What are your most expensive necessary resources?
 - What are the constant and changing costs?
- 9. Revenue Streams
 - For what value are your customers ready to pay?
 - What is the size of the market you are aiming for?
 - How many customers will you be able to sell? (Metz 2022.)

5 Data and Analysis Method Used

As mentioned before, the retrieved data will be done through the **PESTEL analysis model** focused on Vienna, Austria. Given the above, the first general sector is the **political factor**. Austria is a democratic republic where the federal president is directly elected. The head of state is represented by the president Alexander Van der Bellen and the head of the federal government is represented by the chancellor Karl Nehammer. The Foreign Minister is Alexander Shallenberger since 2021. The Austrian Parliament has two chambers: The National Council (Nationalrat) and the Federal Council (Bundesrat).

The National Council is formed by 183 members and is elected by all citizens able to vote every 5 years or sooner. The Voters have to choose only one party, consequently the National Council is formed, and the party-list system of proportional representation is created. The mandates are the seats which are allocated to the political parties under very strict rules and the crucial matter to take into consideration here is actually the percentage share of total value they have obtained. Nevertheless, parties are entitled to seats only if they have received a minimum four percent of the votes in all Austria.

The Federal Council, on the other hand, is not elected by popular vote. It is formed by the parties in the Diets of the Federal Provinces, representing the legislative level. The composition of the Federal Council changes after each Provincial Diet election and the Federal Council has no definitive legislative period in its own right. The number of members a Federal Province can delegate depends on its population. The Province with the maximum number of Members is twelve and the smallest is with minimum three Members. These number of Members can vary depending on the population registered in each Province. Taking the Province of Vienna as an example, it now has 11 deputies in the Federal Council.

The major political parties in Austria are the Austrian People's Party, the Austrian Freedom Party, the Social Democratic Party of Austria, the NEOS and the Greens. The country consists of nine autonomous federal provinces such as Burgenland, Carinthia, Lower Austria, Upper Austria, Styria, Tyrol, Vorarlberg, and Vienna. The Major and Governor of Vienna is Michael Ludwig since 2018 with the Austrian Social Democratic Party. (Austrian Embassy 2022.)

Moving on to the second sector, the **economical factor** in Vienna. The city has been continuously an outstanding location for entrepreneurial activities even during COVID times. In fact, every 55 minutes a new company in Vienna is set up. Half of all the foreign companies installing in Austria are settled in Vienna. The capital has 1.91 million people, and it

is the fifth largest city of the European Union. According to Mercer Quality of Living Survey and The Economist, Vienna is the world's most livable city and around 41% is the percentage by which Vienna's labor productivity exceeds the EU average.

It is important to mention that 21% of Austria's population lives in Vienna and 25% of Austria's gross domestic product is generated in Vienna. This means that one fifth of Austria's population generates one fourth of Austria's domestic product which is a lot taking into consideration that Austria has another eight provinces. Moreover, Vienna's gross regional product per capita increased by 8.7% since 2008.

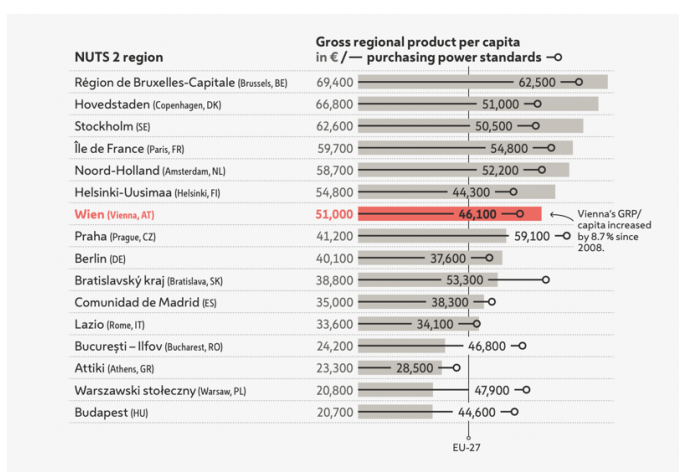


Figure 3. Highlight of Vienna's increase in Gross Regional Product (Stadt Wien 2022)

The figure above, shows capital regions in Southern and Eastern Europe GRP's per capita and highlights Vienna's GRP per capita in euros which included 46,100 euros in 2008 and then grew up to 51,000 euros in 2018.

Foreign trade data in Vienna reflects that it exports around 74% of its products and imports 67% of them. The most important trade partner of Vienna's enterprises is Germany since Vienna exports 23.8% to Germany and imports 32.4%. The figure below, highlights the exports and imports in euro billions and also as shares of total volume in percentage between Vienna and its trade partners worldwide but more specifically EU Member States.

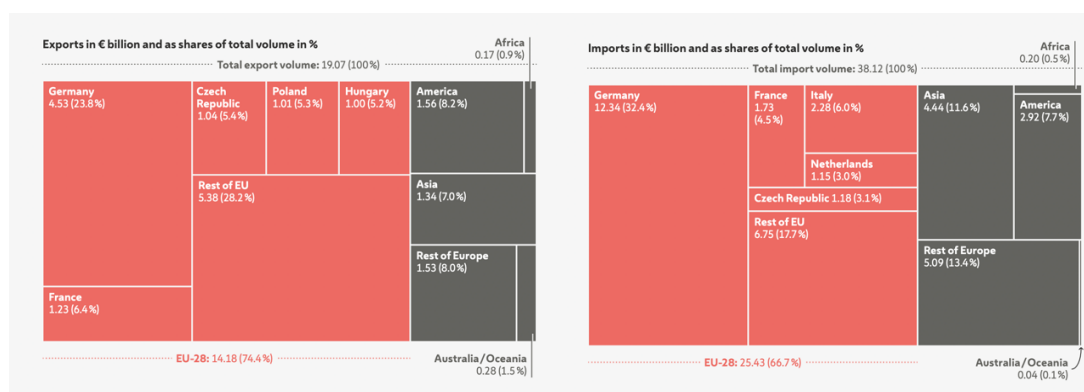


Figure 4. Exports and imports between Vienna and other EU countries (Stadt Wien 2022.)

Vienna's economic sectors are the primary sector which represents its agriculture, forestry and fishery. The secondary sector which includes the water supply, mining industry, waste disposal, manufacturing of goods and construction industry. Lastly, the tertiary sector which includes services and this one is actually the main one, representing 86.1%. The number of business settlements of international companies in Vienna keeps growing. Half of all international companies entering Austria are settled in Vienna. In 2019, there were already registered 235 enterprises issued by the Vienna Business Agency. The figure below shows a graph from 2009 to 2019 with the number of international companies establishing in Austria demonstrated with the grey color bars and the ones in Vienna with the red color.

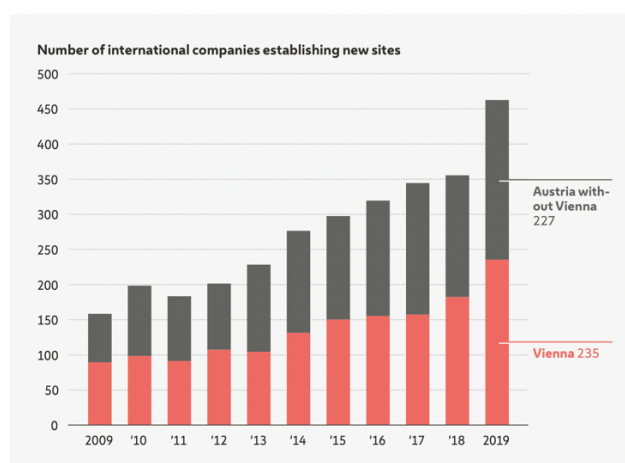


Figure 5. Number of International companies established in Vienna (Stadt Wien 2019)

In terms of foreign direct investment, Vienna illustrates 58% of all Austrian direct active investment. A lot of Viennese enterprises invest mostly in the Netherlands as their first choice, then Luxemburg and thirdly Germany. When talking about passive investment, Vienna illustrates around 65% of foreign passive investment of all Austria.

The capital development of employment grew by 15.8% between 2009 and 2019, meaning 862,7000 people totally in 2019. This increase was due to the economic upturn and also by population growth in the last few years. Vienna is also known as one of the cities in Europe where the employees get paid very well. The figure below highlights Vienna in comparison with other European cities on a net hourly pay index basis. As a result of this, Vienna is the second highest paid city in Europe with an 81.2 net hourly pay index, after Copenhagen as of 2018.

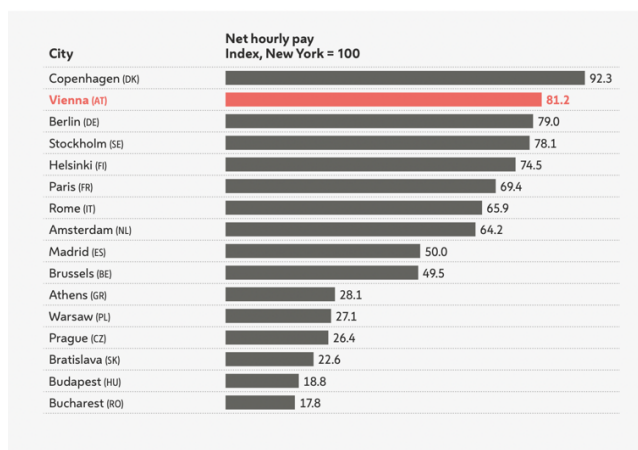


Figure 6. European cities net hourly index comparison (Stadt Wien 2022)

Following with the third sector, the **social factor** in Vienna. The official language is German, and it is very important for working matters. However, English is also very widely spoken since Vienna is specially a multicultural city. The current population in the city is 1,945 million people where around 30.8% of Vienna's residents were foreign citizens, 36.7% were born abroad and 41.3% were of foreign origin. The figure below represents different graphs of the population growth between 2009 and 2019 in NUTS 2 regions, in percentage and compared to other cities in the EU.

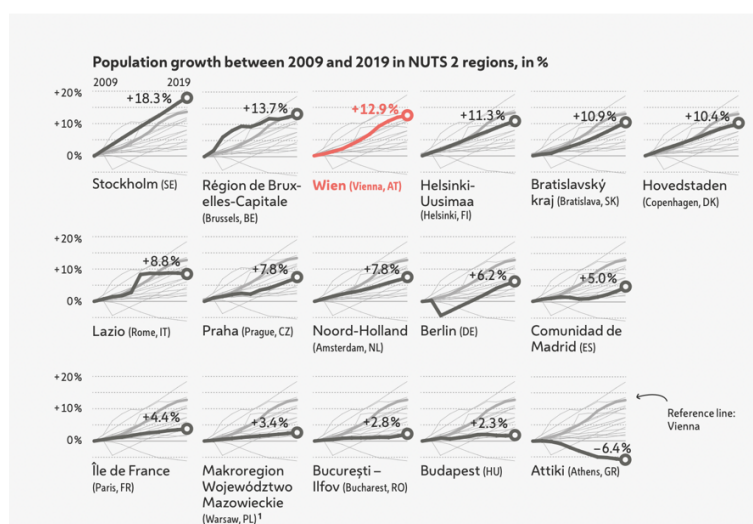


Figure 7. European cities population growth comparison with Vienna (Stadt Wien 2022)

As shown in the figure, the number of Vienna's inhabitants increased around 12.9%, starting with 1.68 million in 2009 and continuing with 1.91 million in 2019. Only the city of Stockholm and the city of Brussels are growing faster than Vienna. Stockholm increased with 18.3% and Brussels with 13.7%.

The city is widely known as one of the world capitals of music, thanks to a lot of Viennese musicians, theater directors, orchestras and actors. Besides being famous for its operas, museums, theaters, and concerts; the Austrian capital is well known for its trendy bars, sausage vendors, architecture, fashionable shopping areas and coffee houses.

In terms of education, Vienna has a large number of high qualified workers and also boasts a large share of university graduates. The education system is divided into 4 attainments. The compulsory schooling, apprenticeship, secondary and higher schools and lastly universities.

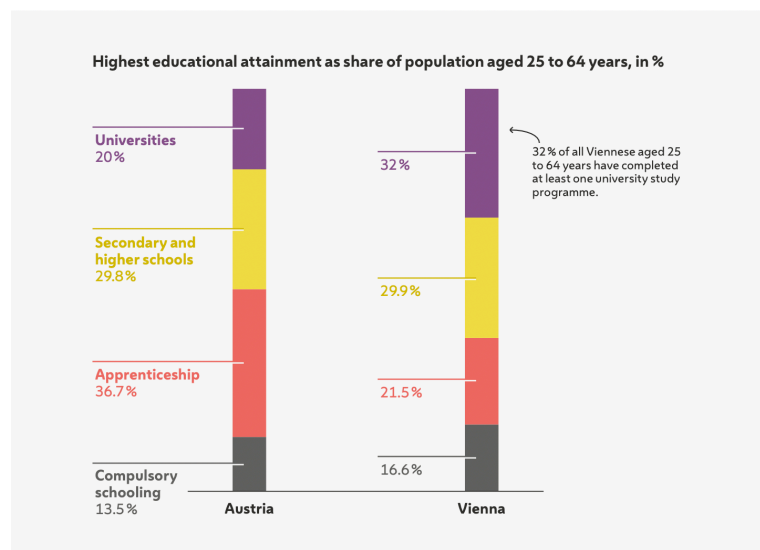


Figure 8. Vienna's population percentage in highest educational attainments (Stadt Wien 2022)

Correspondingly to the figure above, it shows a comparison of Austria and Vienna in two different graphs representing the four highest educational attainments as a share of population 25 to 64 years with its respective percentages. As shown, around 16.6% of Viennese people finish compulsory schooling, 21.5% finish apprenticeship, 29.9% finish secondary and higher schools and 32% have finished at least one university degree programme.

The average salary of a person working in Vienna is typically around 4,530 euros per month. The lowest/minimum salary is close to 1,150 euros and the highest/maximum is

close to 20,200 euros per month. The income of course varies between different types of job and also years of experience. Employees having experience from two to five years tend to earn on average 32% more than juniors across all industries and disciplines. Professionals with more than five years of experience are most likely to earn on average 36% more than those with five years or less work experience.

Comparing salary with education, people that end up with a certificate or diploma are most likely to earn 17% more than the ones who only finish high school. People succeeding with a bachelor's degree can earn around 24% more than the ones who finished a certificate or diploma. Professionals that complete a master's degree program can earn 29% more than the ones who finished a bachelor's degree. Professionals that conclude with doctoral research can earn up to 23% more than the ones who finished a master's degree.

Moreover, in terms of health, Vienna's health care system ranks among the best in the world, according to the World Health Organization. The citizens count with an e-card which is a new form of calling their social insurance card. All Austria's insurance institutions are bodies from the public sector and are all members of the main association of Austrian social insurance institutions. As a result, the life expectancy and state of health of the Viennese population is constantly improving. (Stadt Wien 2022.)

Following with the fourth sector, the **technological factor**. Many industries in Vienna are greatly benefiting from digitalization. Research institutes and universities conduct advanced and intensive research in different areas which will be discussed furthermore. Vienna holds the fourth place in research and development investment from the gross regional product across the European union.

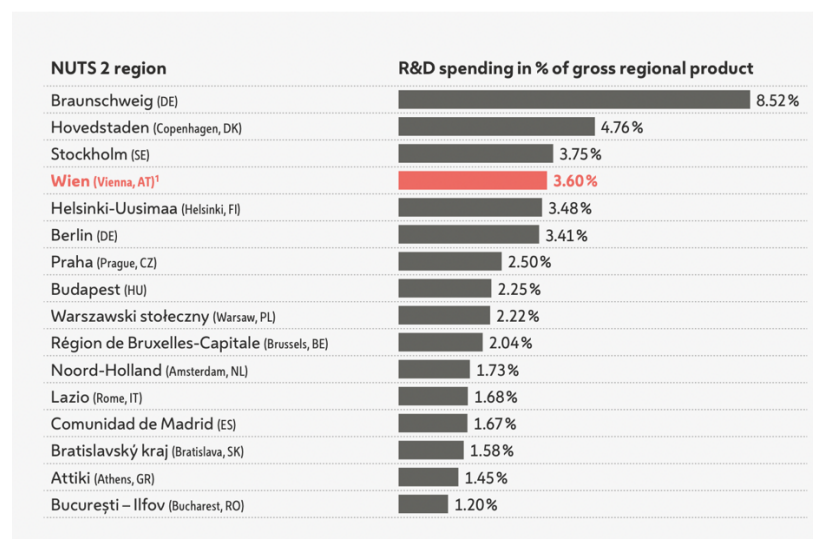


Figure 9. Research and development investment in European cities (Stadt Wien 2022)

As seen in the figure above, Vienna is in a very satisfactory position after three other regions in Europe. Around 3.60% of Vienna's gross regional product is invested in creative activities that use scientific methods and are conducted to boost the state of knowledge and also generate new applications of this knowledge.

Alternatively, Vienna is also ranked with the second place in research and development quota across Austria's federal provinces. The capital investment has been increasing over the last 15 years, mostly in the corporate sector with an increased percentage of around 129%. The second main sector of research is the university sector, actually Vienna is ranked as the biggest university city in the German speaking region by number of students. Today, it has up to 190,000 students, more than Berlin and Munich city which are also very well known. In addition, around a quarter of the city's students come from abroad. The research landscape includes nine universities, five technological colleges and almost 1,500 research institutions. After these sectors, the investment in research and development goes to the government sector and lastly in the private non-profit sector.

The areas of competence in Vienna are the following three: Life sciences, information and communication technologies, and energy and environment. As a matter of fact, Vienna is the center of Austria's prospering life science community. The city's life science community has had a significant growth during the last years with a total of 554 companies in research institutions and further core active organizations in the life science sector, having 37, 595 people working for them and generating up to 13.3 billion euros in sales. Most of the pharmaceutical, biotech, and medical firms in Vienna are ranked in the top 20 worldwide by annual sales. Aside from these firms, the city works with the Medical University of Vienna, the Vienna BioCenter and the Vienna Life Sciences Center to provide innovation in the sector.

Following with the second area of competence, information and communication technologies are key for the Viennese scientific community. There are around 52,000 people in 5,600 information technology businesses in the city. The main universities in this sector are the Faculty of Electrical Engineering and Information Technology of the Vienna University of Technology, the Medical Statistics and Informatics, and the Faculty of Computer Sciences of the University of Vienna. In addition, the city of Vienna has committed itself to the concept of open data, which is an open and transparent system where citizens have access for their further use.

Lastly, the third area of competence deals with the research in energy and the environment. "Vienna is not only a city of science, but also internationally renowned as a capital

of the environment”. There are many environmental technologies being developed in Vienna and some universities that contribute to this sector are the Institute of Chemical Engineering at the Vienna University of Technology, Environmental Geosciences at the University of Vienna, and Research Institute for Managing Sustainability at the Vienna University of Economics and Business. Other ministries and institutions that contribute to this sector are the Federal Ministry of Agriculture, Forestry, Environment and Water Management, Austrian Program on Technologies for Sustainable Development, ÖKOBÜRO, ZAMG, and the Federal Authority for Environment Protection and Environment Control of Vienna.

Moving on to support and research in technology, Vienna supports research and science with the Vienna Science and Technology Fund, and with the Vienna Business Agency. These two strengths are the research in the city and they support innovative companies in various ways. They offer grants, loans, free consulting services, flexible start-ups offices and labs. The programs and initiatives launched by these two supporters have intensified knowledge in the city, they spend approximately 2 billion euros per year on research. In addition, there is LISAVienna which is a life science platform that works in collaboration with Austria Wirtschaftsservice providing personalized consultations for emerging players in the life science ecosystem in the city. Also, the House of Research (Haus der Forschung), located in the 9th district of the city, will become the nucleus for all major organizations that provide research support and services. As well as the Austrian Research Promotion Agency and the Austrian Science Fund will be in the same location for greatest access and effectiveness.

Moreover, the city implemented a project called “VIENNA 2030- Economy and Innovation”, the goal is to generate prosperity and quality of life to benefit all inhabitants by providing high quality workplaces and outstanding infrastructure. VIENNA 2030 highlights six fields to develop into internationally competitive and highly visible areas of leadership by 2030. These six fields are: Smart solutions for life in the 21st century, Vienna as a metropolis of health, Digitalization-Vienna Style, Smart production in the big city, A place of international encounter, and Vienna-a metropolis of culture and creativity.

Continuing with the fifth sector, the **environmental factor**. Almost half of the city’s area is accounted for by green spaces, it covers a total amount of 200 kilometers square approximately. Most of these green areas are for free public use and they are administered by the Municipal Department 42 (Parks and Gardens) and by the Municipal Department 49 (Forestry Office and Urban Agriculture). Some of these parks are internationally renowned like Schönbrunn Palace, Belvedere, Burggarten, Volksgarten, and Augarten, but there are many more that contribute to the area previously mentioned.

According to the global advisor company “Resonance Consultancy”, Vienna is ranked as one of the first top greenest cities in the world. The ranking was based on different criteria like availability of green spaces, usage of public transport, renewable energy, recycling infrastructure, pedestrian friendliness, air quality, and water consumption. (Vienna Convention Bureau 2022.)

The city worked together with the EU initiative EIT Climate KIC in order to achieve climate neutrality sooner. Vienna is one of the 15 European cities that is part of this programme “Deep Demonstration” which helps boost solutions and ideas for climate consciousness. The aim of this programme is to reduce harmful greenhouses in the city in the long term and also develop concepts to slow down overheating and overall make the city more prepared to attain the consequences of the climate crisis.

“The city of Vienna has been implementing various climate protection projects and efforts for years. Deep Demonstration showed us that more cooperation is important. If all departments have the same mission and are working together to implement it, we can achieve the maximum benefit of every single project and effort” (Gruner 2022)

Given the quote above, Vienna is promoting an innovation project with the city of Vancouver located in Canada. This project partnership is focused on developing affordable and sustainable timber housing with sustainable energy supply. Both cities are exchanging know-how and experiences in the department of green building and its feasibility in subsidized housing.

Basically, Vancouver looks at the Vienna Model of social housing and checks how this can be applied to the local conditions in Vancouver. The housing complex at Waldreben-gasse in Vienna, in turn, draws on Vancouver’s experience in timber construction. Both housing projects will be built to the highest efficiency standards and maximize the renewable energy usage.



Figure 10. Green Housing Complex at Waldreben-gasse in Vienna (Stadt Wien 2022)

“The Waldrebgasse project demonstrates feasible solutions for two major issues that all cities worldwide are currently faced with: the need to build affordable housing on the one hand, and the search for carbon neutral and sustainable building solutions on the other” (Vogl 2022)

Focusing on heat transition towards carbon neutral heating, Vienna accounts for around 40% of final energy consumption in space heating and hot water. Throughout the last years, the percentage number has been decreasing thanks to the usage and implementation of renewable energy sources and the progress of sustainable heating networks. Moreover, the city is taking into consideration this matter in order to transform the infrastructure for heat supply in the long term.

New buildings in Vienna are arising and finishing with fossil gas. These new buildings were established at the end of 2020, specifically in climate protection zones in the 2, 7 and 16 districts. After some months, other districts were also part of the change such as the 3, 8, 9, 18, and 19. By now, almost all the districts are part of these changes now, meaning that climate-damaging fossil energy sources are not allowed to be used anymore for heat supply in climate protection zones. According to Stadt Wien, the most effective way to decrease the climate crisis is the reduction of climate damaging warehouses. Therefore, Vienna's protection zones ensure that over 80% of new buildings will have climate friendly HVAC (Heating, Ventilation and Air Conditioning) systems.

Over 20 years of analysis, Stadt Wien can state that the costs of heating systems that use renewable energy sources can already compensate with gas heating systems up to 30% lower. The Energy Planning Department of the Stadt Wien confirms that heat pumps are particularly worthwhile, and the running costs are actually lower than for gas heating. It is important to mention that the operating costs of the heat pumps are lower due to the fact that the energy retrieved from them comes from the ground water, sun and geothermal sources which are of free use. Heat pumps can actually work for cooling on hot days and are way better for the population and for the urban climate.

As of today, one of the major challenges is counting only with two renewable electricity sources such as the wind and the sun since they both are controlled by natural conditions. Given the above, it is important to take into consideration where to store surplus energy so that it can be used later. As a result, Vienna is solving this matter by storing surplus energy in concrete ceilings of new buildings. The first subsidized housing project to use concrete core activation is located in the new residential complex “Neues Leben at Mühlgrungasse” in the district 22.

Vienna's largest energy consumer is the transport sector, also is the largest source of climate-damaging greenhouse gasses. Consequently, the Energy Planning Department of Stadt Wien put in place an innovative funding project under the Vienna Green Electricity Fund which is the electric cargo bikes for Viennese businesses. This innovative way of transportation encourages Viennese entrepreneurs to reduce the use of cars and it has been very well received by the population since it helps reduce time, money and of course greenhouse gasses.



Figure 11. Viennese electric cargo bikes (Stadt Wien 2022)

Another important matter is the incorrect heating setting which causes unnecessarily high energy consumption. Many times, the small changes can be very significant and have a big impact. Therefore, the city implemented a system to permanently reduce the energy consumption of buildings. Every year, the City Administration is checking the district heating consumption in order to check if there is any abnormality in municipal buildings that are supplied with district heating. Substantial savings can be addressed in a very simple way which is by optimizing the control system or replacing temperature sensors that can detect five incorrect readings with a simple switch. This switch allows everyone to operate HVAC systems in a safe and easy way, switching between all year around without worrying about season changes. This can be implemented everywhere and as an example this was used in a primary school in Krottenbachstrasse in district 19 to ensure energy efficient operation.

The capital is currently participating in a national project called "Spatial Energy Planning for Heat Transition" which was created by Vienna and two other provinces in Austria being Salzburg and Styria. These provinces are developing a digital heat atlas, which will be used as a central instrument for spatial energy planning to support carbon neutral solutions for space heating. It can also serve to plan other climate protection objectives like

improving energy efficiency and heat prevention measures. The aim of this project is to create the foundations and tools for spatial heat planning, promote the use of innovative and sustainable heat solutions and support the heat transition throughout Austria.

Another recent and important international project happening in Vienna is the EU project “Smarter Together” where Munich, Lyon and Vienna are promoting positive social dynamics and sustainable urban development. The aim is to create and implement effective measures for climate protection and for improving quality life, for example building refurbishment, climate-friendly energy systems, and e-mobility. For instance, the 11th district in Vienna is being renewed as part of the Smarter Together project. (Stadt Wien 2022.)

Moving on to the last sector being the **legal factor**, Vienna’s most important consumer protection laws are: The Price Making Law which states that the price for goods and services have to be clearly visible for the consumer. Measurement and Gauge Law where consumers need to see the measurement device while the product is being weighted, scaled or other measurements. Trade Register Act ensures the protection of consumers by following trade regulations, businesses are checked to fight illegal businesses. Law on Categories of Quality where goods have to be labeled correctly and also have to correspond to the quality labeling. Lastly, the Product Safety Law ensures that goods are checked for potential health hazards. (Stadt Wien 2022.)

Taxation is another point that needs to be addressed in this sector. Companies have to pay around 25% of their total income. Then for individual taxes this can vary on the following:

Income	Tax rate
€ 0 to € 11,000	0%
over € 11,000 to € 18,000	20%
over € 18,000 to € 31,000	35%
over € 31,000 to € 60,000	42%
over € 60,000 to € 90,000	48%
over € 90,000 to € 1,000,000	50%
over € 1,000,000	55%

Figure 12. Income tax on individuals in Vienna (Casapicola and Gross 2021)

The figure above, states different ranges of income in euros on the left side and on the right side the tax rate percentage of each. The more Viennese people earn, the more taxes they pay so there is something to take into consideration. Another significant tax is the sales (value added) tax where the customer needs to pay the net sales plus 20% value added tax, which is listed on another part of the supplier's invoice. Sometimes value added tax is reduced from certain basic foods and printed material as an example. (Casapicola and Gross 2021.)

Overall, Vienna is indeed a good target market to enter. The facts and statistics in the political, economic, social, technological, environmental and legal factor analysis clearly show that Vienna has a good reputation in the six of them and as mentioned before it is expected to keep growing and becoming an excellent market for foreign businesses to enter, keeping in mind how the population works.

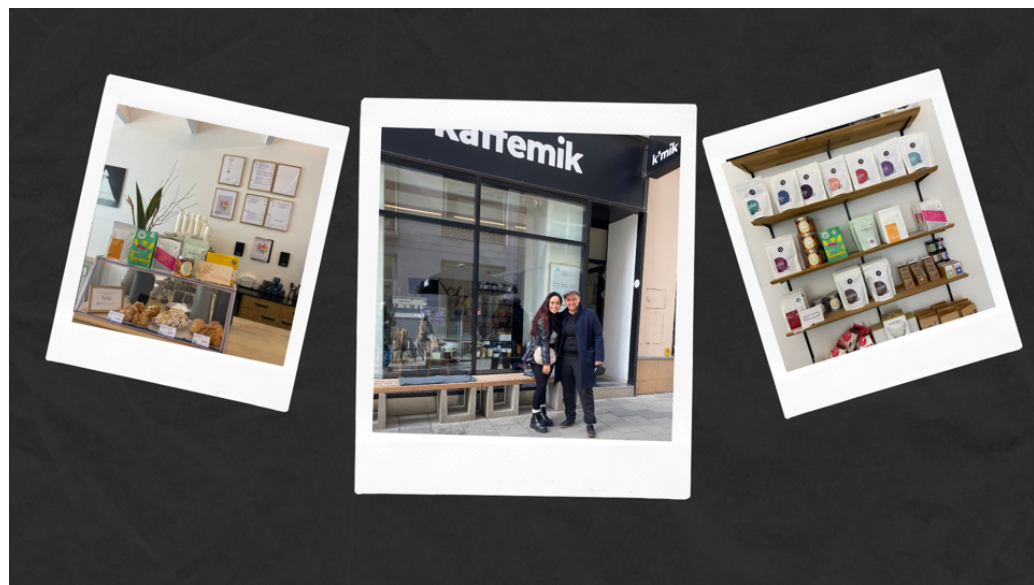
Now moving on to the Viennese **coffee business**, an online qualitative analysis was made under certain characteristics that had to match with the commissioning company's goals and values such as if the business works with organic products, is ethical, fair-trade and welcoming with foreign products specifically Mexican. From those findings, there were 8 possible Viennese coffee shops that Coffediction would like to do business with, these are: Kaffemik, GOTA Coffee Experts, Cafe Latte Art, Alt Wien Kaffee, Cowome, Coffee Pirates, The Truth, and Wiener Rosthaus. (Vienna Coffee Trip 2022.)

After conducting face to face interviews with the 8 businesses mentioned before, half of them were ready to do business with Coffediction. Cowome, Coffee Pirates, The Truth, and Wiener Rosthaus were not taken into consideration for further research since they already work with coffee suppliers here in Vienna and are not interested in acquiring Mexican organic coffee, since they have been working with their suppliers for a long time. Also, they work with direct trade from local farms in Vienna and Coffediction of course cannot compete with that.

On the other hand, the companies Kaffemik, Caffe Latte Art, Alt Wien Kaffee, and GOTA Coffee Experts would love to have Coffediction in their coffee shops in Vienna. Therefore, there was further research with these 4 local businesses and as a result the **Canvas Business Model** was created since these were the ones who wanted to make an affiliation with the commissioning company.

The first successful outcome was with the company **Kaffemik**, which was founded in 2014 and is located in Zollergasse 5/2, 1070 Vienna. The research was conducted through a

face-to-face interview with the expert Natascha Kretzl. She started working for Kaffemik as a barista, then she became very passionate about coffee so she took some workshops and other training like YouTube videos. Also, she talked with people that knew a lot of the coffee world. Afterwards, she started dedicating full time as a Manager in 2018 and continues to do so. She does see herself working here for a lifetime since she has an excellent relationship with the owners. The owners basically have this business for fun and they do not rely financially from it. They leave all the decisions to Natascha since she is mainly the one in charge of everything.



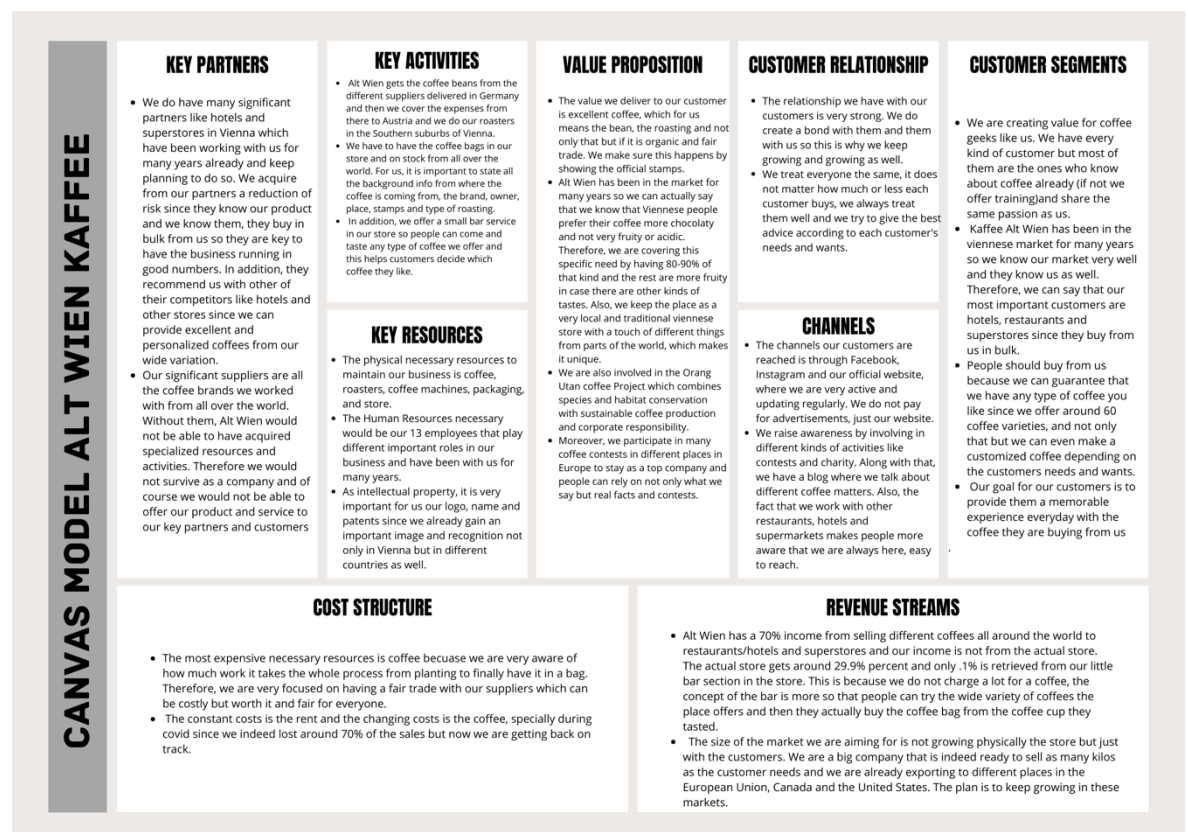
(The picture and the Canvas Model were created by the author)

The second successful outcome was with the company **Cafe Latte Art**, which was founded in 2015 and it is located in Universitätstrasse 4, 1090 Vienna. The research was conducted through a face-to-face interview with the expert Habib Ghulam Saki. He studied tourism and in 2005, he had his first cup of coffee. After that, everything changed for him since he discovered his passion and love for coffee and tills this day, he feels amazed by his business and coffee lovers.



(The picture and the Canvas Model were created by the author)

The third successful outcome was with the company **Alt Wien Kaffee**, which was founded in 2000 by Christian Schrödl. The business is located in Schleifmulgasse 23, 1040 Vienna. The research was conducted through a face-to-face interview with the expert Mr. Thomas, who is a barista for Alt Wien and works there every day in the past 5 years, so he knows already everything about the company, and he is a close friend from the owner.



(The picture and the Canvas Model were created by the author)

The fourth successful outcome was with the company **GOTA Coffee Experts**, which was founded in 2017 and is located in Mariahilferstrasse 192, 1150 Vienna. The research was conducted through a face-to-face interview with the expert Markus Brun. He and his sister Caterina Brun are both owners of the business since they started it. Both have studied and taken coffee workshops to be where they are now.



(The picture and the Canvas Model were created by the author)

For more information, the author will provide the experts contacts and business websites in case of any further doubts or confirmation:

- **Kaffemik**

Contact Name: Natascha Kretzl

Position: Manager

Mobile Phone Number: +436805557220

Email: office@kaffemik.at

Years in Business: Starting 2018

Business Address: Zollergasse 5/2, 1070 Vienna

Business Official Website: <https://www.kaffemik.at>

- **Cafe Latte Art**

Contact name: Habib Ghulamsaki

Position: Owner

Mobile Phone Number: +43066910100233

Business Phone Number: +4306818449694

Email: office@cafelatteart.at

Years in Business: Starting 2015

Business Address: Universitätstrasse 4/16, 1090 Vienna

Business Official Website: <https://www.cafelatteart.at>

- **Alt Wien Kaffee**

Contact name: Mr. Thomas

Position: Barista/Manager

Business Phone Number: +4315050800

Email: office@altwien.at

Years in Business: Starting 2016

Business Address: Schleifmühlgasse 23 1040 Vienna

Business Official Website: <https://www.altwien.at/about-us.html>

- **GOTA Coffee Experts**

Contact name: Markus Brun

Position: Owner

Business Phone Number: +4312364682

Email: info@gota.coffee

Business Years: Starting 2017

Business Address: Mariahilfer Str. 192, 1150 Wien

Business Official Website: <https://gota.coffee>

6 Conclusion

Overall, it can be concluded that Viennese organic local coffee shops are indeed interested in buying Mexican organic coffee. According to the interviewed experts from the local businesses in Vienna previously mentioned, they state that Mexican coffee is actually one of the best and many people want to have it. There is a high demand although businesses do not offer it because there is a lack of suppliers here in Vienna. The options are very limited, only a few coffee shops have the possibility to acquire it and sell it but it is hard to get so it will be a very good opportunity to have more of them and bigger amounts.

Coffee business and customers in Vienna want organic Mexican coffee but this demand has not been fulfilled. There are a lot of opportunities for Mexican organic coffee brands in Vienna since it is the capital known for coffee houses worldwide and also a very international city where there is coffee from many Latin countries like Brazil, Costa Rica and Colombia but not yet many from Mexico.

The commissioning company already has 4 local organic Viennese coffee shops that are interested to make business affiliations with Coffediction since they love what the company represents and offers. The possible business affiliations for internationalizing Coffediction in Viennese markets are: Kaffemik, Caffe Latte Art, Alt Wien Kaffee, and GOTA Coffee Experts. These are all coffee businesses that match Coffediction's values, mission and vision. For the commissioning company it was very important that the coffee shops had certain characteristics such as working with organic products, being eco friendly businesses, ethical and fair-trade, and welcoming with foreign products.

All the information retrieved to get to the affiliations mentioned above was through qualitative research using desktop research, research interviews, observations and face to face expert interviews. Firstly, the market environment was successfully researched and understood with a PESTEL analysis of Vienna. Secondly, the coffee culture in Vienna was investigated and complemented with interviews and actual face to face approach. Thirdly, the target Viennese coffee business (Kaffemik, Caffe Latte Art, Alt Wien Kaffee and GOTA Coffee Experts) which were interested in Coffediction, were used for further research for the commissioning company with the CANVA Business Model to have a better understanding of their businesses in order to internationalize Coffediction's products.

Given the above, the main objective and development goals were successfully achieved since the author created a useful guideline to understand how the Viennese market envi-

ronment works and to recognize how local coffee businesses in the target city function. Moreover, this guideline includes a market study with specific factors to understand the target market, findings of how coffee businesses in Vienna function, and which specific local coffee businesses would agree to work with the commissioning company.



(The figure was created by the author)

The figure above, represents the successful outcome of the possibility of internationalizing organic Mexican coffee with the commissioning company Coffediction in Viennese market. As shown, the green map represents Mexico and inside it is the logo of the commissioning company, on top of the Austrian flag that is on the right side. The flag represents Vienna since it is located in Austria and inside the flag there are the 4 Viennese coffee businesses logos of the brands that want to affiliate with Coffediction.

Coffediction now has a quick and specific guideline to internationalize its products in Viennese markets. Coffediction is indeed qualified to enter Viennese market only in a market environment research approach with this thesis. Therefore, it is important to take into consideration other departments like supply chain management and finance in order to actually do so. Nevertheless, the Viennese market is already studied, and 4 business affiliations are already set whenever the company wants to take further action in this matter.

It is important to mention that Coffediction should not be guided by the number of affiliations but more for what this affiliation represents. For example, Alt Wien Kaffee has a very high status in Vienna already and sells tons of kilos to different hotels and restaurants in Vienna so it should not be underestimated the quantity of kilos that can be sold with these 4 businesses.

Based on these conclusions, this thesis was delimited to Viennese organic coffee shops but if Coffediction does actually internationalize its products in Viennese markets, there can be even more affiliations with new organic stores, hotels and restaurants if wanted for future plans.

However, if the commissioning company cannot enter the foreign target market then other coffee organic Mexican companies can make use of this information to do so since it is clearly stated by coffee expertise in Vienna that there is a real demand for organic Mexican coffee in the city. Though, this final guideline does not guarantee that the affiliations already set with the local coffee shops in Vienna will also agree to work with all organic coffee companies in Mexico.

Ultimately, the author suggests further research to determine the causes of this lack of Mexican organic coffee brands in Vienna. To better understand the implications of these results, further studies could address how much money it costs to actually export organic coffee from Mexico and how much to import it in Vienna, as well as how long it takes to be delivered and shipped, what specific labels should include the coffee bags and finally if it is financially profitable for both businesses after these matters are addressed.

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