

Anti-café as a unique concept of service business in Finland

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Abstract <p>The purpose of the thesis was to analyze the phenomenon of anti-café - highly popular public places with the time-based payment system and hence examine how this concept can be applied to the Finnish environment. The initial point was authors' perception as students of the fact that student-oriented city of Jyväskylä lacks calm relaxing public place for students.</p> <p>The research was based on the pragmatism as a research philosophy and exploratory study was chosen to reflect the emerging phenomena in untested environment of the Finnish market. With the decision of exploratory study as means for carrying out the inductive research approach, the action research was chosen to start from empirical data in absence of clearly identified theory to answer basic research questions that can serve as hypothesis in the pre-theory formulation phase at the substantive level.</p> <p>An experiment conducted on the 29th of September 2014 in a close collaboration with JAMK gave the researchers reliable and valid primary data through qualitative survey with 35 replies. The main outcome of the experiment was the degree of interest of students about having anti-café in Jyväskylä. The majority of them are ready to spend 2-5 Euros per once for visiting anti-café.</p> <p>The final part of the thesis analyzes potential establishment of the anti-café considering general concept trend, its positive experience in London and aspects of Finnish environment, answering the main research questions. The Finnish market is yet unexplored in the regard of unique and creative concepts as anti-café, but the first steps are being made and already show the potential of broad acceptance by customers in Finland. The new services needed to be introduced in the Finnish environment are special creative events as music concerts, art exhibitions and poetry readings that may be an outcome of key partnerships with universities in Jyväskylä.</p>		
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Miscellaneous		

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1 INTRODUCTION

The research that is performed below and the results that had been drawn present a quite new vision of the restaurant business, opening it from the other side and showing its application method that, undoubtedly, haven't been thought of before. The idea, however, is as simple as genial, making the project even more exciting. The project presented below is labeled as anti-café and represents a revolutionary new vision of building facility business management company.

The main idea of this company is the provision of space for visitors seeking for a calm place to work, study and ability to find new connections. The business is quite new in nature, it was firstly presented in 2010, and thus, no official studies yet exist on the topic.

The researchers of this phenomenon are aimed at presenting a comprehensive picture of this type of business, explaining its effectiveness and outlining its key features. As no proper study is not been performed yet, the researchers use the inductive research approach, creating an action research through which they are aimed at observing, recapitulating and further presenting the findings on the effectiveness of such a business, if launching it in Jyväskylä region, Finland.

2 REASONS OF ESTABLISHING ANTI-CAFÉ

"I believe that anti-café could become a really great place for anyone regardless of age, income and occupation to come, enjoy the atmosphere, chat with friends, make new friends and simply relax. I also consider this as a really cool idea to held different events such as poetry/movie/whatever evenings in anti-café, as it is a great opportunity for everyone to open themselves and meet



people with common interests and hobbies.” (One of the survey responses, 29.09.2014)

Anti-café is a public space with the core feature of pay-per-minute charge system. Customer receives free snacks, hot drinks, wi-fi internet, entertainment (board and video games), etc. In other words, everything is free except the time. Moreover, it offers homelike and cozy interior divided into different areas so people working on assignments are not disturbed by ones playing games.

The concept of anti-café is a successful trend in Russia and some post-USSR countries. Nevertheless, Ivan Mitin, the creator of the concept, has followed further and started this business in London, the UK. Despite a huge number of differences and challenges, the anti-café “Ziferblat” in the fashionable Shoreditch neighborhood became a huge success, which makes a valuable experience for the concept expansion in new countries.

Jyväskylä is known as a student-city, since 30% of the whole city population is students. They are primarily students of University of Jyväskylä and Jyväskylä University of Applied sciences. This is not a secret that group work assignments take significant role in the study process in Finland. Being students as well, the researchers found out that there is lack of public places in the city to have study meetings for groups or simply for working on an assignment. Therefore the authors found out that establishing of anti-café could become a highly valuable business.

The abovementioned factors alongside with attractiveness of Finland as a country for start-ups create high motivation for working on this project.



3 RESEARCH PHILOSOPHY AND APPROACH

It is highly important to choose the right research philosophy in order to produce end result from the collected data, since it plays a significant role in this process. Research philosophy can be described as the development of the research background, research knowledge and its nature (Saunders and Thornhill 2007). However, it can also be defined through research paradigm. From the view of Cohen, Manion and Morrison (2000), research paradigm is the broad framework, which comprises perception, beliefs and understanding of several theories and practices that are used to conduct a research.

According to Gliner and Morgan (2000), paradigm is a way of thinking about and conducting a research. It is not strictly a methodology, but more of a philosophy that guides how the research is to be conducted. (17)

3.1 Pragmatism

The pragmatism research philosophy is chosen in the research. This philosophy embraces mixed or multiple method designs and allows using both quantitative and qualitative techniques, which suits perfectly. The research question at this philosophy is answered from the multiple external views. Practical applied research is the core focus with data interpreted with the usage of different perspectives. Moreover, value plays a significant role in the process of results interpretation with both objective and subjective researcher's points of view. All these factors clearly justify the choice of pragmatic research philosophy.

3.2 Inductive research approach

There are two main research approaches - deductive and inductive. The deductive approach is aimed to test the theory and works from the more general to more specific. It is also known as a "top-down" approach. Starting with the general theory, it subsequently is narrowed down into more specific one to test, with the final outcome of hypotheses with a specific data to be tested. Inductive



approach, however, works contrariwise. It usually associated with qualitative research and works from observing specific phenomena and moving to more general theories. Unlike a “top-down” approach, this can be called a “bottom up” one. Specific observations lead the researcher to hypotheses to be explored with the outcome of developing a general theory.

At the present research, an inductive approach is chosen. Since the aim is to start with the observation of the phenomenon of anti-café and the qualitative research is applied, the reason of this choice is clear. According to Kananen (2013, 31-32) as the goal of the research is not to generalize but to understand the phenomenon deeper and interpret it objectively, qualitative research is a preferable one. Even though in the world of business quantitative research is used more because of its exact information, in fact it is partly an outcome of qualitative research.

Nevertheless, Kananen (2013, 32) states that a fundamental question for quality research is “what is this phenomenon about?”, therefore it is absolutely critical for the researchers to keep this information in mind and base the following work on it.

4 RESEARCH METHODS AND DESIGN

Research methods and research design are formulated consequently after determination of research philosophy and approach - they are the inevitable cogwheels of any research, making it easier to understand, perform and publish. According to Herrman (2009) research methodology can be described as the study of employ techniques that “make success (in research) more available, frequent, consistent and correct”. In other words, research methods make the shape of the research and present it as a series of consequent exploratory actions, leading to the obtaining of answers to research questions.



4.1 Exploratory research

According to Brown (2006), exploratory research tends to tackle new problems on which little or no previous research has been done. This statement implies that any exploratory research's main target is to study the fields of matter that had not been studied before, exploring the new aspects of matter and outlining its special features. The research that had been performed involves a new phenomenon, that is quite unique and is spread only on the territory of Russian Federation, thus, the exploratory study has been chosen to become more familiar with the specifics of adopting the offered service in European conditions (particularly - in Finland) and the essential additional actions that an entrepreneur is about to perform to establish such service in the underlined environment. Moreover, it should be noted that exploratory research is the initial research, which forms the basis of more conclusive research. It can even help in determining the research design, sampling methodology and data collection method. (Singh 2007, 64). Concluding the reasoning for exploratory study choice, it's also very valuable to note that any exploratory study is initially aimed at creation of a description of a given phenomenon or opening a new scope for defining that phenomena, a researcher performing an exploratory study should be always ready for fine-tuning the very scope of research and the instruments he/she needs to conduct that research. This implication is proved by Saunders et al. (2007), who states that when conducting exploratory research, the researcher ought to be willing to change his/her direction as a result of revelation of new data and new insights.

4.2 Action research

With the decision of exploratory study as means for carrying out the inductive research approach, the action research was chosen as to bring the theory directly to practice and test the proposed research questions. As Peter Reason and Hilary Bradbury (2001) imply, action research is a participatory, democratic process concerned with developing practical knowing in the pursuit of worthwhile human purposes, grounded in a participatory worldview which we



believe is emerging at this historical moment. It seeks to bring together action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues of pressing concern to people, and more generally the flourishing of individual persons and their communities. More generally, action research represents a sort of an experiment, during which the researchers test the theory they posed (a service being offered in this particular case) to get familiar with the issues through practice. Also, Brydon-Miller et al. (2003) implies that action research has a complex history because it is not an academic discipline but an approach to research that emerged over time from a broad range of fields, justifying the uniqueness of this particular method and its full applicability to the chosen research, as the research itself studies a quite new and thus yet unstudied phenomenon.

5 ENTREPRENEURSHIP

5.1 A definition of entrepreneurship

A term of entrepreneurship has many different definitions. Generally it may be called starting up a business, thus an entrepreneur is a person who works for himself, but no doubt that this covers only the top.

According to Shane (2003, 4), Venkataraman (1997) and Shane and Venkataraman (2000), the entrepreneurship is defined as an activity that contains the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed. While the abovementioned is very useful for defining what entrepreneurship generally is, there is still a need to operationalize in empirical research (Shane 2003, 5). Two main operational definitions of entrepreneurship in the empirical research are self-employment and founding of a new business. According to Shane (2003, 5) Le (1999) states



that self-employment is performing work for personal profit rather than for wages paid by others. Self-employed person can run a business and employ other people as well as he/she can do it only himself. The second term, founding of a new business, can be defined as forming of a business venture or not-for-profit organization that did not previously exist (Shane, 2003, p.5).

While the definition of entrepreneurship is broadly given, there is still a need to define who entrepreneur is. According to Zimmerer & Scarborough (2002, 4) entrepreneur is a person that creates a new business inspite of risk and uncertainty with a goal of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them.

5.2 Entrepreneurship in service industry in Finland

According to The Federation of Finnish Enterprises, in 2012, Finland had a total of 322 183 enterprises. Out of this number, 99,8% are small and medium-sized enterprises of less than 250 people (SME's). Generally, 93,3 % of Finnish companies have fewer than 10 employees. These factors show the attractiveness of Finland as the country to set a business up.

Small and medium-sized enterprises are highly significant for Finnish economy. 63% of all private-sector employees work for companies less than 250 people and generate approximately 50% of the combined turnover of all Finnish businesses. All small and medium-sized enterprises create 13% of Finnish export value.

Generally service sector employs 73% of all jobs if Finland (2010) with a significant growth from 2001 of 5,6%. The biggest employers are the health social services sector, wholesale and retail trade. 60% of service employees are women, the average rate of worker in Finnish service industry is 42 years.

All of these abovementioned factors with the fact of low corruption rate and



assistance start-ups can receive; Finnish service industry is the perfect choice to start a business, especially one like a concept of anti-café.

6 LEGISLATION AND REGULATIONS OF FINNISH SERVICE INDUSTRY

When setting up a business, many legal procedures are needed. Luckily, in Finland these processes are much easier than in many other countries and a lot of information is available in English language. According to Holopainen (2003, 2008), there is an amount of cases where a permit is needed in order to start a business. They are, for instance, importing, manufacturing, selling, transporting and storing of alcoholic beverages; restaurants, cafes, pools, hotels, etc.

6.1 Business ID

Companies in Finland need to get a Business ID (Business Identity Code). Business ID consists of seven numerical digits and required for contracts and invoices, for using Finnish Trade Register and Finnish Central Tax Administration. This procedure is done by submitting an application to the Regional Tax Office by using the statutory notice form. This form is also used in a purpose of any business changes informing. After company has entered the Business Information System, it gets a Business ID. (Holopainen 2003, 77-81)

6.2 Alcoholic beverages licensing

In order to serve alcoholic beverages any Finnish company requires a license. There are three types of this license in Finland: A, B and C. License C grants a permission to sell alcoholic beverages of no more than 4,7%, B permits up to 22% beverages and A permits selling of all alcoholic beverages including strong spirits. The license is obtained by a private person, a company or an



organisation of restaurant operations in the State Provincial Office of the municipality where the restaurant is located. (Holopainen, 2003, 74-75)

As the concept of anti-café means non-alcohol policy, there is no need in obtaining this kind of license that relieves the start-up. However, some anti-cafés offer beer, e.g. anti-café “Podyezd” in Samara, Russia. This place is decorated in a style of house from 1960-80s and offers free beer and snacks, but this is reflected in the price.

6.3 Foodstuff premises licensing

Handling of food, such as its professional transportation, storing, etc. needs a permission granted by the Municipal Public Health Authority. A notification regarding foodstuff premises has to be made in advance of commercial operations as well as of any significant changes. Public Health Authority makes a decision after examination of the entrepreneur’s application. (Holopainen 2003, 77; Holopainen 2008, 243-244)

6.4 Insurance

It is highly important to carefully find out what kind of insurance is needed for business before starting it. If entrepreneur assess potential risks related to new business and how they can be reduced with the help of insurance, the start-up is less vulnerable to them.

However, any extra costs for insurance services are always up to entrepreneur. The only mandatory insurance form is Personal Pension Insurance (according to the Self-Employed Persons’ Pension Act YEL), in case entrepreneur’s work-related income is more than EUR 7,303.99 per year and the business is run for at least 4 successive months.

Optional insurance can also be obtained. They are generally divided into 4 categories:



- Entrepreneur's voluntary accident insurance;
- Business-interruption insurance;
- Personal liability insurance;
- Legal expenses insurance.

Moreover, business premises and property can be insured from risks like theft, fire and water damage, etc.

7 ANTI-CAFÉ CONCEPT

The anti-café concept belongs to a very recent and successful service introduction that is beneficial due to its uniqueness and simplicity at the same time. Not so much research created on this matter - the analysts still, probably, consider if it would create a new niche in service industry or just be left as something very unique but not that profitable, like a museum exhibit.

7.1 History

First ever Anti-café like establishment “Dom na dereve” (“Tree House”) was opened in 2010 by a Russian entrepreneur Ivan Mitin. The idea of the place was that the guests could just enjoy free space with different means of relax and work (books, board games, etc.) and free snacks (tea, coffee, cookies) under the conditions of voluntary payment - each guest, if he/she would like to do so, could leave a not-mentioned amount of money in gratitude towards the host.

In 2012, when the “Tree House” proved itself as quite popular, Mitin decided to open an another establishment, “Ziferblat” with a brand-new place design and a little adjustment - the guests now had to pay for attending the establishment: 1



ruble per minute of stay. The simplicity of the project and the special atmosphere created, the customers' satisfaction level rose substantially and in the first days of 2014 the first-ever European anti-café was opened in London that had produced a huge echo in major world's publications, which really valued Russian idea and even called it "discovery of the year".

7.2 Main features

Anti-café can be described as a rented space, where one pays for the availability of supporting facilities (books, journals, board games, etc.), while giving the payment accordingly to the time spent inside the space, not the amount of facilities used. These kinds of establishments usually feature only one requirement - alcohol and loud music are prohibited, as the guests usually admire calm and quietness. Moreover, it's not prohibited for visitors to bring their own food or make a call to order food in the anti-café. People visiting these places usually benefit from their ability to study, communicate with friends and find new friends there, make art, work, and just spend their leisure time relaxing.

On the first sight, the inside atmosphere is like at a slightly awkward house party, and this is partly true. There are espresso machines and different sorts of tea, but there are no workers rushing orders in plastic cups. Instead, customers are welcome to use cozy kitchen facilities to make drinks by themselves and clean them afterwards.

Unusual atmosphere of sharing one kettle make people become friends. If one has never used an espresso machines, others are always there to help and teach.

Concluding the description of anti-café, the words of one of the creators' of such places (named "Babochki", "Butterflies"), Pavel Melnikov, "we were aimed to create a home atmosphere, where nothing disturbed people, where they could just stay".



7.3 Reasons of success

According to articles and some minor studies, performed by the journalists, anti-café is so popular due to numerous reasons, making it truly unique and unlike any other establishments.

Firstly, anti-café's are usually quite private - one must know the exact instructions to be able to enter the place - which adds some special charm to the café's employ and makes it to some extent similar to old interest clubs - places where people gathered in groups to perform some activities they are interested in - modeling, sports, cooking, sewing, etc., which make people nostalgic and willing to visit such a club once again. Secondly, the main idea of such places is the availability to stay alone, deep into yourself, study comprehensively or just enjoy quietness, the features that had longer been not available to the citizens of grand megapolises, like Moscow. Thirdly, such establishments truly create new traditions - they bounce back from the ideas of cheap and tasty or expensive and elite food, making focus on people and their insights, rather than on their biological needs. Such spaces provide good food for thought, which enhances people to think, create and implement new ideas, changing the world around them and making it a better place.

Huge number of people faces the feeling of awkwardness in typical cafes for taking a place for hours with only a cup of tea. This is one of the key points making anti-café's highly successful. Customers do not feel obliged to order more in order to break the feeling of overstaying their welcome - pay-per-minute solves it.

8 ACTION RESEARCH PROCESS

As for reaching the most comprehensive understanding of the topic, an action research has been developed to practice the theoretical findings. To make that



plan become a reality, researches have decided to book a specific place in Jyväskylä University of Applied Sciences to perform an experiment, involving the establishment of an improvisatory anti-café with continuous observation of subjects taking part in the experiment and gathering primary information through a specifically designed survey.

8.1 Research questions and objectives

Starting point of the research was the necessity of an anti-café available for students at the point of full absence and unawareness of it. As the target group is students, the researchers also represent this group, which creates an advantage for them. In many cases researchers face the challenge of understanding the customers' point of view and thinking from this perspective.

During the anti-café experiment, researchers were participating and acting as well as the customers, even though they knew who they are. This created an opportunity to have live conversations besides the survey, so potential customers could speak about the experience they received. Moreover, the majority of Russian-speaking students had already known the concept of anti-café. Coming out of the research idea and keeping in mind all the above mentioned factors, the main research questions are:

- How can current knowledge of the anti-café concept be applied in the Finnish environment?
- What are new services and products can be offered to customers?

8.2 Execution

In a close partnership with Jyväskylä University of Applied Sciences and Sodexo OY, the researches had launched an experiment in the University on 29th of September, 2014. The specifically pre-booked space was equipped with



everything needed for the experiment - coffee and tea pots, milk packs, plates with fruits and snacks, along with the other essential kitchen accessories; several time-spending spaces, equipped with board games and books, where the participants had time to evaluate the quality of services offered.

The experiment lasted for 1,5 hours, during which the participants could enjoy free food, drinks and entertainment aspects in exchange for continuous feedback through survey, specifically designed by the researchers and executed through the Google Forms online system. Moreover, the researchers had the possibility to personally observe the course of the experiment, thus determining the key factors, defining the environment of the experiment and the common temper of the participants chosen.

Overall results allow to claim that the experiment was a success and played a crucial role in outlining the research results and conclusion of the research.

9 RESEARCH RESULTS

The results of the conducted action research are presented in a survey, that all the respondents had to fill upon the end of the experiment, along with personal observations of the researchers. The survey had to be filled online using the Google Survey system, the statistics then were processed by the researchers and revealed below.

9.1 Experimental research outcome

The survey, which constitutes the most comprehensive outcome of the research, consisted of 22 questions, containing both quantitative and qualitative data. The questions are listed as follows: 1. Age; 2. Nationality; 3. Occupation; 4. Gender; 5. An amount of free time during the day; 6. How do you prefer to



spend your free time?; 7. How do you prefer to organize your self-studies?; 8. How much time do you spend on your self-studies?; 9. Do you think you can combine your work and leisure time?; 10. Would you like to have a space nearby where you can study, chill out and create at the same time?; 11. What activities would you prefer at such place?; 12. Would you like to have special events (poetic evenings, music concerts) held in an anti-café?; 13. Would you like to lead such events to share your talent?; 14. Would you recommend such place to your friends?; 15. What drinks do you prefer to have on your free time?; 16. How many cups of drinks do you usually have per day?; 17. Do you prefer to make coffee on your own or visit special places?; 18. Do you like to have snacks during your studies?; 19. What kind of snacks do you prefer?; 20. What amount of money do you usually spend on your free-time activities during a day?; 21. What amount of money are you ready to spend on an anti-café?; 22. Your suggestions or advices.

Overall amount of 35 respondents contributed to the feedback. All the questions play crucial role in answering the research questions and following the research objectives.

The responses had shown that the chosen target group for an anti-café is presented by students, both males and females (the results for gender are 51% to 49%), average age of whom is 22 years, mostly from former USSR republics (Russia, Ukraine, Kazakhstan) with representatives of Finland, Canada, Israel, Vietnam, China and Spain. The respondents noted that they usually have 2-5 free-time hours during a day, which they mostly prefer to spend going out. Also, they mostly spend 1-4 hours for their studies, mostly being at home or in a library. Then, the respondents consider that they can combine their studies and leisure and thus having such a space where that combination is possible favours to them. This creates a strong background for establishment of such a space in Jyväskylä, as the town is considered to be full of international students and thus the attendance of this kind of institution would probably be fairly high. Moreover, the results of the survey also show that the respondents would



mostly prefer either to study, or socialize in such an institution, which also contributes to successful development of this start-up.

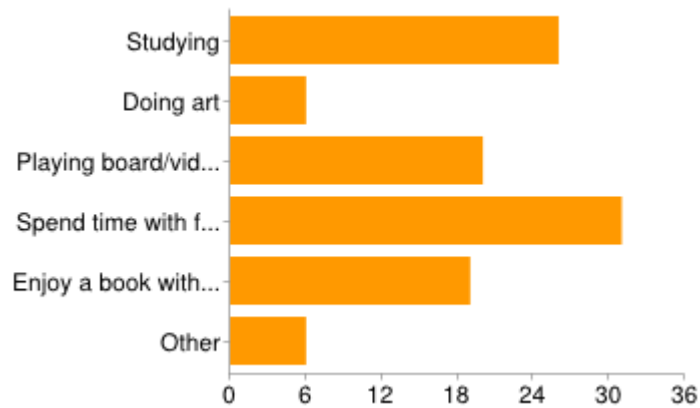


Figure 1. Preferred activities to do in anti-café

The results also show that the respondents mostly prefer to drink homemade tea, coffee and juice and like to have snacks like fruits, cookies and sandwiches during their studies, which not only outlines the usefulness of mentioned startup, but determines the actual procurement of consumables, which could not only help to pre-establish the supply links, but also to determine competitors' key services.



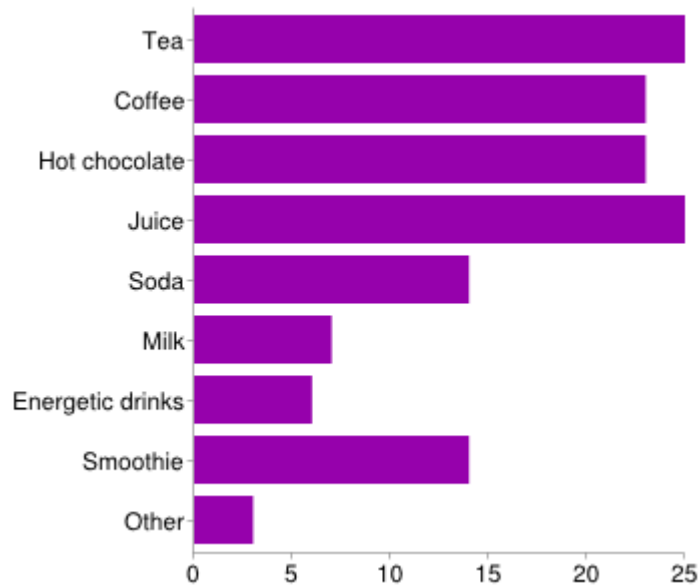


Figure 2. Drinks student prefer to have on their spare time

The respondents also marked that they normally spend around €7-10 per day for their free-time activities, and at the same time the respondents agree to pay €2-5 for a visit in anti-café, which establishes a base for a financial analysis of approximate profitability of a start-up.

The overall impression of the participants of the experiment is very positive and that kind of reaction once more proves good chances of a success of a start-up in quite a short time – every respondent stated that he or she would definitely suggest anti-café to their friends.

9.2 Reliability and validity

As research studies are used, there two main factors that need to be taken into consideration - reliability and validity. In order to describe their definition, a book “Business research methods” by Dr. Sue Greener is used.

Reliability is required of research studies. A research has to be designed in a way that it is auditable i.e. transparent and clear so that the reader can either



undertake the same method themselves and produce the same results, or at least the method is clear enough to instill confidence in the readers that the results were not fudged in any way. (Sue Greener 2008, 38)

There are three main ways of characterizing validity in research studies. It is important that research methods have “face validity”, “construct validity” and “internal validity”. Face validity means effectively that the non-researcher or lay person can broadly see that this is a valid method of researching this question “on the face of it” it makes sense as a method. Construct validity is a more complex idea and means that the method must actually measure what you think it measures. There are, for example, statistical ways of checking surveys and questionnaires to check that the questions are really asking what you think (factor analysis and item response theory). Construct validity is particularly important in questionnaires which are not administered face to face by a researcher but sent by post, email or done online, as there is no chance then to discuss and clarify the meaning of a question. Sometimes the results can be invalidated because respondents have misunderstood a question and answered in a way which was not intended. Internal validity relates to causality, i.e. does factor X cause factor Y to happen? It is sometimes easy to assume causality when in fact there is only association of two factors. (Sue Greener 2008, 39)

Since a qualitative survey is used, internal validity can't be applied. However, face validity and construct validity requirements are fully met in the survey - lay person can broadly see that the method used is the valid one and makes sense and it measures what it is supposed to measure. Moreover, the survey is auditable and if it was done again, the same results would happen. This is the justification of the research's validity and reliability.



10 ANTI-CAFÉ IN JYVÄSKYLÄ

10.1 Data analysis

The main target of the authors was to bring up the idea of establishing an institution through a unique concept of time-based payment with free facilities labeled “anti-café”. Jyväskylä was chosen as a target opening territory, due to its attractiveness for students, who are the key target customer group of the proposed service. What's more, the chosen location is relatively low in area, which helps in attracting customers and purchasing of consumables.

The chosen customer group is people aged 16-35, mostly students and alumni. However, age is not a very important differentiator for customer group choice, as anti-café concept itself underlines the principle of putting people together, regardless of age, background, etc.

Since student unions are highly popular phenomena in Finland generally, the proposed institution has a potential of creating the key connections with them. As Jyväskylä has two universities with own student unions, which constantly create student-advantageous partnerships with local public places, there are solid opportunities for strong customer base's formation.

The concept, due to its uniqueness, currently does not imply the presence of direct competition. Nevertheless, the two groups of competitors underlined by the researchers, include usual coffee houses (i.e. Jyväskylä Coffee House, Memphis, etc.), that are widely spread across all Finland regions, as well as unusual establishments, offering innovative types of services.

At the present moment, there are only few of them in Finland. On October, 2014 the first cat-café “Purnauskis” was opened in Tampere. Originally coming from Japan, the concept of cafe where customers can enjoy drinks while stroking cats that live inside caught the fancy of many countries, and Finland has



become one of them. Even though the cafe was established recently, it has already created a huge echo in Finnish society. This fact means that Finnish people are eager for innovations in being served. Concluding the abovementioned, the researchers are confident in positive performance of such establishment in Jyväskylä region.

10.2 Environment analysis

Any new businesses always face challenges in the very beginning. They are started in already existing environments, so business managers should be able to analyze the environment where business is operated. It is highly important to understand many aspects, e.g. economic situation, level of competition, etc.

According to O'Farrell, the general process of environmental analysis contains four basic steps. Initially, environment has to be scanned for environmental factors. Then they are culled and monitored. As the third step, the factors are analyzed for impact. Finally, different scenarios are forecasted upon the factors identified and strategies are created.

In order to examine attractiveness of a certain industry, some factors need to be evaluated. According to Barringer and Ireland (2010, 111), industry can be considered as attractive in case the following is corresponding:

- It is young rather than old;
- It is growing rather than declining;
- It is not crowded;
- It is not dependent on historically low key raw materials price;
- It is early rather than old;
- It sells products and services that customers “must have” rather than “want to”;
- It has high rather than low operating margins.



Particular attention has to be taken to the potential location. One of the main criteria of choosing the location is reaching the target customer group. Considering the size of the city of Jyväskylä and the fact that anti-café aims to become popular student place, it has to be located in the city center, which means close distance to all university campuses and location between campuses and home. Obviously, if anti-café is located, for instance, 10 km away from city, the major part of target group is lost.

One of the possible locations is Parviaisen talo that is located at Seminaarinkatu 30. This building is owned by University of Jyväskylä and located in the city center near main campuses. It is decorated in an old-fashioned way and has all necessary facilities. Moreover, there is a summer terrace, which creates more possibilities and options - undoubtedly, this is highly difficult to find a venue with a terrace in the city center.

10.3 Key communications

One of the main actions to do in the very beginning is establishing important communications and partnerships in the regard of supply, promotion, etc.

Since food, in the broad meaning of the word, is not the main product of anti-café, it is easier to organize the supply chain. Hot drinks, fruits and snacks can be procured through the services of catering companies or some local suppliers. Amica OY and Sodexo OY have already worked with JAMK; moreover, during the experiment event the products were served by Sodexo OY.

Building mutually beneficial partnerships with student unions is the key aim. Anti-café can get an important promotion channel and basically direct connection with the target customer group - students. They, however, can get discount system and possibility to improve services. Music and art students would have a chance of organize own performance in the venue - pictures and



photo exhibitions, musical concerts, poetry readings, etc. Ones who need project or practical training credits can obtain them in the company - by direct working there, web-site editing, etc.

10.4 Competitors

The city center of Jyväskylä is full of different cafes and coffee houses with mostly same offers for their customers. Since anti-café can be considered as the same institution, every cafe or even restaurant can be a competitor in a broad meaning. Nevertheless, due to the uniqueness of the anti-café concept, there is a strong differentiation between them. Coffee House, Memphis, Wilhelmiinan Konditoria and Hemingway's are recognized for the wide variety of drinks and desserts, some of them offer alcoholic beverages. Wilhelmiinan Konditoria is the coziest and calmest place to study and relax, so it is one of the biggest challenge to face.

As it was mentioned, there are no such kinds of places with innovative services. The first biggest player is cat-cafe "Purnauskis" in Tampere. It was opened on the October, 2014 and became highly popular place within the first month. The main difference is the presence of many cats that live inside and each customer can spend the time there stroking them and having a drink. Even though the place that is located in another city is not a real direct competitor it can become one if it expand to Jyväskylä.

10.5 SWOT analysis

The most integral part of any company's comprehensive capability analysis is SWOT analysis. As Radha Balamuralikrishna and John C. Dugger (1995) imply, an understanding of the external factors, (comprised of threats and opportunities), coupled with an internal examination of strengths and weaknesses assists in forming a vision of the future.



SWOT itself represents an examination of a company's internal environment through the analysis of strengths and weaknesses, as well as the external factors' influence on the company, through opportunities and threats evaluation (Balamuralikrishna and Dugger 1995).

<p>Strengths</p> <ul style="list-style-type: none"> • Uniqueness • Absence of direct competition • Internationality • Appropriate choice of area • Flexible pricing system • Vegan/vegetarian friendly 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of experience in management • Limited resources
<p>Opportunities</p> <ul style="list-style-type: none"> • Government support for SME's • Partnership with universities' student unions • Potential for franchising 	<p>Threats</p> <ul style="list-style-type: none"> • Idea rejection • Lack of customers • Entrance of direct competitors

Figure 3. SWOT analysis of anti-café in Jyväskylä

10.6 Special events

One of the research questions is to find out new potential services and products to offer to customers. Keeping in mind the fact of big number of Music & Media students in JAMK the researchers determined that organizing special events is highly beneficial for both parties. Students receive a chance to demonstrate own talents while anti-café becomes promoted. Examples of the events are music concerts, paintings and photos exhibitions, poetry readings, stand-ups, etc.



According to the data researchers got from the survey, thirty people out of thirty five would like to have special events held in the anti-café.

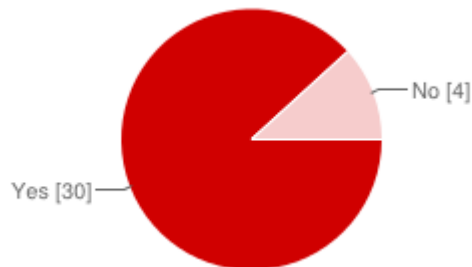


Figure 4. Respondents who want to have special events

Moreover, ten of them answered that they would like to lead the special events to share the talents and four stated that their friends would like to.

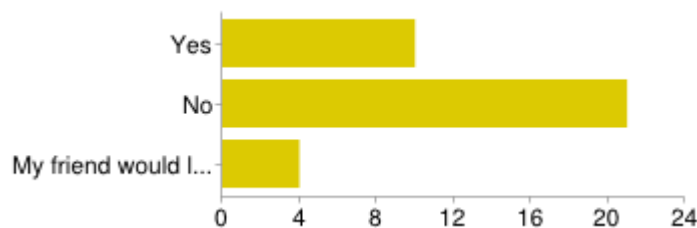


Figure 5. Willingness of respondents to lead special events

10.7 Critical risks

All businesses potentially face risks, especially during the process of setting up. They may vary among different types of businesses but still they have many common ones. Some risks are insurable, some are not, but there is always a common biggest risk of business getting unprofitable.



According to Business Victoria, online business resource of state government of Victoria, Australia, they can generally be divided into two groups - internal and external.

Internal risks contain following ones:

- Organizational and operational risks. In case of inaccurate record keeping, IT system problems or supply interruptions company may lose all data and be seen as unreliable for its customers.
- Strategic risks. Business plans always have strong goals and objectives. However, because of probable customer demand changes and technological evolutions company's products or services may be perceived as overpriced or out of date (e.g., selling iPhone 4 at the price of iPhone 6).
- Financial risks. These risks are a constant part of the financial structure of companies and may include, for instance, changes in interest rates.
- Employee risks. Even though the manpower is vital for business, there are also some risks. Employees may become ill at the very important moment, get maternity leave or participate in strike actions.

External risks contain following ones:

- Compliance risks. Possible regulations and laws to be possibly met, e.g. licensing, taxation.
- Health and safety risks. Health and safety risks have to be managed to prevent possible suffering. In case of changes in regulations as higher quality standards production costs are increased.
- Political and economic risks. Possible and unpredictable changes of governments and politicians may affect businesses and business environments. Similarly, recessions and high inflation rates may harm businesses.



10.8 Financial aspects

Financial aspects are quite valuable in the analysis of company's success or failure, as it is always important to learn the technique of appropriate pricing to achieve maximum customer satisfaction and attraction, as well as get to understand the probable investments the establishment will require at all the business development stages.

As the data the researchers had collected through the designed survey states, the target group's everyday money spending in leisure time rounds at €0-10 per day. At the same time, according to the replies, the respondents are willing to pay €2-5 per anti-café visit.

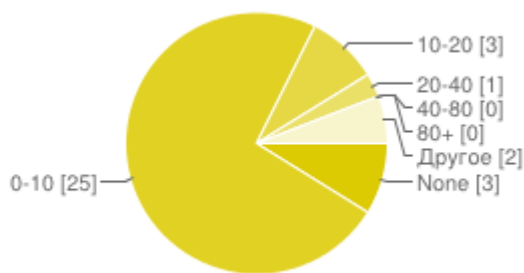


Figure 6. An amount of money respondents spend a day

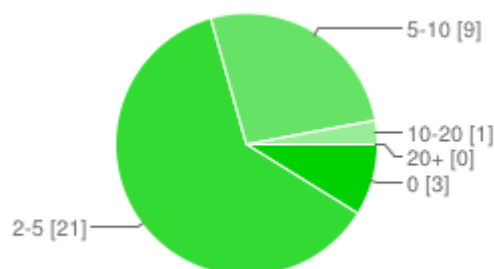


Figure 7. An amount of money respondents ready to spend in anti-café at once



These numbers and also the statistics for anti-café in Moscow and London, stating that the visitors pay 1 ruble in Russia and £0.03 in UK per minute spent in anti-café, allowed the researchers to make a price proposition of €0.04 per minute spent in anti-café in Finland. Such number is proposed basing on the charts presented above - the price per hour is €2.40, which matches perfectly with the statistics gathered through the primary data source. The researchers have also proposed that, on average, the visitors will spend 1-2 hours in an anti-café, paying €2.40 - €4.80. All these calculations make synergy with data gathered and thus make perfect synergy with that data.

It is also important to mention the key connections that the researchers had proposed - using the student union programs in Jyväskylä universities, the anti-café visitors could get bonuses, discounts and etc.

Last aspect to mention is the financing of the start-up. The main expenditure item for this particular establishment is rent. The appropriate location choice is highly important for its success, thus, the closer the location to the biggest congestion of people, the bigger the customer base. However, the closer the location to the biggest congestion of people, the more expensive would be the rent for the premises, which extremely hardens the launch of the business. Next topic in financing is apparel buying. At the initial stage, the company would require to make a renovation of the rented premises, buy facilities (furniture, TV's, books, coffee machines, board games, etc.) and consumables (snacks, coffee, soft drinks, etc.). The suppliers of the consumables could be represented by several companies - one example is Sodexo OY, operating in Jyväskylä University of Applied Sciences as a cafeteria operator. Last very important financing factor is human resources. At the initial stage, when the establishment will not feature a big customer base, a one or two staff members maximum would be required at an anti-café. These employees would split all the duties related with the establishment maintenance - customer service, cleaning, etc. As such job does not require specific training; the entrepreneurs who had decided to start the business could become the first staff members, at the same time doing such things as purchasing and management. The only



exception would be in bookkeeping - the establishers would be required to hire a bookkeeper, unless they have appropriate licenses in the field, as, according to Accounting Act (1336/1997) and Accounting Decree (1339/1997), the bookkeeping is obligatory for all companies (or entrepreneurs) from the foundation. In the future, the institution could also take an advantage of partnership with local universities to organize practical trainings for the willing students, searching for the appropriate future staff members.

It should be stated, however, that the authors' objective is researching the phenomenon of anti-café concept and examination of the current knowledge in order to apply it in untested Finnish environment, the concrete business plan was not in the objectives list. Nevertheless, using the data of the present thesis can always allow working on the business plan in case of establishing the company by entrepreneurs.

10.9 Business model description

In order to perform the final analysis of business explanation, Osterwalder's business model was chosen as a framework. Researchers state that this model represents the most comprehensive view of all the start-up's financial and non-financial aspects, delivered in a smart and understandable framework.

First of all, the researchers outlined the infrastructure of the possible company. Company's capabilities, core partnerships and value configuration are included in this section. The chosen company represents a service company, public place in particular, with capability of creation strong customer base and key partnerships with Jyväskylä Universities and consumables' providers AMICA OY and Sodexo OY.

The product section is represented by value proposition. In the case of presented company, the core distinguishing values are uniqueness of the



company and the combination of working and leisure environment with comfortable payment system.

User requirements, relationships, channels and customers constitute customer relationship section of the model. The target group of customers for the selected company was determined as students and alumni, with no other special characteristics. Requirements for the selected company are represented by the ability to enjoy calm space and “no-money environment” (no irritation caused by priced environment), as well as the possibility to enhance communication. The relationships would be thus based on tight communication between the company and the customers, building long and prosperous cooperation. At last, the channels include only direct selling, as, in this case, only through direct selling it is possible to create properly functioning strong relationships with the customers

The financial aspects of this model are the last section and it includes costs, revenues and profits. The main costs involved in this business would be rent, facilities and consumables. The revenues would be generated through direct selling that would greatly rely on the ability to establish strong customer attraction and relations. The profit would constitute positive ROI in the first year of operation.

Partnership <ul style="list-style-type: none"> • Jyväskylä universities • Consumables suppliers (AMICA OY, Sodexo OY) 		Relationship <ul style="list-style-type: none"> • Establishment of customer base for consequent long-term close relationship
Capability <ul style="list-style-type: none"> • Ability to attract 	Value Proposition <i>A unique public place with</i>	Customers <ul style="list-style-type: none"> • Students



<p>enough customers to the idea</p> <ul style="list-style-type: none"> • Creation of strong customer base 	<p><i>focus on customers' insights, involving free facilities for studying, working and relaxing, with time-based payment system.</i></p>	<ul style="list-style-type: none"> • Alumni
<p>Value Configuration</p> <ul style="list-style-type: none"> • Service provider • Public place 	<p>User Requirements</p> <ul style="list-style-type: none"> • The customers' ability to enjoy calm environment • Enhancement of communication • No money focus 	<p>Channels</p> <ul style="list-style-type: none"> • Direct selling

<p>Cost</p> <ul style="list-style-type: none"> • Rent • Facilities • Consumables 	<p>Profit</p> <ul style="list-style-type: none"> • Positive ROI during the 1st year of operation 	<p>Revenue</p> <ul style="list-style-type: none"> • Through direct selling, based on strong customer attraction and relations
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Figure 8. Osterwalder's business model

11 CONCLUSION

The research objective for this thesis was the identification of the possibility of the establishment of a unique cafe with time-based payment format - anti-café.



The idea exists only a few years and thus is yet unexplored. There was a need for the researchers to examine the possibility of creating such a place on the territory of Europe and Jyväskylä region, Finland, was chosen as area of examination.

Pragmatism research philosophy and exploratory study research method were chosen for this research. There exists no proper research on the topic yet, therefore, the researchers had used the inductive research approach. The literature review was done properly, however, for researchers mainly relied on the primary data that was collected through qualitative survey. The survey, in turn, was spread during a conducted experiment at JAMK, which was aimed at identifying the customer behavior in modulated environment. The researchers received 35 replies in total, which was enough to make consequent conclusions, develop a business strategy and determine purchasing power of target group of customers. Target group was identified as students and alumni aged 16-35. Overall, the results of both the experiment and the survey were a success.

After the gathering of primary and secondary data, a business strategy was developed using the Osterwalder model framework. This framework serves as a final summary tool for all the gathered data - both secondary and primary. Specifically, the model had identified the value proposition, key partnerships (universities in Jyväskylä area and consumables suppliers), target group of customers (students and alumni), key costs (rent, facilities and consumables), user requirements (no focus on money, enhancement of communication and the ability to enjoy calm environment) and etc.

Analyzing the primary data collected through the qualitative survey and the current knowledge and experience of the anti-café concept allowed the researchers to examine the Finnish environment in order to answer the main research questions. The very new and creative concepts, e.g. cat-café "Purnauskis", are only making first steps in Finland, but already represent the potential success and tend to be broadly accepted by customers in Finland.



Currently only few companies can be direct competitors in Jyväskylä, but the potential success of “Purnauskis” may create more big players.

The key partnerships with universities in Jyväskylä allow involving more students to become permanent customers and, moreover, lead and participate in special events as music concerts, art exhibitions and poetry readings, which are the main new services to be offered to Finnish customers in an anti-café.



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APPENDICES

Appendix 1. Survey for students during the experiment.

Background and general information

Age

Nationality

Occupation

Gender

Free time activities preferences

An amount of free time during a day (in hours)

- 0-2
- 2-5
- 5-8
- 8-10
- 10+

How do you prefer to spend your free time? (Tick as many as you wish)

- Going out
- Reading a good book
- Watching TV
- Playing video/other games
- Other (open question)

How do you prefer to organize your self-studies?

- At home
- In a library/school
- In a cafe (or similar)
- Other (open question)

How much time do you spend on your self-studies?



- 0-2
- 2-4
- 4-6
- 6+

Do you think that you can combine your working and leisure activities?

- Yes
- No

Anti-café aspects

Would you like to have a space nearby where you can study, chill out and create at the same time?

- Yes
- No

What activities would you prefer to do in such place? (Tick as many as you wish)

- Studying
- Doing art
- Playing board/video games
- Spend time with friends
- Enjoy a book with a cup of coffee
- Other (open question)

Would you like to have special events (poetic evenings, music concerts, etc.) held in Anti-café?

- Yes
- No

Would you like to take a lead in organizing such events to share your talent?

- Yes
- No
- My friend would like to

Would you recommend such place to your friends?

- Yes



- No
- Other (open question)

Food aspects

What drinks do you prefer to have on your spare time? (tick as many as you wish)

- Tea
- Coffee
- Hot chocolate
- Juice
- Soda
- Milk
- Energetic drinks
- Smoothie
- Other (open question)

How many cups of hot drinks (tea, coffee, etc.) do you usually drink per day?

- I don't like hot drinks
- 0-2
- 2-4
- 4-6
- 6+

Do you prefer to make coffee on your own or visit special places? (coffee houses, cafes, etc.). (If you prefer to visit places, please specify which), open question

Do you like to have snacks during your studies?

- Yes
- No
- Other (open question)

What kinds of snacks do you prefer? (tick as many as you wish)

- Fruits/Vegetables
- Chips/nuts/crackers



- Cookies/sweets/chocolate
- Sandwiches
- Pop-corn
- Pizza
- Ice-cream
- Other (open question)

Financial aspects

What amount of money do you usually spend on your free-time activities during a day? (In Euro)

- None
- 0-10
- 10-20
- 20-40
- 40-80
- 80+
- Other (open question)

What amount of money are you ready to spend for the Anti-café? (In Euro per day)

- 0
- 2-5
- 5-10
- 10-20
- 20+

Your suggestions or advices (optional, open question)

