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BUSINESS PLAN FOR A EUROPEAN STYLE COFFEE SHOP IN HO CHI MINH CITY

Case: AT Ltd. Company

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Case: ATC

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ABSTRACT

This thesis is aimed to assist AT Company in its venture of running a European style coffee shop in Ho Chi Minh City. Hence, based on an analysis of the potential of the Vietnamese coffee industry with a focus on the Ho Chi Minh City market, its creative business idea is formulated together with new concepts. Correspondingly, a business plan is generated to describe an appropriate direction for the venture. In the sphere of the thesis, the author only concentrates on the process of implementing the business plan and formulating a completed plan would demand further studies in future.

The theoretical framework of this research includes three analytic tools applied when dealing with business idea establishment. In addition, PESTEL analysis and Porter's five forces analysis are used in order to provide a better understanding about the target market where the venture is operated. SWOT analysis and SWOT Matrix is also conducted to help the case company be aware of their internal strengths and weaknesses to react effectively to the external environment. A preliminary business plan, then, namely Business Model Canvas, is introduced as the base of the business.

The research method applied in the research is qualitative method in a deductive approach. In that, data is obtained from numerous sources, from publications to unpublished sources such as interview with an entrepreneur in the coffee industry, survey and the author's own observations.

It is finally concluded that Ho Chi Minh City is a highly potential market for coffee and AT European style coffee shop is believed to operate profitably there. Obviously, the business might take time and money with several challenges ahead but it is necessary for the case company to get it off the ground to actually implement and exploit the prospective market.

Key words: business idea, business planning, coffee shop, European style, Vietnam, Ho Chi Minh City

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GLOSSARY

APEC	Asia-Pacific Economic Cooperation
ASEAN	The Association of South-East Asian Nations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GOV	Government of Vietnam
IMF	The International Monetary Fund
MARD	Ministry of Agriculture and Rural Development of Vietnam
PPP	Purchasing Power Parity
RFA	Rainforest Alliance Certificate
VAT	Value Added Tax
VND	Vietnam Dong

1 INTRODUCTION

1.1 Background

Firstly, the idea of this thesis comes from the fact that the author and the start-up AT Company (later ATC) are inspired by Coffee spirit of Vietnam. This has been raised by Dang Le Nguyen Vu, chairman of Trung Nguyen Coffee, when competing with Starbucks which has just entered the Vietnamese market in January 2013. (Vietnamese coffee producer takes on global brands 2012) Moreover, the idea is also associated with the author's love and passion for coffee. These motivate him to research and penetrate this field.

According to Mr Vo, owner of Café Cashflow, the number of coffee shops in any scale is rapidly going up in Ho Chi Minh City these days. People usually choose a certain coffee shop for their dates or meetings when business contacts are sometimes made. Moreover, a coffee shop is an ideal place for relaxation when people just want to chill out. On the other hand, since the living standards of people are more and more enhanced, their entertainment demand, as a consequence, is rising remarkably (Haugton 2010). However, generally, current coffee shops in the city just somehow fulfill the need for locations or drinks but are unable to provide a friendly environment and do not have additional services, for instance entertainment activities, for their customers. Meanwhile, based on the author's survey outcomes, Ho Chi Minh citizens, especially teenagers, are extremely demanding about a coffee shop that could meet their diverse demands for comfort, communication, music and games at a suitable price. Hence, for a visible potential of the coffee market in the city, the author decided to write a business plan for ATC about a new coffee shop with European style before their actual establishment of the shop. It is believed to create a new trend of drinking and enjoying coffee for Ho Chi Minh citizens.

Being a Vietnamese person who has been living and studying in Ho Chi Minh City for a long time, the author confidently has a deep understanding about the potential of coffee in this market. Moreover, studying, living and travelling in numerous European countries provides the author with a particular view of

European style so as to turn it into a competitive advantage for the venture of the case company. The thesis is conducted by combining the two mentioned elements and concentrated on the most significant related factors. They are business idea formulation, business model, business concepts, market research, financing and risk management.

1.2 Objectives and Research Questions

This thesis studies about the coffee market in Ho Chi Minh City so as to run a new creative coffee shop and satisfy an unfulfilled need of customers there. For that, the main objectives of the study are to research on target market and provide a foundation for a detailed business plan for ATC later on. Thus, together with a collection and analysis of market information, this thesis will emphasize on a viable plan with its most essential aspects.

Research questions: *Is Ho Chi Minh City regarded as a potential market for coffee? What business concepts could ATC successfully operate in Ho Chi Minh market?*

To achieve the mentioned objectives and answer research questions, the following sub questions are addressed:

- Who are current players in coffee market at the moment?
- Who are potential customers?
- Who are target customers of the shop?
- Who are reliable suppliers?
- What are European style coffee shop's concepts?
- How large is the required investment?

1.3 Research Methodology

The below figure displays an overview of research methodology applied in this study.

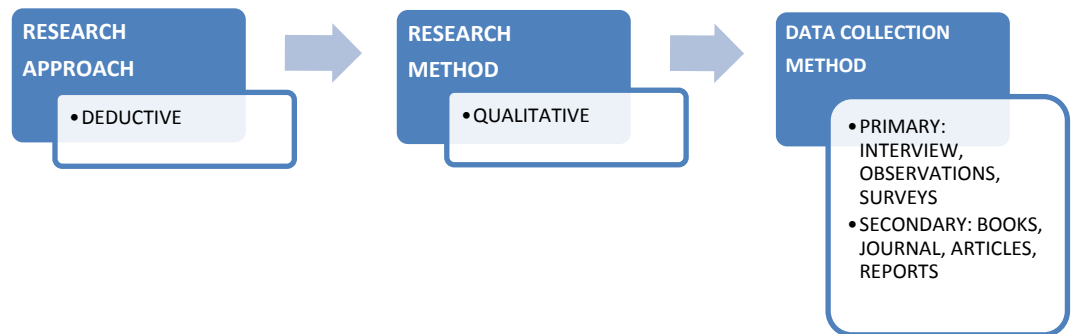


FIGURE 1. Research Methodology

Two main methods of reasoning in the research approach which may result in an acquisition of the knowledge are deduction and induction (Burney 2008). They are differentiated based on the direction of reasoning. Deductive reasoning is considered as a “theory testing process” when beginning with a certain theory and then turning into specifying it in particular instances. On the contrary, inductive reasoning is established by building a generalized theory from observations of certain instances. (Hyde 2000)

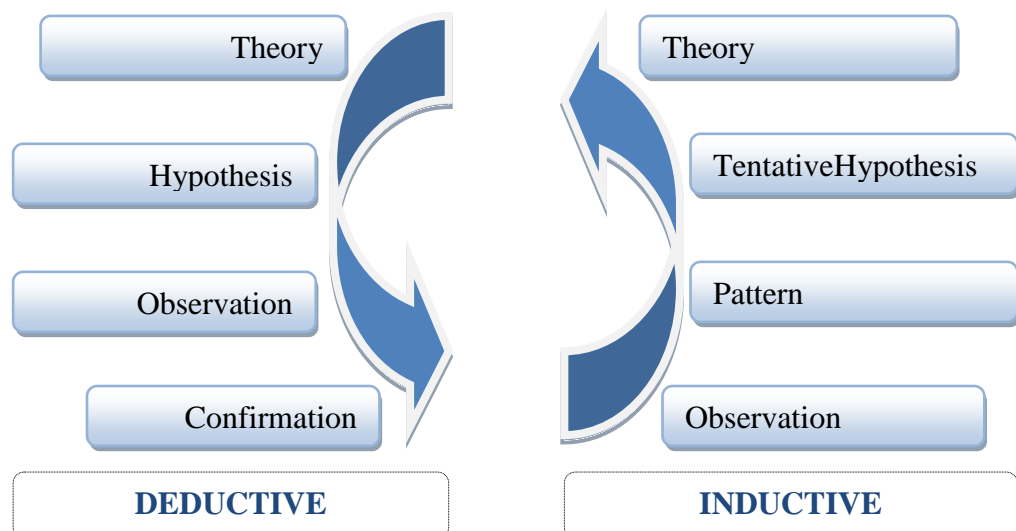


FIGURE 2. Deductive and Inductive Approaches (modified from Hyde 2000)

Due to the requirement of this research, deductive research approach is selected for application. Particularly, the thesis starts with a general idea about a coffee business then moves forward to a new coffee shop establishment with European style in Ho Chi Minh City.

To collect relevant data, it is necessary to apply an appropriate research method. While quantitative research is stated as an approach in which numerical data is yielded to produce the generalized results, qualitative method is effectively conducted by experiments or empirical data (Taylor 2005, 5-6& Thomas 2003, 1-3). Since this study is primarily processed based on unstructured interview, survey and desk research to answer the research questions, qualitative research method is employed.

The thesis is conducted based on two main data sources: primary and secondary. Specifically, in empirical part, primary sources are the author's personal observations, surveys and interviews. Whereas, published sources such as reports, books, journals, articles and earlier studies are used as the second sources, especially in the theoretical part.

1.4 Scope and Limitations

As mentioned, the major concern is to efficiently support ATC in building a European style coffee shop in Ho Chi Minh City. Thus, relevant internal information about the case company is fully provided to strategize effectively in future operation. Besides, external factors, competition level, potential customers, local suppliers, marketing channels will be illustrated in details. Moreover, financing and risk management are also mentioned as essential parts of a desired business plan.

Firstly, it is noted that the thesis basically gives ATC a broad view of the operation of the European coffee shop in future. As a result, playing vital roles in the success of the plan, market research will be concentrated with financing and management while other parts might not be mentioned or just stated with their basic ideas. This is the first shortcoming of the study. Hence, to have a

comprehensive business plan used for future performance, the case company is highly advised to do further researches.

Secondly, because the study is processed in 2013, some information, especially about price or location might be irrelevant in the year of 2014. As a consequence, it is compulsory for the case company to carefully check, update and make any adjustment if needed during the process of preparation.

Lastly, another limitation is that within certain time and conditions, the author was not able to approach as many coffee shops as expected in Vietnam and in Europe to have a more comprehensive view of the unique idea in this thesis. Instead, the online sources are made use as much as possible. It is considered lack of actual experiences of the author. The study is thus highly recommended to be replicated before implementing in which all participants would develop more real valuable experiences.

1.5 Theoretical Framework

It is undeniable that though a good business plan could not ensure the success of the business, it would at least reduce the possible failures. Hence, creating a thorough business plan is considered the first vital step to start up a business. Correspondingly, the theory foundation in the business plan must be emphasized. It is stated by Lee and Lings (2008, 5-6) that the researchers find it difficult to perceive the relationships among the phenomena and why they are structured in this way without theory framework. Thus, in the theoretical part, the author demonstrates three systematic tools, including utility map, price corridor of the mass and business model guide, to present a business idea. Accordingly, business model Canvas which is optimized for the business plan formulation is introduced.

As the venture is established in Vietnam, Politics, Economy, Society, Technology, Environment and Legislation of the home country must be studied in advance. Although the author and ATC are Vietnamese, it is needed to apply this tool to analyze the working environment better to prevent any possible failure and make

the right informative decisions. Furthermore, to provide the case company with a deep understanding about the market and the current situation, the author uses Porter's Five Forces Analysis which is crucial to the entire planning process's outcome. Accordingly, several techniques and tools are designed to assist the company in viewing clearly the external environment of the business (Arons & Waalewijn 1999).

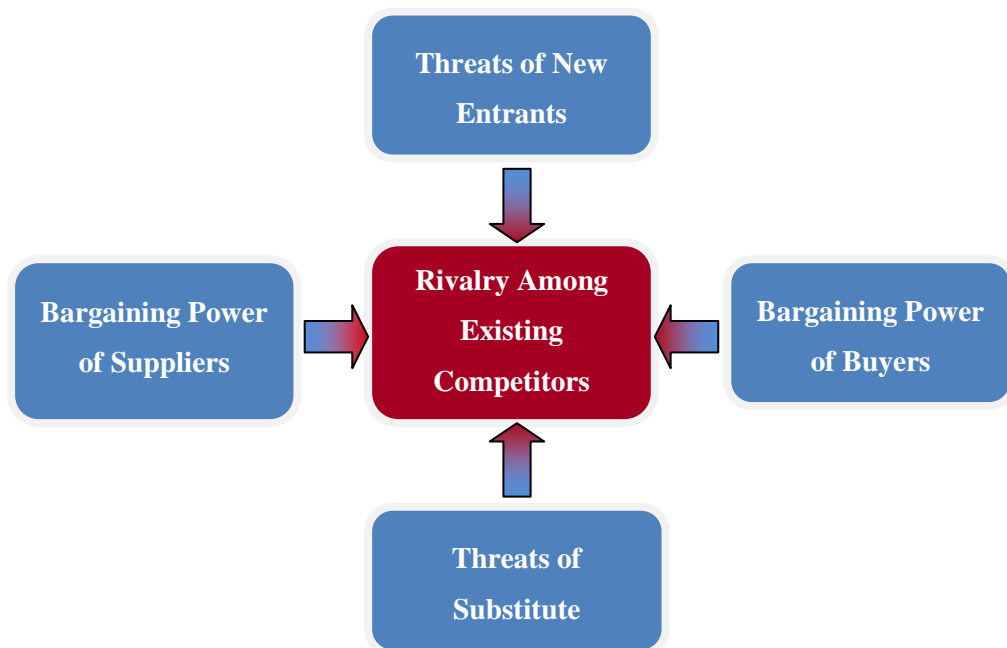


FIGURE 3. Porter's Five Forces Analysis (modified from Porter 2008, 4)

To deal with internal and external factors, SWOT (strengths, weaknesses, opportunities, and threats) is considered one of the most prevalent methodologies for strategic planning (Glaister & Falshaw 1999). This helps the case company perceive its internal strengths and weaknesses and external opportunities and threats as well. Then, SWOT Matrix is also examined to measure the case company's competencies as well as identify opportunities the business management in the near future based on the combination of specific internal and external factors. (Lee & Ko 2000)



FIGURE 4. SWOT Analysis (modified from Glaister and Falshaw 1999)

Processing this thesis with the above theories and tools, the author figures the demand for specialty coffee shops in Ho Chi Minh City is rising, especially one with unique concepts. This is a great opportunity for ATC in expanding their business in near future.

1.6 Thesis Structure

The thesis is structured in two parts: theoretical framework and empirical section. The following figure demonstrates briefly the structure of the thesis.



FIGURE 5. Thesis structure

The theoretical framework is conducted in chapter 2, and chapters 3, 4 and 5 focus on the empirical sections. To be more specific, chapter 2 illustrates all essential theory applied in later parts of the plan about business idea and business planning formulation. Then, the next two chapters make a broad analysis of European coffee industry, target market and the case company together with its unique venture. In chapter 5, the author quickly reviews what he has figured out from the whole process of the study and answers the research questions as well.

Furthermore, the author does not forget to provide his recommendations for ATC.

Finally, chapter 5 will summarize the key points of the thesis.

2 BUSINESS IDEA, BUSINESS CONCEPT AND BUSINESS PLANNING

This chapter firstly describes three building tools to formulate a certain persuasive business idea. Then, based on the idea, relevant theories of business concept and business planning will be introduced to explore the original business idea. In the later part, theory of Business Model Canvas is examined in details to apply to the business planning process of ATC coffee shop.

2.1 Business idea

There is no doubt that an initial business idea is the beginning of the entire business establishment process. An innovative business idea encourages the company to explore visible opportunities and nurture the ability to start up the business profitably as well (Jack, Anderson & Alistair 1999). Hence, in this study, the business idea is established based on three analytic tools: buyer utility map, price corridor of the mass and business model guide. To be specific, the buyer utility map displays how customers are attracted by the new idea; the price corridor of the mass identifies the most suitable price for the majority and the third tool offers a precise framework of how the company could make profit from the idea with the targeted price (Kim & Mauborgne 2000). In the sphere of this section, the author ignores the third tool to emphasize it more carefully in the business planning model section.

2.1.1 The buyer utility map

The buyer utility map is designed by Kim and Mauborgne (2000) with six stages of the utility levers and buyer experience cycle and to get planners thinking from the right perspective. The tool, on one side, identifies all levers that the company delivers its utilities and diverse experiences of its products and services to clients. In addition, it efficiently verifies whether the service values align with or differ from competitors' offerings in the same markets.

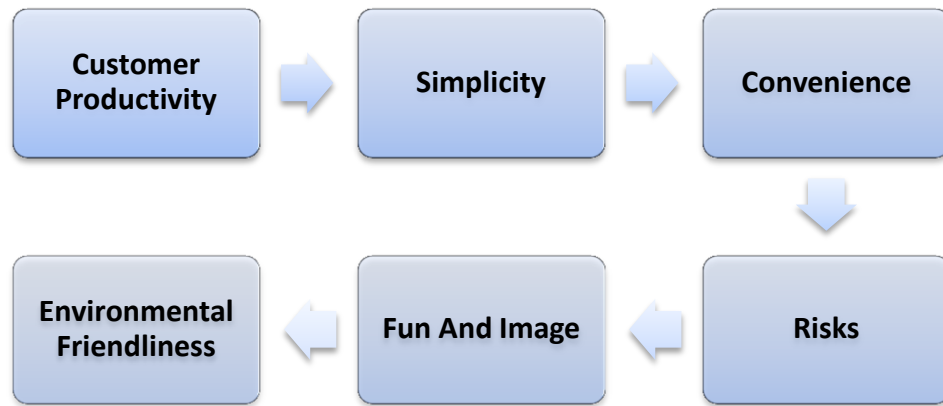


FIGURE 6. The Six Utility Levers (modified from Kim & Mauborgne, 2000)

To illustrate the above figure, customer productivity is commonly used so as to evaluate how the company assists its customers in by using their products or services. Simplicity and convenience are also reliable levers in which the customers could easily obtain or use the products. Obviously, risk is taken into account to be reduced as possible. Then, fun and image and environmental friendliness are encouraging the company to compete effectively in the market.

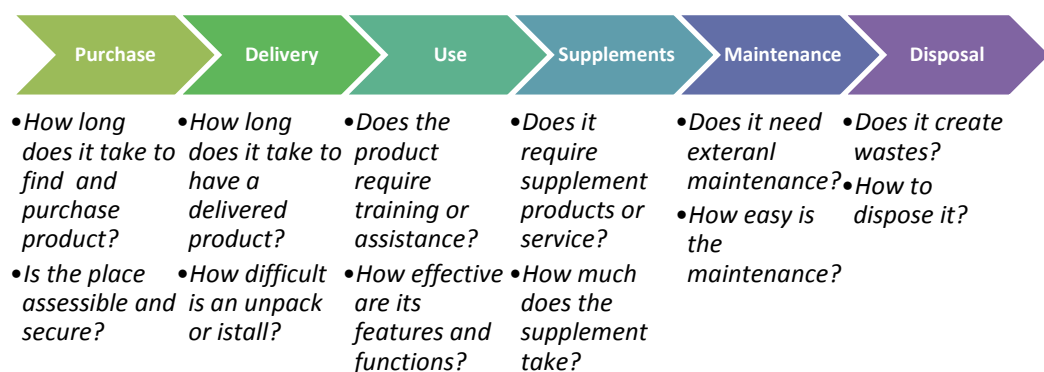


FIGURE 7. Buyer Experience Cycle (modified from Kim & Mauborgne, 2000)

Meanwhile, in parallel with the levers, buyer experience cycle is taken into consideration. As can be seen, buyer experience is usually broken into six basic stages from purchase, delivery, use, supplements, maintenance to disposal. In each stage, managers or planners must address and answer all related questions which are displayed on figure 7. By these stages, the company will make an assessment of clients' experiences quality in order to adjust its current strategy.

2.1.2 The price corridor of the mass

Setting a strategic price is fundamental to ensure that the mass of target consumers are willing to purchase and able to achieve it (Blue Ocean Strategy 2013). The price corridor of the mass is created to discover an appropriate price to attract mass of buyers. This task is operated throughout the following two-step process:

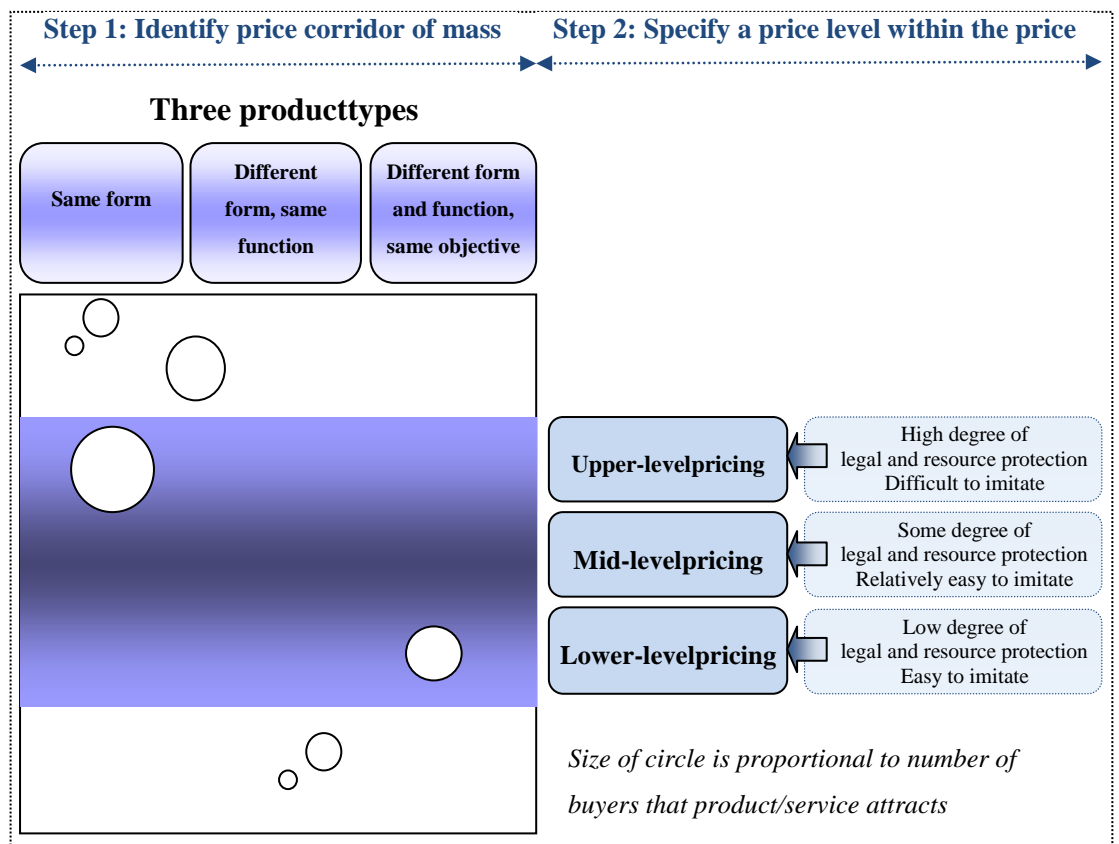


FIGURE 8. The price corridor of the mass (modified from Kim & Mauborgne 2000)

In the first step, the company is required to understand the price sensitivities of current customers who definitely compare a new product or service with others offered by traditional group in the *same form*. To approach a price corridor of the mass, products and services should be categorized as two groups: *different form, same function* and *different form and function, same objective*. Then, in the second step, the company has to determine how high its price is based on the legal protection, brand name and company capitals.

2.1.3 The Business Model Guide

According to Kim and Mauborgne (2000), both utility and price are just parts of the process while the company still needs a business model to help them turn to profits. Two authors also developed a systematic way which includes numerous questions regarding production, distribution, company and product in order for the company to consider carefully about their business idea. Figure 9 illustrates how the systematic business model guide works.

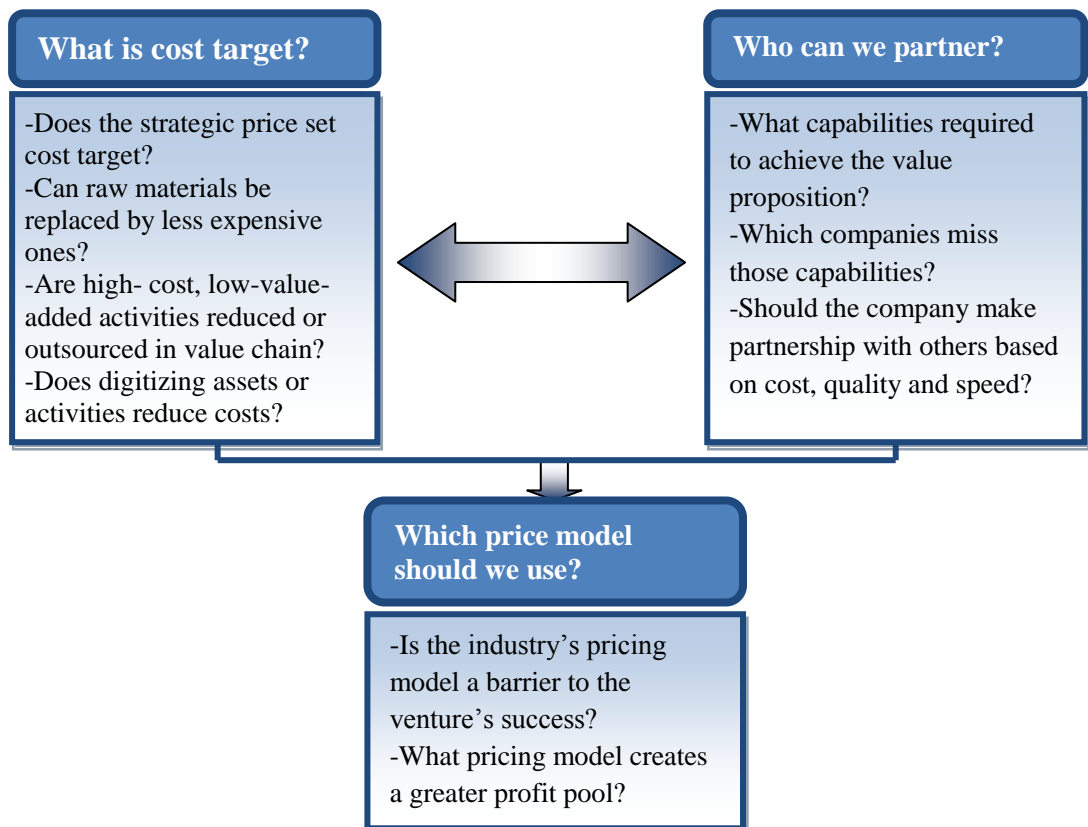


FIGURE 9. The Business Model Guide (Kim & Mauborgne 2000)

It is indicated by two authors that this systematic tool with a series of questions about production, distribution, internal capabilities and pricing strategy efficiently prevents the managers from pitfalls. Considering these questions carefully is a base for the selection of business model in the next section, Business Model Canvas, of this part.

(Kim & Mauborgne 2000)

2.2 Business Concept

It is undeniable that the business idea is the first spark of entrepreneurship as all entrepreneurs start with an idea. However, to make the idea successful, it must be firstly converted into a business concept, which requires an expanded and complete exploration of the original idea. In other words, the concept is regarded as the answer of the question “What business are you in?” (Deetz 1997, 186& Marion 2008). It is always designed by four components: features, benefits, uniqueness and sales channels.

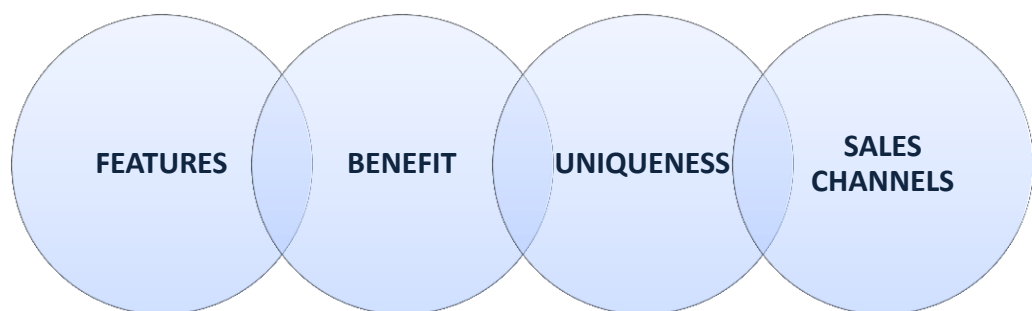


FIGURE 10. Business concept (modified from Marion 2008)

Firstly, the features are defined by what the product or service actually is or does. In other words, these represent practical specifications about the product or service that might be mostly concerned by any customers. Next, it is clearly stated that “benefits sell your product or service by conveying more emotional than practical details by showing customers what is in it for them.” Then, the component of uniqueness is also concentrated while it encourages the firm to attractively differentiate itself from its competitors. Furthermore, how the product or service is purchased, how much it is charged and to whom it is sold are considered carefully to position the firm in competitive market. Obviously, these mentioned elements will be emphasized in later parts when developing the business idea of ATC coffee shop. (Marion 2008)

2.3 Business Planning

Business planning plays a vital role in developing the business idea, preparing for an established business and ensuring its effectiveness in reality (Currie 2002). This part, hence, outlines the business planning process with its concept and analysis an appropriate business model for the general process.

2.3.1 Strategic Planning Process

During the business process, the company might face numerous distinct challenges and unexpected circumstances which stand in the way to achieve strategic goals. Thus, a strategic business planning process is highly demanded to provide the executives and managers with integrated forecasting and establishing business plan consistently with the company strategy (Toor & Dhir 2011). This following strategic planning process is introduced to provide an overview of the operation plan and alert the managers various available alternatives for the strategy formulation (Weihrich 1982). The concepts of the strategic planning are analyzing the current and future situation, determining the company orientation and developing the means to approach their mission.

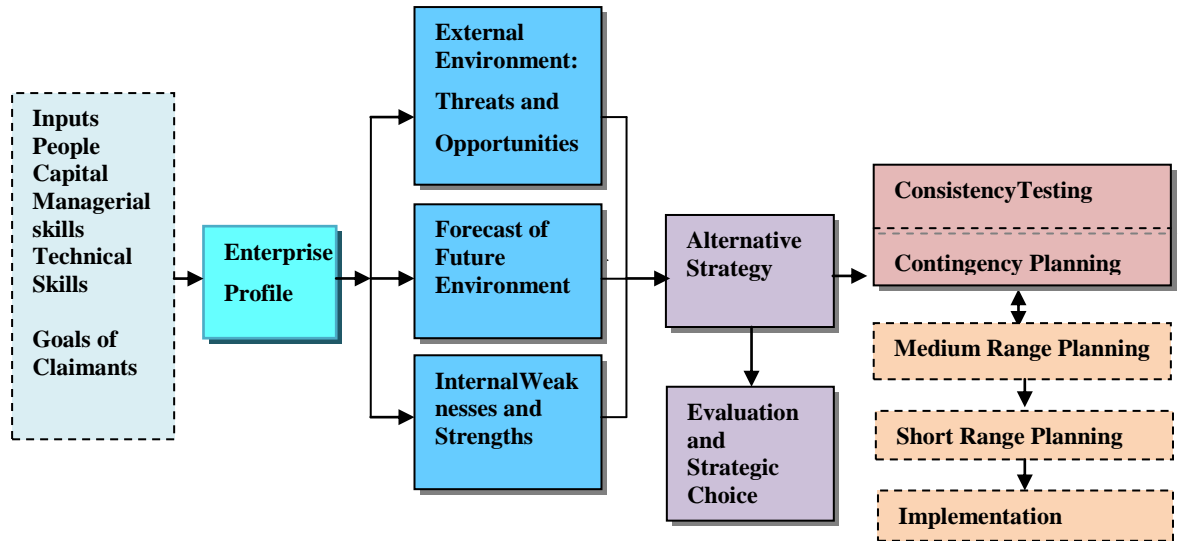


FIGURE 11. Strategic Planning Process (modified from Wehrich 1982)

Inputs for Strategic Planning

Inputs include people, capital, managerial input, technical knowledge and skills. These are associated with several groups of people such as employees, consumers, suppliers, stockholders, governments, community and other claimants. Because all the parties are demanding differently, considering the inputs means integrating these diverse demands and goals.

Enterprise profile

Operating background is usually a beginning point to indicate from where an enterprise will go and where it should go. To be more specific, the company must pay attention to geographic orientation to examine correctly who and where their potential customers are. Then, the competitive situation also needs analyzing carefully in terms of price, cost, quality, production development, distribution and locations in order to ensure an efficient competitiveness in a distant future. Furthermore, this step also takes into account top management orientation when people, especially executives, determine the company direction.

External Environment

The analysis of external environment is involved in examining threats and opportunities. These could be grouped into various categories: politics, economy, society, technology, environment, legislation, demography, markets, competition and other related factors.

Information gathering and forecast of the future

There are numerous ways to gather data such as published sources, sales persons, personal contacts, market research and even employees of competitors. After that, the executives must select and concentrate on critical factors for the company success.

Internal environment

Two vital elements of the internal environment are weaknesses and strengths which should be matched with the company resources. These must be studied in terms of management, organization, operations, finance and other factors.

Strategic alternatives

The study of internal and external environments encourages the company to establish an alternative process as they are indicated to be essential in almost all situations to provide the strategic manager with “an overview of possible approaches”.

Evaluation and Choice of Strategies

It is demonstrated that a cluster of possible strategies must be evaluated by the strategic manager based on the consideration of both internal abilities and external realities. Then, the manager has to select the most appropriate strategy after carefully evaluating risks and timing.

Consistency Testing and Contingency Plans

Testing steps are always essentially examined to guarantee the consistency with available resources, company profile, present and projected operations during the whole process of strategy formulation. Besides, because the future might not be accurate as predicted, contingency plans must be prepared in advance to provide different premises for the alternative plans.

(Wehrich 1982)

2.3.2 Business Planning Model

Understanding the theory of the business model guide, the author suggests an applicable business model, namely Business Model Canvas, which includes all necessary aspects of the company's approach to profitable operation in a certain industry. Accordingly, the business model concept is explored by addressing various important questions that all executives usually have to deal within the model:

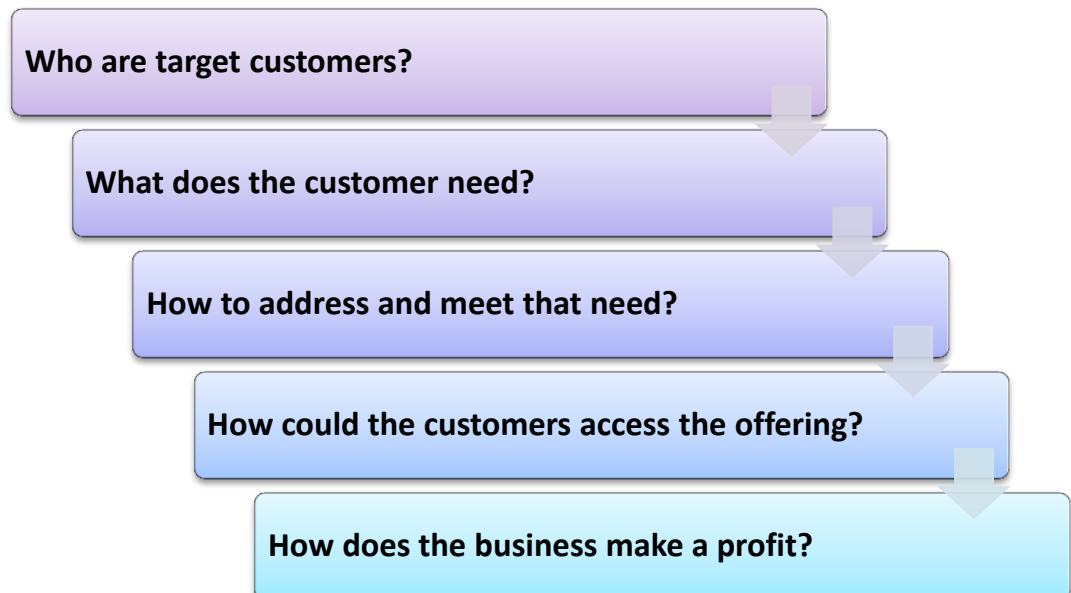


FIGURE 12. Understanding business model concept (Sinfield, Calder, McConnell & Colson 2011)

The Business Model Canvas is a managerial and entrepreneurial tool that allows the managers to describe, invent, design, develop or stretch out new or current business models (Business Model Generation: Canvas 2011). This is structured as a visual template which includes nine certain elements: key partners, key activities, value propositions, customer relationships, customer segments, key resources, channels, cost structure and revenue streams (Osterwalder & Pigneur 2010, 14-15).

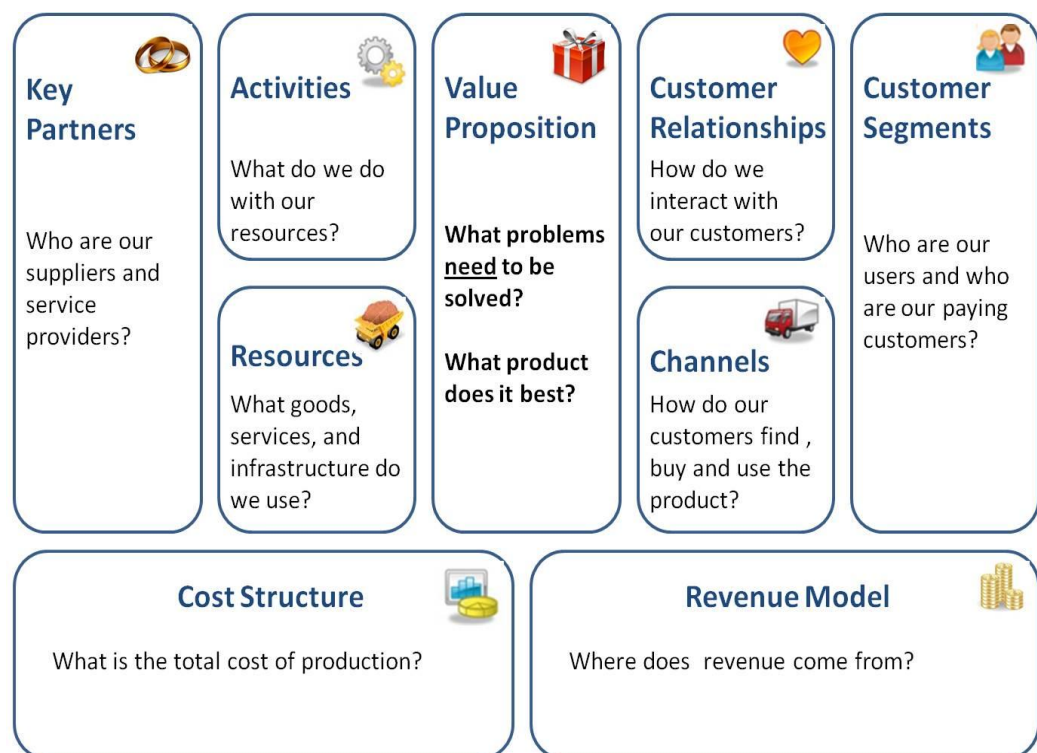


FIGURE 13. Business Model Canvas (Osterwalder & Pigneur 2010)

Customer Segments

As can be seen, customers represent the core of any business as they bring profit to the company and help it survive. Thus, in order to satisfy them better, the company usually segment them into different groups based on their different preferences, behaviors and several other attributes. The company decides which

segments should be focused and served and provides them with a deep understanding of particular customer demands.

Value Propositions

Osterwalder and Pigneur (2010) describe value proposition building block as the bundle of value that the target customers could benefit from using the certain products or services. The value propositions are approached by the customers via the channels.

Channels

The authors demonstrate that the channels element represents the company's image with their customers. In detail, communication, distribution and sales channels directly create the customer experience. The main functions of the channels are:

- Enhancing the company reputation among their customers
- Assisting customers to evaluate the company's value proposition
- Delivering the value to the final customers
- Allowing the customers to use the company's products or services
- Supporting the customers with after-sale services

Customer relationships

It is illustrated by Osterwalder and Pigneur that the aim of this building block is to emphasize the importance of the relationships between the company and their customers. In that, as the customer segments are different, the type of relationship establishment and maintenance may vary dependently.

Revenue stream

“If customers comprise the heart of a business model, revenue stream are its arteries.” Thus, the revenue that the company earns for each specific segment must always be paid attention to. Accordingly, the company has to be aware of the segments in which most revenue streams are generated. Then, different price mechanisms are designed specifically for each revenue stream.

Key Resources

According to Canvanizer, there are two main questions that the company must ask itself when considering the assets required for the working process of the business (Business Model Canvas Tutorial 2013)

- Which core resources do the value propositions require?
- Which resources are the most important ones when perform distribution, customer relationship, revenue stream...?

Key activities

The three most important activities that the company must operate in to guarantee its business model works: making, selling and supporting.

TABLE 1. Key activities of Business Model Canvas (modified from Clark, Osterwalder &Pigneur 2012, 27)

KEY ACTIVITIES	SPECIFIC TASKS
Making	<ul style="list-style-type: none"> ➤ Manufacturing ➤ Designing ➤ Developing ➤ Delivery ➤ Solving problem
Selling	<ul style="list-style-type: none"> ➤ Promoting ➤ Educating potential customers ➤ Advertisement ➤ Promotions ➤ Sales call ➤ Planning or executing advertisements ➤ Training
Supporting	<ul style="list-style-type: none"> ➤ Monitoring organization running process (directly related to either making or selling)

Key partnerships

Besides the relationship with the customers, the company also has to pay attention to its networks of suppliers and partners. The network is clarified under the key partnerships building block. Osterwalder and Pigneur point out four distinct categories of partnerships associated to the business:

- Strategic alliances among cooperators
- Competition: strategic relations among competitors in the market
- Joint Ventures for new business idea
- Buyer-supplier relationships to ensure reliable supplies

Cost Structure

All activities from manufacturing, delivering, marketing to maintaining will definitely incur costs. The more costs the company incurs, the less profit it could earn. Hence, the cost effectiveness is highly recommended during the entire working process. These costs could be calculated relatively after identifying key activities, key resources and key partnerships.

(Osterwalder & Pigneur 2010, 19-41)

3 EUROPEAN AND VIETNAMESE COFFEE INDUSTRY

The first part of this chapter aims to create an overview of the coffee industry in Europe which has originally inspired ATC in this venture. Hence, the author mentions important and basic characteristics of European coffee industry and its concepts. As the venture would be established in Vietnam, this country's coffee industry is studied in the later part of this chapter. Accordingly, an overview of Vietnam is examined with some general information. After that, the author will make an analysis of this nation based on PESTEL analysis tool. Vietnamese coffee industry is also researched.

3.1 European Coffee Industry Preview

European coffee is observed to be widely famous in the world, especially for espresso or cappuccino originally created by Europeans. In Europe, people are able to find the best coffeehouses in the world which are day by day producing diverse categories of coffee with precisely unique flavors. Generally, Europeans are highly demanding for coffee as this is one of the most important daily beverages. According to Neumann (2012), Europe is also known as the most demanding coffee market in the world.

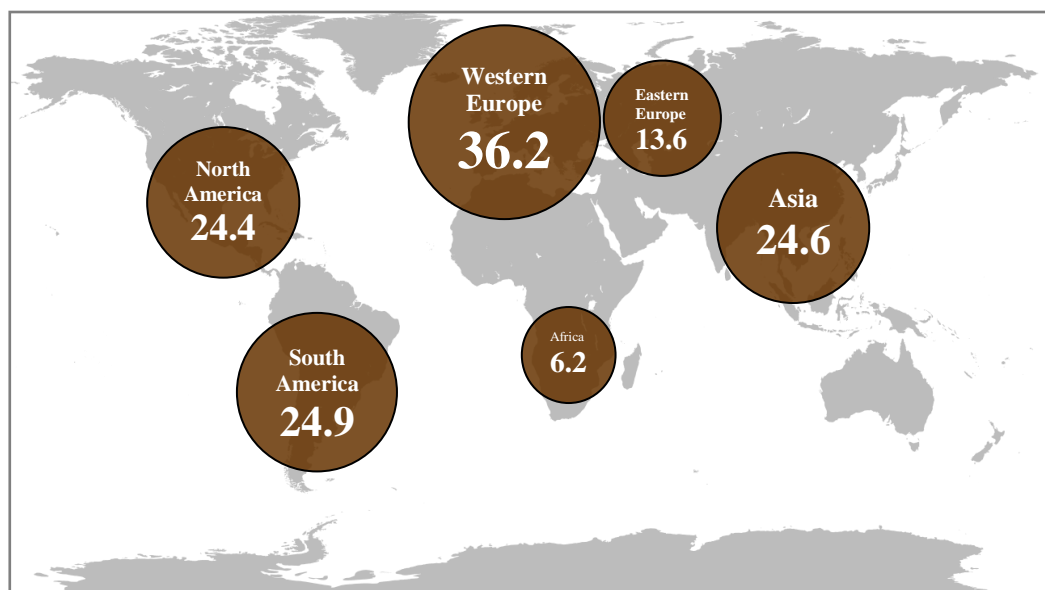


FIGURE 14. World coffee demand 2012 (in million bags) (Neumann 2012)

As can be seen from the figure, the European coffee market is divided into two areas: Western European market (EU countries, Norway and Switzerland) and Eastern European market. While Western Europe demand was more than 36 million bags of coffee, Eastern Europe demand was just about 13.6 million bags (Neumann 2012). In terms of import, while the Western European market was extremely large with about 83.6% total amount of coffee imported into Europe, the Eastern European market was less with only 16.4% of total amount (Preibisch 2011). Particular demand per selected European nation is shown in below table.

TABLE 2. Coffee demand in Selected European countries (modified from Neumann 2012)

World ranking	Country	Demand 2011 (tons)	Demand 2012 (tons)	Change 2011-2012
3	Germany	8,604,000	8,605,600	0.02%
5	Italy	5,203,000	5,149,600	-1.0%
6	France	4,909,000	4,927,400	0.4%
7	Russia	4,100,000	4,223,000	3.0%
10	United Kingdom	2,997,000	3,044,600	1.6%
11	Spain	2,870,000	2,812,600	-2.0%
12	Poland	2,527,000	2,610,600	3.3%
13	Netherland	2,369,000	2,372,700	0.2%
14	Sweden	1,593,000	1,599,600	0.4%
	Total	35,172,000	35,345,700	0.49%

Generally, there was a slight increase in the coffee demand among the European countries during the period of 2011-2012. Although the increase was small, the demand still remained at a high level. Noticeably, Poland had a remarkable rise at about 3.3%, following by Russia with 3%. Besides, Germany was still the country in Europe with the highest demand with 8,605,600 tons. Otherwise, as the influence of the crisis, Italy and Spain's coffee demand slightly reduced by 1% and 2% respectively but remained among the top coffee demanding countries in Europe.

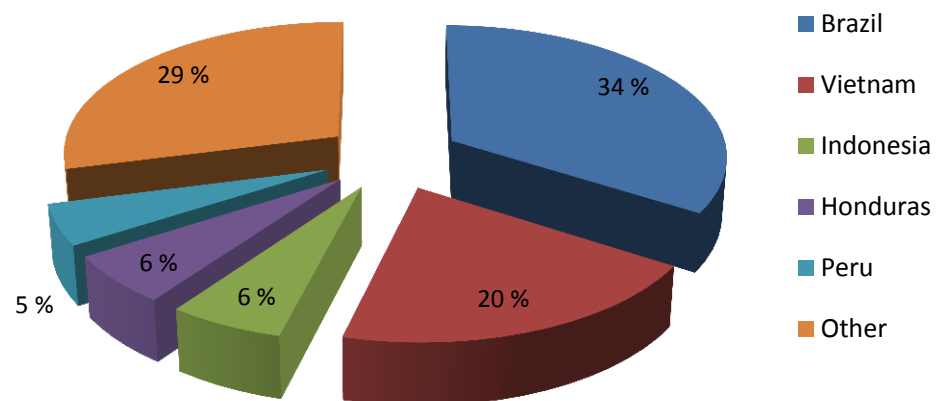


FIGURE 15. Green Coffee Suppliers of European countries (Neumann 2012)

Referring to figure 15, Europe imports coffee from numerous areas in the world from South America, South East Asia to Africa. Indeed, Brazil, Vietnam and Colombia are usually the top three green coffee suppliers for European countries. However, due to some weather disadvantages, Colombia had a significant drop in the 2010s and Indonesia became the third biggest one. Besides, Honduras, Peru, India, Uganda and Ethiopia are also annually contributing to imported coffee yield to Europe.

3.2 European Coffee Shops Concepts

In the past, traditional coffee shops were usually ideal gathering places for intellectuals to debate philosophical issues, for artists to mutually exchange their ideas and for writers to be inspired. These days, the clients of the coffee shops are much more diverse from locals to tourists to soak up the unique atmosphere and sip on cups of coffee. Accordingly, coffee is thought to be not just a business but also a culture all over Europe where people may find the coffee shops in every street in London, Milan or Paris. Hence, whether it rains or shines, European coffee shop is an essential stop for all people at all ages.



FIGURE 16. A typical coffee shop in Paris (Pasa's Paris, 2011)

Quintessential coffee shops generally have both indoor and outdoor seats with small round tables. Additionally, the shops are often decorated with a plenty of wooden paneling. However, as can be seen, today's modern coffee shops are

designed diversely in all shapes and sizes with chrome and stainless steel but most of them still keep traditional intimate interior and outdoor sidewalk seating. In terms of menu, the shops serve various categories of coffee, including Espresso, Latte, Cappuccino and Café Mocha which were originally invented by European people. These shops master the art of the coffee specialty which is generated to awake their customers' senses. Other drinks such as teas, chocolates, alcoholic drinks are also offered there. Then, in numerous coffee shops' menus, toasts and croissants, sandwiches, salads, soups and delicacy desserts might be served. In addition, the shops' staff is well trained to be friendly and polite to ensure a smooth and pleasant experience for their customers to keep them coming back in future. However, different coffee shops in Europe might differ from others on their basic coffee concepts. Following coffee shops represent different coffee concepts in European.

Robert's coffee



FIGURE 17. A Robert's Coffee shop (Robert's Coffee 2013)

Robert's Coffee is considered as the largest coffee shop chain in Finland. The brand owns its gourmet coffee roaster and coffee system. Robert's Coffee concept regards the quality as the core competency. Thus, Robert's Coffee's qualified products are made from first class raw materials in a comprehensive roasting process controlled by their experts to guarantee their gourmet coffee. Moreover, its product range diversifies from original coffee blend to espresso, flavored decaffeinated coffee and tea. Furthermore, a variety of gift sets, coffee and tea-making-related accessories and syrups are offered in the shops. At the present, Robert's Coffee has about 70 coffee shops throughout Finland, Sweden, Estonia, Turkey and Singapore. (Robert's Coffee 2013)

Costa Coffee

Since Costa Coffee was founded by Italian brothers, Sergio and Bruno Costa, in 1971, the brand itself has built its reputation on the excellent quality of its coffee, food and service. Costa Coffee also commits to sourcing beans from 100% RFA certified farms. At present, the company itself owns sources, stores, blends, roasts, grinds and pours during the whole coffee making process. Diverse coffee products of Costa Coffee are presented in figure 18.



FIGURE 18. Costa Coffee's product range. (Costa Coffee 2013)

Actually, just 1% of world coffee production meets the standards for Costa Coffee to choose and only the best coffee can create the unique taste and aroma of the Mocha Italia blend. Costa Coffee believes that creating great coffee is an art which takes time and skill to ensure each cup achieves the expected grade.

(Costa Coffee 2013)

Lavazza and Aida

The aim of Lavazza is to bring their customers “an extraordinary multisensory experience” by a large original coffee selection and plenty of delicious food choices in a warm and musical atmosphere. Furthermore, Lavazza is thought to be a state of art and an embodiment of creativity rather than simply a coffee shop. Its coffee shop chain has conquered important markets in Italy and numerous others countries. Lavazza has become a global ambassador for the image and quality of Italian first class.

(Lavazza 2013)



FIGURE 19. Lavazza and Aida logos (Lavazza 2013 & Prousek 2012)

Aida is the largest and most exclusive privately owned confectionery producer and coffee shop in Europe. It has been satisfying its clients with first class pastries, cakes and coffee for more than 100 years. Its highest quality standards lay in by selected innovative products and hand-picked ingredients. Considered as a piece of Austrian culture, the brand offers specific products in an exclusive Viennese ambience and imperial coffee space. This specification is considered the main concept that maintains Aida’s position in the current market. (Prousek 2012)

3.3 Vietnam Overview

The main purpose of this section is to give an overview of Vietnam. Then, as the venture would be operated as a service in the coffee industry, the author will focus on this field in the later part of this section.



FIGURE 20. Map of Vietnam (New Zealand Ministry of Foreign Affairs and Trade 2011)

Located in South-East Asia, Viet Nam has a strategic economic position when connecting Asia and Oceania, the Indian and Pacific oceans. The Vietnamese economy is developing with the highest growth rate in the area since the Renovation “Doi Moi” in 1987. It is also an active member of ASEAN from 1995 and APEC from 1998, which proves an international credibility for Vietnam. Furthermore, Vietnam is currently making a transition from a “centrally controlled command” to a “more outward looking, more efficient, and more competitive” economy (The Socialist Republic of Vietnam 2012). The following table indicates important information about this country:

TABLE 3. Statistics of Vietnam (The Socialist Republic Of Vietnam 2012)

Official Name	Socialist Republic of Vietnam
Land Area	330,000 sq kilometers
Population	90.3 million (2012estimate)
Capital City	Ha Noi
Religion	Buddhist (80-85%) Catholic (10%) Others
Language	Vietnamese
Currency	VND
GDP	US\$121.6 billion (IMF estimate 2011)
GDP per capital	US\$3,354 (PPP estimate 2011)
Total exports	US\$72.19 billion (2010)
Total imports	US\$77.34 billion (2010)

As Vietnam is oriented towards becoming a modern economy by 2020, service will play an important role in the economy. This sector is forecasted to increase by 8-8.5 percent annually, which accounts for approximately 42 percent of National GDP during the period of 2016-2020. In addition, Vietnam government also implements an aggressive policy intended to promote the development of high-value-added services in a modern society.

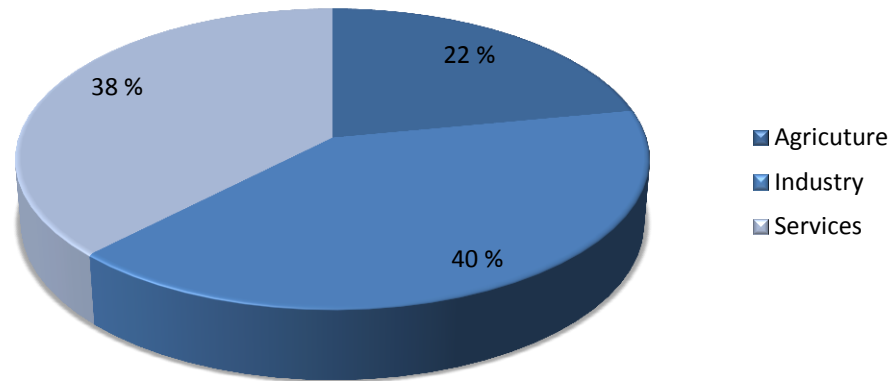


FIGURE 21. Economy structure of Vietnam 2012

(Alejandro, Forden, Oh, Peterson, Pham, Reisman, Serletis, Vu & Wohl 2012)

In 2012, the service sector was estimated to grow by 6.2 percent, which surpassed the agricultural growth of 3.0 percent but lags slightly behind the noticeable growth of industry with 6.5 percent. The number of registered enterprises accordingly grew by an average annual rate of 23 percent in the trade and service sectors. To be specific, the largest service industries in the economy were trade, tourism, hotels and restaurants, telecommunication, transportation and storage. By a number of firms, the fastest-growing services industries were energy, water, computers, telecommunications, financial and monetary services.

3.4 PESTEL Analysis of Vietnam

This section applies PESTEL analysis tool to indicate the most important factors of the macro environment in Vietnam, including the Political, Economic, Social and Technological and Legal factors. In the sphere of this thesis, the Environmental factor is ignored as it does not have considerable effects on the venture.

TABLE 4. PESTEL Analysis of Vietnam

Political factors
<ul style="list-style-type: none"> ▪ The Socialist Republic of Vietnam is a single-party Communist state and the government keeps a stability in remain its monopoly in political power. ▪ Political dissent is suppressed in this country. ▪ Tensions in the relationship among Vietnam, China and other parties are due to long running disputes over the East Sea. <p>(Vietnam Profile 2013)</p>
Economical Factors
<ul style="list-style-type: none"> ▪ Vietnam is operating a Social-Economical Development Strategy (2011-2020) to become an industrialized and modernized country by 2020. ▪ One of the fastest-growing economies in South East Asia ▪ FDI inflows to this nation are continued annually although new commitments are declined. ▪ Most attractive sectors to foreign investors are processing industry, electricity supply, accommodation and dining service. <p>(World Bank 2011)</p>

Social Factors

- The nation pays much attention to education as one of the national priorities.
 - Young labor force is a big advantage for the industrialization and modernization process.
 - The high-speed urbanization of Vietnam is coping with numerous traffic and social problems.
 - The government respects the freedom of belief and religion but religious activity remains under state control.
 - Religions having most followers are Buddhism, Catholicism.
- (General Statistics Office 2013)

Technological Factors

- Technology is increasingly enhanced as the base of economic and social development strategy.
- Technological improvement focuses on biotechnology , information technology , nano technology, manufacturing technology and automation

(Socialist Republic of Vietnam 2013)

Legal Factors

- Vietnam is still a centrally planned socialist economy, with state-owned enterprises holding monopoly positions.
- Vietnamese legislation is still weak unstable due to the inadequate and unstable legal system despite various improvements.

(Data Monitor 2009)

In terms of politics, despite the dispute with China about the East Sea, Vietnam is still a stable and peaceful country thanks to the efficient leadership of the Vietnamese government. It would be a great chance for both foreign and domestic enterprises to establish and develop their business there. On the other hand, Vietnam with its high growth rate is an attractive destination for international investors, which creates more opportunities for domestic enterprises to cooperate. Besides, as education is increasingly focused, the young labor force is thought to be enhanced in their qualification, which provides a better human resource for the development of the economy. Furthermore, modern technology is a good base to improve and develop the economy as strategized. However, the legal environment in Vietnam seems to be not really strict and somehow weak, which might need an attention when running business in this country.

3.5 Coffee Industry in Vietnam

As coffee is the core product that will be emphasized in the ATC coffee shop venture, in this section, the author makes a general analysis of the coffee industry in Vietnam which consists of both domestic and international markets.

3.5.1 Coffee production

Coffee is considered one of the most important agricultural products of Vietnam. Due to ideal climate and environmental conditions, Vietnam is a highly competitive coffee producer in international market with yields among the highest in the world. (Vietnam Trade Promotion Agency 2013)

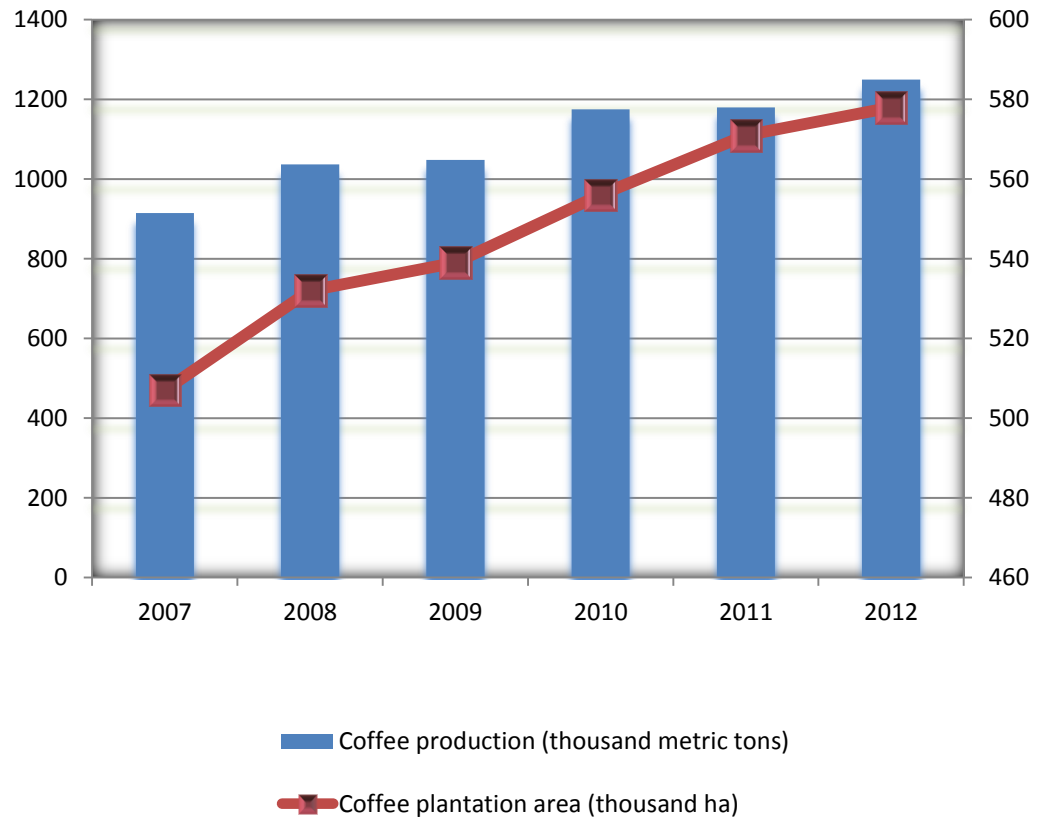


FIGURE 22. Vietnam's coffee growing area and production (modified from Nguyen & Tran 2012)

In recent years, since the price has been going up remarkably, coffee planting area is gradually expanding in spite of GOV's efforts in maintaining it at 500 thousand hectares. According to MARD, the coffee planting area rose by 12 percent from 509 to 571 thousands ha in the period of 2007-2011 in which about 40,000 ha is Arabia coffee area. Then, these current coffee prices also motivate coffee growers to invest more in their coffee fields, enhance inputs, replace old tree areas and expand new areas.

3.5.2 Domestic market

For domestic consumption, there is a significant increase in recent years when Vietnam's current coffee consumption is rising to around 1.15 kg per capita. However, this number is still much lower than those of other exporting and producing nations such as Brazil's 5.8 kg, Honduras's 3.6 kg or consumption of

non-producing countries like Canada's 5.9 kg and the United States' 4 kg per capita. The domestic consumption just accounts for about 8 percent of total coffee production in this country.

These days, domestic coffee marketers are trying to gain Vietnamese consumers by producing a wide range of roasted, ground and instant coffee products. Coping with the product range, efficient sales channels are also exploited including wholesale, retail supermarkets, and shops. Besides, stylish coffee chains such as Trung Nguyen Coffee, Highlands Coffee, and Gloria Jean's Coffee are opened all over the country, especially in the big cities. Numerous bookstore and internet coffee shops also appear in several big cities which create new entertainment trend for Vietnamese teenagers. Coffee consumption at home also has a gradual increase. (Nguyen & Tran 2012)

3.5.3 International market

Vietnam is one of the leading coffee producers in the international market. In 2012, according to recent released statistics of the International Coffee Organization, Vietnam has surpassed Brazil to become the world's largest coffee exporter after decades in the second position (Tuoi Tre News 2012). Specifically, Vietnam exported 96,000 tons of coffee with earnings of US\$171 million in September, which pushes nine-month coffee export yield to 1.4 million tons with US\$2.8 billion in revenue. It represents an incredible increase of 37% in volume and 30% in value year-on-year. The statistics of Vietnam coffee export from 2005 to 2012 is displayed in the following table.

TABLE 5. Vietnam's coffee export revenue in 2000 – 2012 (billion US\$)
(Vietnam Customs 2013)

Year	Exports
2005	0.7
2006	1.2
2007	1.9
2008	2.0
2009	1.7
2010	1.9
2011	2.8
First 9 months of 2012	2.8

In general, Germany and the US are Vietnam's biggest coffee importers, accounting for about 12.2% and 12.1% of the total coffee exports respectively. Other importers such as Spain, Italy, Japan and Belgium are also important consumers of Vietnamese coffee production. Meanwhile, in recent years, export to Indonesia grows rapidly, with an incredible nine-fold increase, both in volume and value. The figure below categorizes the coffee export of Vietnam by countries.

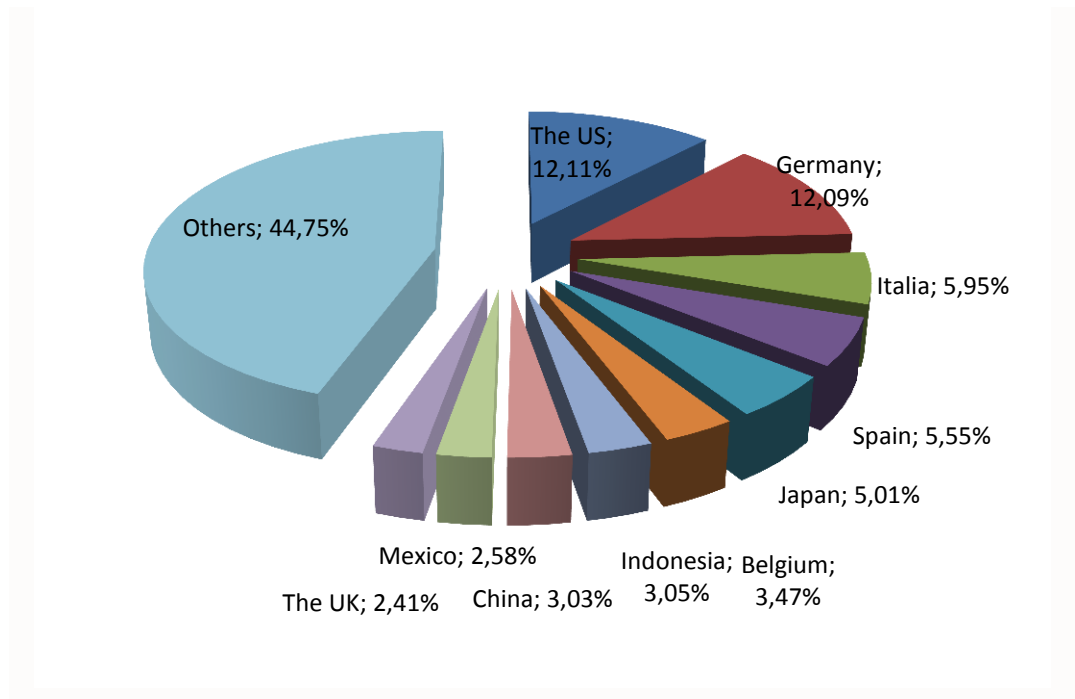


FIGURE 23. Vietnam's coffee products export structure by market in the first nine months of 2012 (Nguyen & Tran 2012)

According to the MARD, coffee production has strongly developed since 1996 to become the second largest agricultural export commodity. Correspondingly, it has released a master plan for coffee production up to the year 2020 and a vision up to 2030. For that, total coffee growing area is maintained at 500,000 hectares by 2020, with an output of 2.4 tons a hectare, and 479,000 hectares with an output of 2.5 tons a hectare by 2030.

(Vietnam Trade Promotion Agency 2013)

Looking at the Vietnamese coffee industry, the author believes that this market is highly potential. The next chapter is conducted to demonstrate how ATC could work profitably in this industry.

4 ATC COMPANY AND THE COFFEE SHOP BUSINESS IN HO CHI MINH CITY

In this chapter, the author provides a comprehensive view of the coffee shop venture. In the first part, the business idea formulation is displayed in details based on theory of the utility map and the price corridor of the mass. Then, Business Model Canvas is filled by specific elements of the venture. Moreover, as the core of the business, business concepts are presented to demonstrate what ATC coffee shop will bring its customers. The author does not forget to mention company aims and objectives to lead the business to the right direction. In the later part of this chapter, several aspects of the business plan would be specified such as SWOT Analysis, SWOT Matrix, financial plan and risk management.

4.1 ATC Coffee Shop Business Idea

In this section, the author locates the business idea in the utility map and the price corridor of the mass with the purpose of differentiating the business idea from others. The differences would be essentially turned into the advantage of the business in the future. There is also a base formulation for building relevant concepts for the business in later part.

4.1.1 The utility map of ATC coffee shop

The following utility map displays how current coffee shops in Ho Chi City and ATC coffee shop differ from others in their operation.

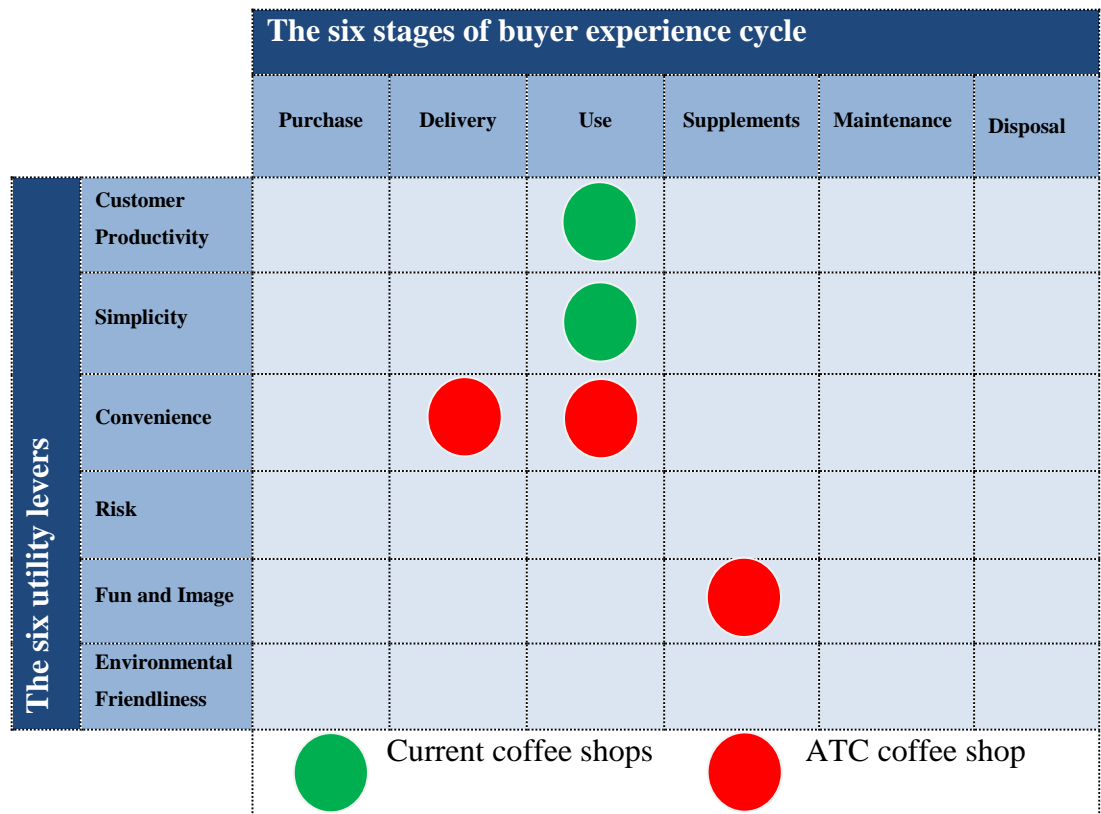


FIGURE 24. Buyer Utility Map of ATC coffee shop

Current coffee shops

Although the coffee shops network in Ho Chi Minh City is more and more widening, the current coffee shops just simply meet the basic demand for consuming coffee and other drinks. In other words, customers usually visit the coffee shop just because they do not want to make coffee at home by themselves. Moreover, the shops do not have many specialties in order to keep their customers coming back. Their menus are often poor with basic beverages and foods, such as iced coffee, canned drinks or snacks. Then, the shops operate entertainment activities inadequately, even several shops do not. However, some shops are trying to build their innovating images while offering more services such as live music and board games but their unique images are not presented well enough. Thus, their operations are just reaching use stage and customer productivity and simplicity utility levers.

ATC Coffee shop

Understanding the huge demand of the market, ATC will alternatively invest lots of money in building the image of the coffee shop by creating a totally relaxing atmosphere for its customers besides their core products of beverages, foods and additional services. Moreover, different from others, due to the value of time in a modern life, the coffee shop will be designed to provide a free delivery in the local area so that their customers still consume their products in office hours. This will maximize its ability to diversify experiences for their clients in the current coffee market. These locate ATC coffee shop at Delivery, Use and Supplements with Convenience, Fun and Image levers on the utility map.

4.1.2 The price corridor of the mass of ATC Coffee shop

After studying the theory of the price corridor of the mass in chapter 2, the author chooses an appropriate price strategy for specific products offered by ATC coffee shop in this figure below.

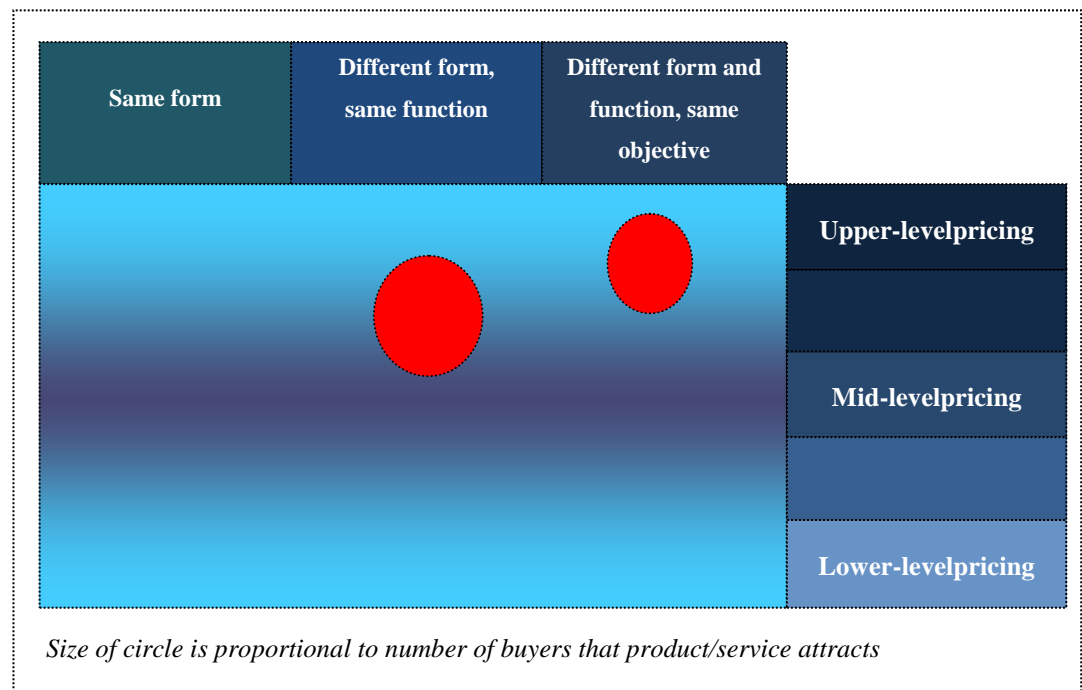


FIGURE 25. The price corridor of the mass of ATC Coffee Shop

Like any other coffee shops in Ho Chi Minh City, the main revenue of ATC coffee shop will come from coffee and drinks to fulfill the basic need of their customers. However, the coffee shop will offer their customers various types of beverages which are prepared particularly in European style. The price, hence, should be set as upper-level pricing but not extremely high compared to the brand coffee chain's prices. Additionally, not just coffee and drinks, the customers can find a variety of European cakes, food and live music nights in this coffee shop. These are highly believed to attract numerous customers.

4.2 Business Model Canvas

After having a thorough understanding about Business Model Canvas theory, the model will be applied in this section with its nine-building-block structure which perfectly answers the company goals. The author believes that applied business model is a comprehensive presentation of who ATC serves, what activities they carry out, where they get their supplies from and how to minimize costs to make more profit.

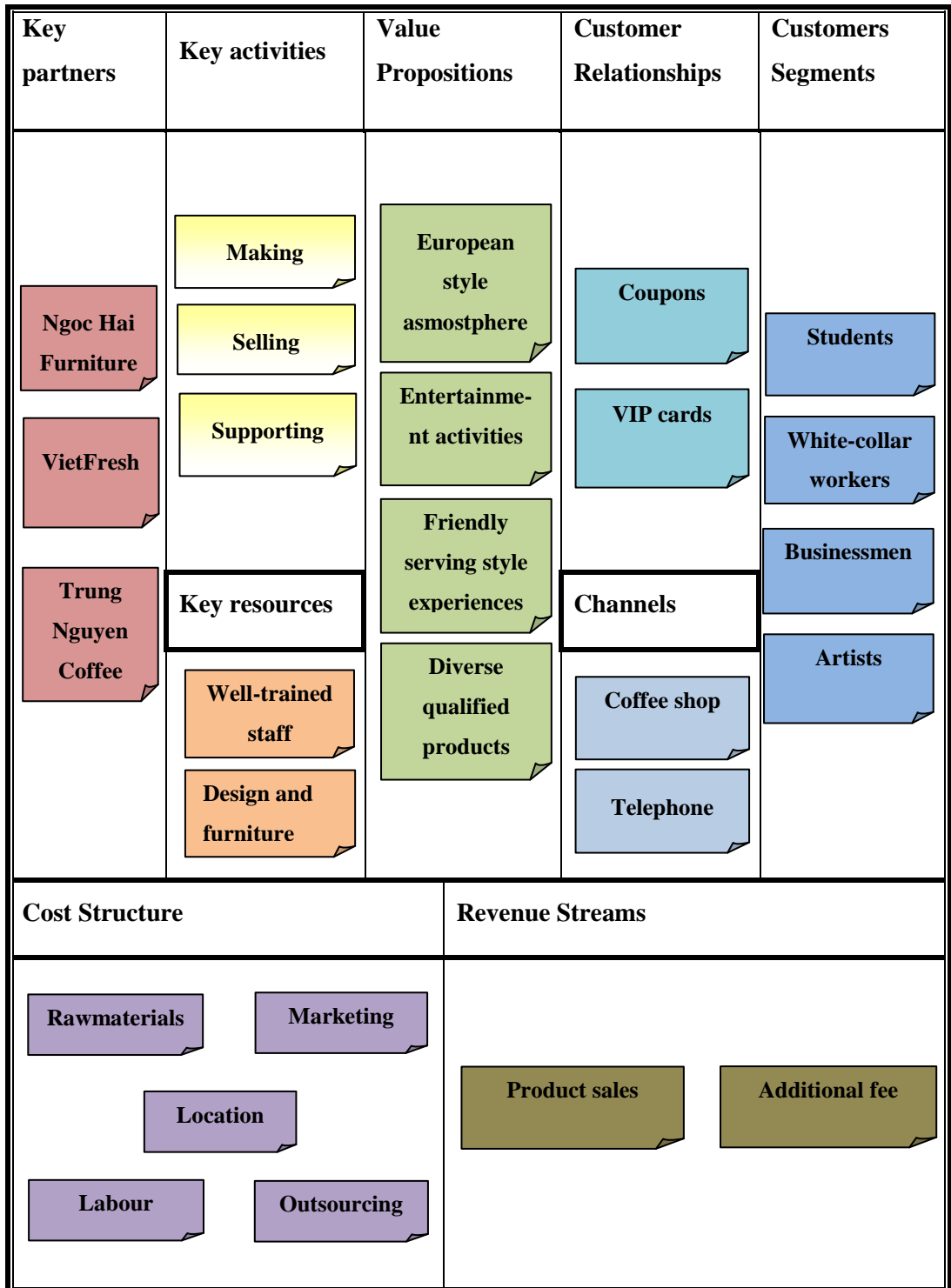


FIGURE 26. The Business Model Canvas applied for ATC coffee shop

Customer Segments

The author segments potential customers of ATC coffee shop based on their age and occupation. In terms of age, ATC coffee shop will serve clients from 15 years old upwards. In terms of occupation, their customers vary from students, white-collar workers, businessmen to even artists. In detail, students are spending a lot of time hanging around in the coffee shops after school. White-collar workers and businessmen who are in high or middle income are highly demanding for coffee shops where they can enjoy drinks, relax or even make their appointments. Located in Districts 7, the coffee shop is oriented towards serving the artists who make high-income and require quality experiences. Combining the two mentioned characteristics allows the author to be acquainted with following outcome.

Group	Age	Occupation	Marketing channel	Demand
I	15 – 22	Student	Internet Social media	High
II	22 – 40	White-collar workers Businessmen Artist	Internet Magazines TV commercial	High
III	>40	White-collar workers Businessman	Magazines Advertisements	Medium

TABLE 6. Customer Segments

Because target customers have different styles and habits, both age and occupation of three segments are mentioned. According to a survey conducted by the author, the age of 15-22 includes students in high schools, colleges and universities. Though people of this age do not directly work to earn money but are provided by their parents, these customers have the highest demand of entertainment after their school. Besides that, teenagers in this age are highly affected by internet and updated trends. Thus, they might be easily approached via internet and social marketing.

Another target group is the age of 22-40. They work full-time to create their income, thus make rigorous choice for any product and service. However, they are willing to pay if the services or products meet their high requirements. They are always flexible when using coffee shops as places for meeting and appointment. Next, they are day by day adapting to high technology, which creates opportunities to attract them through internet, magazines and TV commercials.

The author decided that people who are over 40 years old are also significant though they are not the main target segment. They usually earn stable income. Additionally, they are willing to pay more for superior values that they could get from the services or products. Thus, the coffee shop is expected to bring more values to them. However, they slowly react to the new trends and technology so magazines, newspapers and advertisements are thought to be effective ways to approach.

Value Propositions

From the customers' perspective, they could enjoy a variety of specially created drinks, cakes and fast food served by well trained staff in a European-style designed atmosphere, which makes them relax after a long day of working or studying. Furthermore, ATC coffee shop will offer several quiet spaces where they can make appointment or meeting. ATC coffee shop will also establish live acoustic music nights on weekend to create more activities for their customers. All in all, the customers might have new experience in this relaxing space.

Channels

There will be two ways to purchase and use ATC coffee shop's products: in shop or delivery. ATC will highly recommend their customers to come to the shop and order there. This will create opportunities for ATC staff to best serve them with their actual experiences. However, in case they are busy but still demand our products, free delivery in district 7 or delivery with additional fee would be operated to bring ATC products to their customers' hands. The service's time could be shortened as much as possible to guarantee the products' quality by the shop's delivery team.



FIGURE 27. Channels of ATC coffee shop

Customer relations

When looking at the importance of relationships with customers, ATC plans to offer them VIP cards and coupons so that they can get discount for their loyalty. VIP cards with several special offers stated in the cards are distributed for loyal customers who come at least once week with paying bills of more than 15 euros per each time. Otherwise, less regular clients receive 10-25% off coupons. These are believed to maintain customer loyalty and increase visit frequency.

Revenue Stream

The main revenue stream of the venture will be generated by customers' purchases on beverages and delicacies, especially Espresso, Macchiato, Flat White, Americano, Café Latte and Cappuccino which would be core products of ATC coffee shops. Then, the coffee shops will also collect an additional amount of revenue for live music on the weekend. However, other additional services such as meeting or appointing area would be free of charge. By customers segments, teenagers in the age of 15-22 and working people in the age of 22-40 will be expected to bring about 45% and 35% out of the total revenue respectively. Meanwhile, revenue from customers in the age of above 40 will represent lower than 10% total revenue.

Key resources

The author asserts that the two most important resources performing the value propositions and activities are well-trained staff and shop interior design. The staff in the coffee shop will be trained carefully and proficiently so as to serve their customers better. They will be prepared with professional uniforms and even the knowledge of English in case of foreign customers. Furthermore, the company will also invest in interior design and furniture in order to build an actual European style coffee shop space for enjoyment and entertainment. These will contribute to the image of ATC coffee shop in the customers' mind.

Key activities

The three major activities of the coffee shop are clarified in the following figure with clear descriptions.



FIGURE 28. Key activities of ATC Coffee shop

Key partnerships

Working in this service, an ATC coffee shop always emphasizes food safety to achieve sustainable development. Thus, the company intends to make partnership with reliable partners. They are Trung Nguyen Coffee, a leading coffee brand and Vietfresh who provides fresh and healthy products for the market. Besides, as the furniture and design are the face of the coffee shop, Ngoc Hai Furniture Company is chosen as another vital partner as their products meet ATC's requirements. These partners and their supplies are demonstrated via the following figure.



FIGURE 29. Three main partners of ATC coffee shop.

Cost structure

High rent cost would account for a remarkable part of the total operating cost as location price is extremely high in Ho Chi Minh City. Other operating costs include raw materials, marketing, staff and outsourcing. These would be estimated clearly in the later financial part.

4.3 ATC Coffee Shop Business Concept

The business concept of the coffee shop business is indicated in terms of features, benefits, uniqueness and sale channels.



FIGURE 30. Business concepts of ATC Coffee shop

Features

As stated by the author, the coffee shop will provide a wide range of products from coffee, drinks, ice-cream to fast food that would be prepared with a unique European method. Apparently, coffee and coffee related product lines will be core products of an ATC shop. Furthermore, the coffee shop will be designed to create a completely relaxing and luxurious space for their customers with worthy prices and a professional service. The shop will also host live music nights on the weekends to diversify the activities of the coffee shop.



FIGURE 31. Typical coffee in ATC product range.

According to appendix 1, ATC coffee shops will serve their customers with more than 30 different products. However, to create best experiences, ATC intends to develop the coffee product line which is prepared intensively by European style such as Espresso, Macchiato, Flat White, Americano, Café Latte and Cappuccino. They are considered the core products of ATC coffee shop.

Benefits

It is emphasized that the coffee shop will be able to give their customers numerous valuable benefits which are worth paying a higher price for than usual. Firstly, their customers could try high quality drinks and food prepared and served by well-trained and professional staff. Then, within the new and unique European style space with music, they could completely have an enjoyable experience after long working days. Besides, the interview with Vo (2012) points out that people would be more concern about drinking healthy beverages such as coffee, tea or fruit juice which will be served by ATC coffee shops rather than soft drinks or

energy drinks. Particularly, understanding the high demand for taking pictures for personal update on Facebook or Twitter of young people, ATC coffee shop would be ideal place for them. Then, membership via VIP cards and coupons is believed to bring more benefits to the clients.

Uniqueness and Sales channels

In the current market, the uniqueness of the coffee shop is determined as a unique and wide range of products, a unique European style space and a unique professional serving style. It persuades the customers that the coffee shop is the only place for the most desirable features and benefits. This is because Vietnamese customers get bored with traditional beverages such as milk coffee, iced coffee, tea or soft drinks (Vo 2013). For sales channels, the coffee shop would mainly motivate their customers to directly come and enjoy at the coffee shop. However, free delivery in local areas will be activated when their customers lack time. People in other areas might purchase with affordable delivery fees.



FIGURE 32. AT coffee shop design

Figure 32 is designed and tailored specifically for the ATC coffee shop venture. As can be seen, the shop will be located in a large and peaceful area with approximately 400 square meters. From outside appearance, the shop will be a building designed quite simply to minimize the costs as possible but still remains elegant. ATC will also plant lots of trees around the building to create a friendly and fresh environment for their customers. On the other hand, furniture inside will be invested heavily with the purpose of providing a luxurious and relaxing atmosphere. Other necessities such as glasses, coffee machines, tables and chairs decorated appropriately will also contribute to an inside space. This descriptive information somehow presents in the unique image of the ATC coffee shop.

4.4 Company Aims and Objectives

Aims are defined as general goals that a business wants to achieve. Meanwhile, objectives are the statements of specific outcomes which need to be achieved after a certain process of operation (CEA 2009). The aims and objectives are always aligned with the mission of the top company management in a hierarchy of looking-forward terms, including mission, vision, goals and objectives which set and shape the organizational strategy. ATC's mission is to become one of the most famous European style coffee shops with their unique range of products professionally tailored to specific need of diverse customers. This following timeline displays the goals and objectives in the next 3 years.

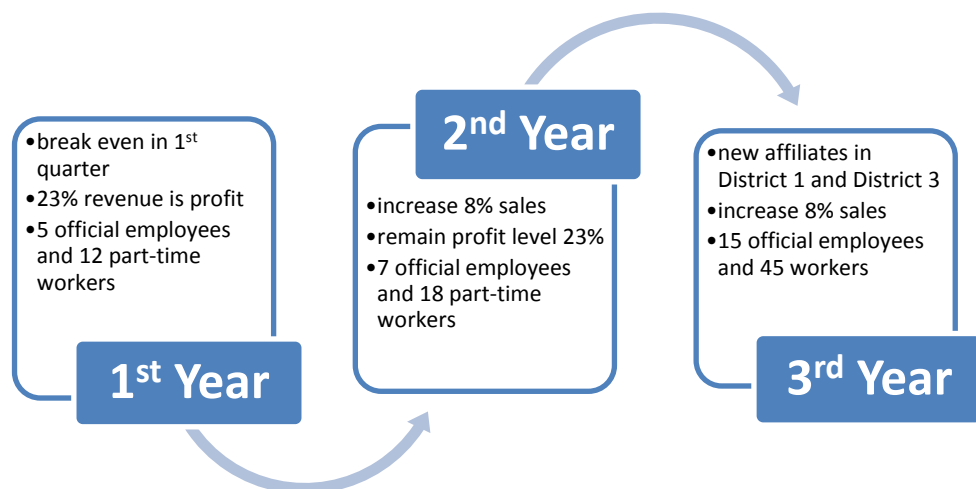


FIGURE 33. Three-year goals and objectives of ATC Coffee Shop.

It is undeniable that no business could get off the ground without clear aims and objectives. As a startup company, ATC sets these following aims and objectives which help lead the business to the right direction.

❖ Survival

In the first three months, at least the business must break even. In other words, it ensures that money received from selling beverages, food and additional services is enough to cover all outlays. From the fourth and fifth months, the coffee shop has to make a profit which is 8% of the total month revenue.

❖ Profit maximization

As the profits are calculated by subtracting cost of goods sold and all other operating expenses, ATC controls the COGS and OE at about 37% and below 40% of total revenues respectively. Hence, the expected profit for a later half of the first year is 23% of total revenue.

❖ Growth and Expansion

ATC is planning to increase sales by 8% annually. Moreover, after two years, ATC would open two more shops in District 1 and District 3. Accordingly, the company size would be widened to three general managers, 12 official employees and 45 part-time workers.

4.5 Market Analysis

This first part of this section makes a deep analysis of the Ho Chi Minh City coffee market using Porter's Five Forces analysis tool. While analyzing, the author's findings are shown in the next figure. Importantly, both direct and indirect competitors are pointed out at the later part as a penetration on the findings.

4.5.1 Porter's Five Forces Analysis

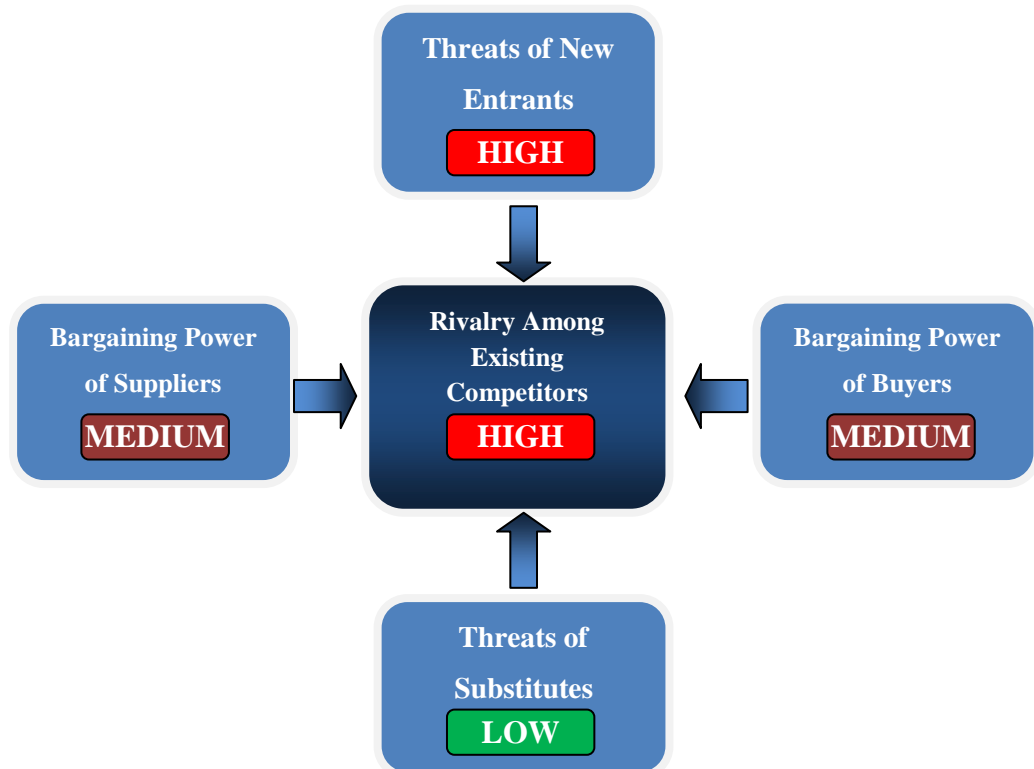


FIGURE 34. Porter's Five Forces of the coffee market of Ho Chi Minh City

High threats of new entrants to a market

As the Vietnamese government is opening to encourage the economy, market entry barriers are relatively low. The Vietnamese coffee market, consequently, is attractive to more domestic and foreign investors. The appearance of Starbucks Coffee in the beginning of 2013 is a typical example (Cafe & Cuoc song 2013). Besides, the coffee market has expanded noticeably due to low required capital and a low consumer switching cost (Vo 2013). More and more new coffee shops also appear in the current market with their unique coffee concepts and usually with very competitive prices with ATC's, for instance Olive Café, Starmoon Coffee, L'aventura Coffee and Kohii Coffee (Bao Moi 2012). Besides, as a new comer in the market, the image of ATC is totally new, which means the customers are likely to try another coffee shop whenever their demand is not satisfied. These set the high threat of the new entrants to the market.

Medium bargaining power of suppliers

Since the case company emphasizes the quality of products and services, their suppliers are carefully considered to guarantee the furniture for decoration activities and raw materials for ATC's production process. Hence, Vietfresh, Trung Nguyen Coffee and Ngoc Hai Furniture Company, who have reputation in Vietnam market, are chosen as the suppliers of the venture. At this time, there are numerous suppliers of coffee and fresh food in the market. However, the number of reliable suppliers who have been working successfully is limited. Thus, the bargaining power of suppliers is evaluated as medium level.

Medium-high bargaining power of customers

The customers have a lot of influence on ATC when they can easily switch to other competitors. This is because the competition level is extremely high in the market while ATC is not only competing against other coffee shops with their particular concepts but also paying attention to other coffee brands such as Trung Nguyen, Highland or Starbuck. Furthermore, ATC is just a start-up company, which does not guarantee for a large order quantity and customer loyalty as expected. However, as people are getting more concern about negative effects of

carbonated beverages, they begin to drink more healthy beverages such as coffee, tea or fruit juice which is definitely found in the ATC coffee shop. Then, within a combination of creative concepts and innovative image, ATC is expected to operate profitably. Therefore, the bargaining power of customers is found to be medium-high.

Low threats of substitute products and high degree of competitive rivalry

This business has low threats of substitute products while the coffee shop offers a wide range of products to meet diverse demands of their customers. They are coffee, tea, juice, cakes and even fast foods. This demonstrates the low threats of substitutes. On the contrary, the degree of competitive rivalry is high based on high number of competitors, rapid growth of coffee industry and low exit barriers. Currently, the main competitors are coffee shops with their different concepts and dimensions. Besides, ATC also needs to take into account the competition of brand coffee shops such as Trung Nguyen, Highland and Starbucks. Being aware of effects of these above competitors, the author studies this matter in the next part.

4.5.2 Competitors Analysis

This analysis part is expanded from the high degree of competitive rivalry of the previous part. In that, the author points out major competitor groups of ATC coffee shop: direct and indirect competitors which are illustrated in following position map:



FIGURE 35. Competitors of ATC Coffee Shop in Ho Chi Minh Market

Direct competitors

According to an interview with Mr Vo, there are thousands of traditional coffee shops in Ho Chi Minh City with different sizes and concepts. However, as can be seen, the main similarities are offering a wide range of beverages and food and hosting live music nights on the weekend. Prices for these products are acceptable or somehow cheap for numerous people. Thus, they are considered as the direct competitors of ATC coffee shop when applying the same formulation of business concepts. Vo (2012) also states that people seem to easily find out coffee shops in any roads in Ho Chi Minh City. The most famous coffee shops in this group could be listed as Up Café, Country House, Miền Đông Thảo, Cooku's Nest Café, Café Jardin d' Amour,...

Indirect competitors

The indirect competitors are the brand coffee shop chains which have for a long time successfully operated in both domestic and international markets. They are not just selling coffee but also their brands. Therefore, the coffee chains set very high prices for their products which are visible in the position map. Besides, they do not offer live music compared to traditional normal coffee shops. These locate the brand coffee shop chains as indirect competitors. They are Trung Nguyen Coffee, Highland Coffee, Coffee Bean and Tea Leaf, Gloria Jean's Coffee and Starbucks.

4.6 SWOT Analysis

The aim of this section is to identify the key internal and external factors of ATC as well as its coffee shop which are important to achieve the strategic objectives. Its key elements, including strengths, weaknesses, opportunities and threats, help ATC best align their available resources and capabilities to the business environment requirements. In other words, ATC finds it easier to make its business decisions after determining all positive and negative aspects of the company.

STRENGTHS

- Diverse products: coffees, drinks, cakes and fast foods which are prepared in European style.
- Luxurious and unique European style from furniture, decoration, design to service.
- Modern facilities with necessary equipment.
- Convenient location: near numerous office buildings, trade center and main roads, wide parking lot and beautiful view
- Well-trained and professional staff

WEAKNESSES

- Lack of operating experience in coffee industry
- New entrant in the market without reputation
- Require lots of investments on furniture and facilities
- Higher price compared to general competitors

OPPORTUNITIES

- Widened target market day by day
- Huge business potential: diverse demand of the customers but there is still not any coffee shop fulfilling this.
- High profitability
- Higher entertainment demand as the life standards are enhanced
- Vietnamese consumers' psychological preference for foreign style products

THREATS

- Harsh competition with the current coffee shops
- Picky requirements of the customers about the quality, the diversity of the products as well as the coffee shop's services.

FIGURE 36. SWOT Analysis of ATC

4.7 SWOT Matrix

Based on the variables in the SWOT analysis, SWOT matrix is used as a supporting tool for the strategic planning process when combining the external and internal factors to maximize the capability of the company. This tool provides the company with an intelligent look on how to make use of their strengths on the opportunities open to them, minimize the influences of the weaknesses as well as protect themselves against threats. (Weihrich 1982)

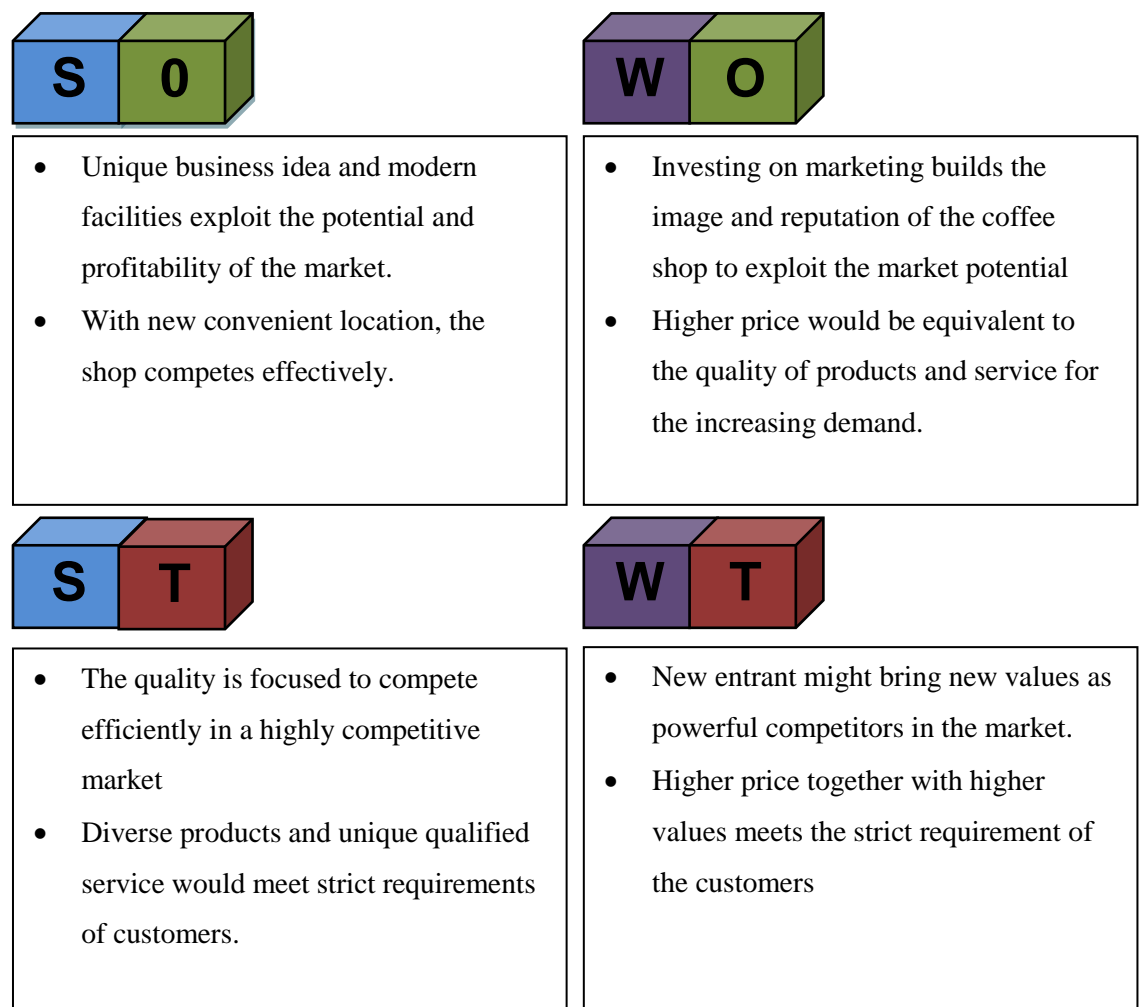


FIGURE 37. SWOT Matrix of ATC

4.8 Financial Plan

Because ATC is oriented towards operating in numerous other sectors in future, capital and financing are prepared for the company to allocate its capital appropriately, especially for this venture. In the first part of this section, the authors will show all necessary calculations about capital and financing needs. The second part focuses on estimated profit and loss account for the first year.

Working as a service provider, ATC will heavily invest in their facilities to build a gorgeous image of the coffee shop. As space would be emphasized to be an advantage of ATC coffee shop, furniture, electric equipment and ornamental plant must not be forgotten. These costs will account for around 80% total investments. About 8300 euros will be spent for coffee machines, kitchen items, computers, internet and cable installation in the beginning.

The table 7 displays that an AT start-up company will begin their business with no basic stock. The author identifies unavoidable costs that the company must pay before starting such as registering and renting guarantee. In addition, other costs include internet, phone connection and others. Total amount of costs for the first three months are estimated 3250 euros.

Located in the center of Ho Chi Minh City, rent fee of the coffee shop will be extremely high, as high as 1800 euros per month for approximately 400 m² area. Other high costs are salary and social security costs since the business requires lots of staff for their operation. Not only recruiting them, ATC will also establish training sections before they actually work. Other calculated operating expenses are phone, electricity, internet, insurance and marketing.

For the need of capital, it is clearly displayed in the above table that total needed capital is 59220 euros. The company would be active in its own financing without any external resources and subsidies. For the safety reason, the author advises ATC to prepare an access amount of money, which raises total financing up to 65000 euros.

TABLE 7. Need for Capital and Financing

NEED FOR CAPITAL		NEED FOR CAPITAL	
INVESTMENTS		Investment	42300
Facilities		Working Capital	16920
Furniture	17500	NEEDED CAPITAL TOTAL	59220
Coffee machines	3200		
Electric equipment	12500		
Kitchen items	3500		
Ornamental plant	2800		
Computers	1200		
Internet and cable installation	400		
		FINANCING	
Facilities total	41100	Own financing	65000
Other	1200	External financing	0
Investments total	42300	Subsidies	0
		FINANCING TOTAL	65000
Working Capital			
Basic Stock	0		
Cost before starting business			
Registering	1250		
Rent guarantee	1200		
Internet connection	200		
Phone connection	100		
Other	500		
Total	3250		
Costs during 3 months			
(no sales revenue)			
Rent	5400	(1800€/ month)	
Phone, electricity	630	(210€/ month)	
Internet	240	(80€/month)	
Insurance	600	(200€/ month)	
Marketing	300	(about 100€/ month)	
Loans	0		
Salary + social secure costs	5500		
Total	12670		

TABLE 8. Loss and Profit Account

GROSS MARGIN TARGET

Target profit	25760	
+ Depreciation	5076	<i>(12% of investments)</i>
= Operating profit target	30836	
+ Interests	0	
= Operating margin target	30836	
+ Fixed costs		
Rent	21600	
Phone, electricity	2520	
Internet	960	
Insurance	2400	
Marketing	1200	
Loans	0	
Salary + social secure costs	22000	
Total	50680	
= Gross Margin Target	81516	<i>60 %</i>
+ Variable costs	54344	<i>40 %</i>
= Sales Revenue Target	135860	

**PROFIT OR LOSS
ACCOUNT****1.01.- 31.12.2014**

Sales Revenue		135860
- VAT	10 %	13586
= Net turnover		122274
-Variable costs		54344
= Gross Margin		67930
-Fixed costs		50680
= Operating margin		17250
-Depreciation		5076
= Operating Profit		12174
- Interests and other financial costs		0
= Profit or loss of the year		12174
+ Other income (subsidies)		0
-Other costs		0
= Profit or loss of the year		12174

As can be seen from table 8, the author expects sales revenues to reach 135860 euros, which is equivalent to average 130 orders per day. Working in the highly potential industry, ATC believes the company is able to make a quite good profit of approximate 12000 euros even in the first year after 10% VAT (Law On Enterprise Income Tax 13/2008/QH12, Article 8) . Obviously, the company must pay VAT tax at 10% annually when operating in Vietnam. The author also points out that ATC will try to achieve gross margin and variable costs at 60% and 40% respectively as organizational objectives.

4.9 Risk Assessment

In this section, the author addresses some of the risks posed to ATC. These risks are presented together with mitigation approach in order to help the company get ready for unexpected situations that may happen.

- **Risks of competitors copying the business model**

When the venture is operated profitably, several competitors might quickly cast aside their dignity and difference to make profit from the certain venture's efficiency. Thus, it is essential for the venture to ensure why the customers should choose its products. It is advised that ATC should concentrate on building brand awareness and frequent communication with their customers, which is likely to prevent their competitors from copying business idea in the first place. In the future, ATC might register for its patterns and set up franchising plan to strengthen its reputation.

- **Risks of changed product requirements**

It is seen that life quality is, day by day, enhanced remarkably, which enables people to select products and services with more selective criteria. Besides, more diversified customer demand leads to numerous changeable products and services requirements. Thus, ATC is suggested to work carefully on customer service to

better understand their wants. In parallel, research and development should be continuously implemented to diversify the range of products and services in the future. This allows the case company to be flexible and adaptable to catch the trend and changes in customers' preferences.

- **Risks of high inflation rate**

The inflation rate in Vietnam is still high, which causes the high price level in the market. This negatively influences the price of raw materials as well as the price of products that ATC is offering. To reduce inflation effects, the company should carefully manage the inputs and form partnerships with their cooperators to control the market price to compete more effectively.

5 FINDINGS AND CONCLUSION

The first part of this section takes a look at the business planning process again via answers to the research questions at the beginning of the study. After that, as some important details have not been studied in this thesis, some recommendations are made to finish the plan in future.

5.1 Findings

Generally, the author highly believes that Ho Chi Minh City has huge potential for running a coffee shop venture. Particularly, with the unique European style and diverse professional service established by ATC, its future coffee shop would attract many customers, especially young people. Table 9 restates sub research questions and their equivalent answers which explain the author's findings.

TABLE 9. Findings of the thesis

Questions	Findings
<i>Who are the players in coffee market at the moment?</i>	<ul style="list-style-type: none"> ➤ Coffee shops with unique concepts in various sizes ➤ Coffee shops chains
<i>Who are potential customers?</i>	<ul style="list-style-type: none"> ➤ Customers from the age of 15
<i>Who are target customers?</i>	<ul style="list-style-type: none"> ➤ Teenagers from 15-22 ➤ Working people from 22-40
<i>Who are suppliers?</i>	<ul style="list-style-type: none"> ➤ Trung Nguyen Coffee(coffe supplier) ➤ Ngoc Hai Furniture (furniture supplier) ➤ VietFresh(fresh raw materials supplier)
<i>What are the European style concepts of the coffee shops?</i>	<ul style="list-style-type: none"> ➤ Products: European recipes ➤ Wide ranges of products ➤ Musical and luxurious atmosphere ➤ Additional services: music nights
<i>How large is the required investment?</i>	<ul style="list-style-type: none"> ➤ 65000 euros (ATC own financing)

According to chapter 4, the coffee market in Ho Chi Minh City currently has huge potential even though its competition level is very high. These days, besides the domestic coffee chains such as Highland coffee and Trung Nguyen Coffee which are operating profitably, other international brands are also exploiting the potential of the market, especially Starbuck's appearance recently. However, the coffee market is shared by a large number of coffee shops with their certain concepts in different dimensions with traditional or luxurious styles. These are believed to clearly answer the first sub question the current players in coffee industry in Ho Chi Minh City.

The research shows that all people from the age of 15 with various types of occupations could be potential customers for ATC coffee shop. Accordingly, the coffee shop will target at two groups of customers, including teenagers or students from 15 to 22 years old and working people from 22 to 40 years old. By focusing on these segments, the company will have an appropriate marketing strategy to approach the targeted customers and serve them with the best tailored services.

To answer the sub question about the suppliers, the author points out three reliable suppliers that ATC could make partnership with for the coffee shop venture. They are Trung Nguyen Coffee, VietFresh and Ngoc Hai Furniture Company. They are successfully operating and somehow building their reputation for a long time in Vietnam. Besides, sub ingredients also need guaranteed supply from other trustworthy providers.

As displayed in the previous section, the concepts of the coffee shop will be built on four important elements, a diverse range of products and services, new relaxing experience, unique European style and optimized sales channels to approach their customers. These formulate an impressive picture of the coffee shop in customers' mind. The author expected they would create a new trend for drinking and enjoying coffee, especially for young people.

Capital and financing is also clarified in the previous chapter. Based on the calculation, it is positive that ATC could make profit even in the first year although that profit is small compared to the beginning investment. For financing,

the case company itself owns their financing with a total initial investment of 65000 euros, which agrees ATC actively perform their business. It is asserted that ATC will not receive any external financing or subsidy.

5.2 Suggestions for Future Research

During this bachelor thesis process, the author is aware of much knowledge about how to run a business in Vietnam. Apparently, there are always challenges besides visible opportunities in the Vietnamese coffee industry. Accordingly, with this business plan, the author believes to provide a deeper understanding about the potential of the coffee business as well as build a strong base for the actual performance in the future. However, before starting up the business, there are several aspects that the company should pay attention and conduct more researches. These are displayed in the following figure.

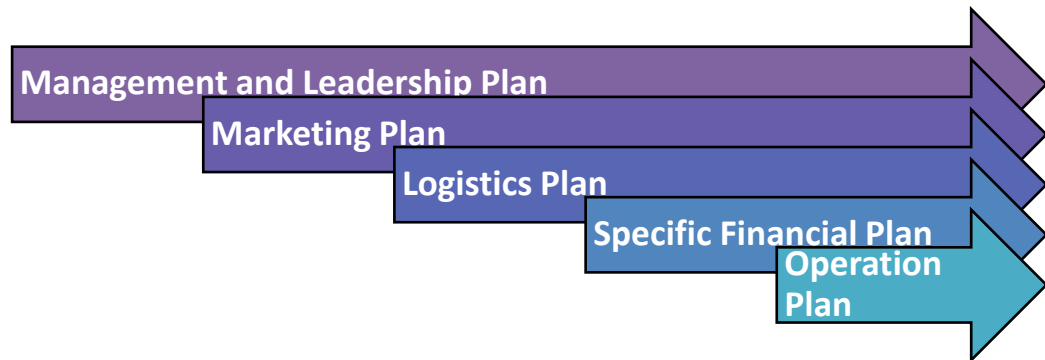


FIGURE 38. Further required research topics for this thesis.

In the author's belief, as staff always represents for the core competency of any service, leadership and management plan must be conducted. Establishing preliminary training programs for their employees would quickly turn into advantages of the ATC coffee shop operation. Next, applying right leadership and management styles contributes to the successful alignment of the company objectives and goals with physical performance.

It would be beneficial to gather more information for a marketing plan with the aim of building a strong coffee brand. Based on the customer segments, marketing strategies would be suitably applied to approach different types of customers. Then, the costs of these marketing activities are necessarily estimated.

A logistics plan which covers material handling, production and inventory is highly demanded. To be more specific, although the author mentioned three trustworthy suppliers in previous parts, other small suppliers of sub ingredients need researching to monitor material inputs. Moreover, production with certain recipes should also be studied to produce the best beverages and food. Then, inventory must be considered carefully to maintain the quality of raw material as the production requires fresh and clean material.

Finance plays a vital role in the business plan. The financial part only gives an overview of required investment and possible profits. Hence, the author suggests that a specific financial plan must be conducted in a more thorough way. For instance, a specific financial plan must state clearly production budgets, expenditures and capital investments. In addition, all marketing, logistics, leadership, management and operation activities take certain costs. This must be estimated in the financial plan. Based on this, the ATC manager finds it easy to allocate their money in different activities properly.

Though the objectives and goals of ATC are clearly demonstrated, the author believes operation planning must be done to link these objectives and goals to the company mission. Accordingly, the operational plan should be established with its fundamental activities and their equivalent budgets step by step in the next three years in order to guarantee they are done as planned. It is also advised to consist

of all necessary activities, quality standards, staff and resource requirements. Besides, a detailed implementation timetable and monitoring process must be done to ensure desired outcomes of the venture.

When the study fulfills these above details, ATC could think about the success of the coffee shop and where it might go further in the future.

5.3 Reliability and Validity Assessment

The author uses diverse sources of data to conduct this thesis. To build a good theoretical framework, he exploits the availability of published sources such as books, articles, journals and earlier studies. Updated information from electronic sources is also gathered with the aim of representing clearly European and Vietnamese coffee industries. Besides, the author is about to establish an online survey with nearly 70 participants to collect relevant information about customers' preferences in Ho Chi Minh City. Additionally, an interview with the owner of Café Cashflow is conducted to study the coffee venture as well as his tips before starting an ATC coffee shop. These all ensure the reliability of this thesis.

Due to a specialty of this venture, some information would be obsolete in future. In detail, renting cost might fluctuate over time due to a certain real estate situation in Vietnam. Affected by high inflation rate, estimated costs could also be changed remarkably. In another side, because the author has one single interview and only a 70-participant survey, outcomes may not completely reflect the market view. Thus, the author always advises the company to do more research.

6 SUMMARY

The main objective of this thesis is to research the coffee market in Ho Chi Minh City and to formulate special business concepts to exploit the huge potential of the current market. Based on that, the second objective is set as designing a visible business plan to provide ATC with an overview of how the venture could be operated effectively to achieve the desired outcomes. Accordingly, Business Model Canvas is applied to formulate the operation of the venture.

In the first chapter, background information, objectives and research question are mentioned to demonstrate the starting point for the study. Then, research methodology and limitations of the work are also examined. In addition, the chapter also introduces theoretical framework and thesis structure to the readers before the main parts of the studies in latter sections. After that, theory of business idea, business concept and business planning are presented as the core of the theoretical framework which would be a base for formulating practical parts. As the business is associated with the coffee industry in Europe and Vietnam, these countries and their industries are researched in chapter 3. Next, as the most important part of the study, the author analyzes in detail the company and its business. Furthermore, a financial plan and risk management are also considered to provide a better understanding about the venture and prove the feasibility of the plan.

In conclusion, this thesis provides theoretical and empirical information on formulating a visible business plan to fulfill the huge coffee demand in Ho Chi Minh City by establishing a new European style coffee shop.

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APPENDICES

APPENDIX 1. Suggested Menu

	NAME	DESCRIPTION	Price
COFFEE BEVERAGE	FLAT WHITE	Espresso topped with hot milk	1.4-1.5€
	CAFFE LATTE	Espresso with hot texturized milk	1.5-1.7€
	CAPPUCCINO	Espresso with hot texturized milk top with creamy froth and dusted with chocolate	1.6-1.7€
	CARAMELIZED CAPPUCCINO	Cappuccino laced with caramel and topped with caramel fudge	1.9-2.0€
	CAFFE BREVE	A flat topped with cream, dusted with chocolate	1.6-1.7€
	WHITE CHOCOLATE MOCHA	Espresso, white chocolate fudge and hot texturized milk, topped with white chocolate flakes	1.9-2.0€
	CARAMELISED MOCHA	Espresso, chocolate fudge and caramel syrup with hot texturized milk, topped with caramel fudge.	1.9-2.0€
	AMERICANO	Filtered hot water with espresso laid atop	1.4-1.5€
	ESPRESSO	Pure coffee perfection	1.3-1.4€
	MACCHIATO	Espresso with a splash of texturized milk	1.5-1.7€
	ESPRESSO CON PANNA	Espresso with cream, dusted with chocolate	1.6-1.8€

NON COFFEE ALTERNATIVES	HOT CHOCOLATE	Chocolate fudge blended with texturized milk, dusted with chocolate. Marshmallows and whipped cream optional.	1.4-1.5€
	CHAI LATTE	Spiced chai syrup with hot texturized milk, topped with ground cinnamon.	1.4-1.5€
	TEA	with several natural flavors	1 €
	FRESH WHOLE COCONUT	Fresh coconut water	1.3€
	LEMON JUICE	Lemon juice with ice	1.2-1.3€
	ORANGE JUICE	Orange juice with ice	1.3-1.4€
	WATER MELON JUICE	Water melon juice with ice	1.3-1.4€
	MANGO	Pureed mango with ice and milk	1.5-1.6€
	SOURSOP	Pureed soursop with ice and milk	1.5-1.6€
	FOOD	BAKERY	Doughnut, Danish, Croissant and Pie
MUFFINS		With blueberry and chocolate flavor	0.7-1.0€
CAKES		Cheese Cake, Tiramisu with diverse flavors	1.2-1.5€
SANDWITCHES		Parisian baguette, Ham and Cheese Croissant	1.2-1.5€

APPENDIX 2. Survey

Section 1. Coffee consumption survey	
1. Do you usually drink coffee?	
	a. Yes b. No
2. How often do you go to the coffee shop?	
	a. Never b. Sometimes c. Often d. Frequently
3. Which coffee do you prefer?(please rank your preferences on a scale of 1 to 4 in which 1 being your most preferred and 4 being your least.)	
	a. Regular iced coffee b. Regular milk coffee c. Special coffee (espresso, cappuccino, latte...) d. Regular coffee with flavoring
4. Other than coffee, which beverages do you usually order?	
	a. Chocolate b. Tea c. Juice d. Soft drink e. Bottle water f. Alcoholic beverage g. Others (please describe).....
5. While enjoying coffee in a coffee shop, do you make a purchase of snack?	
	a. Yes b. No
6. Which snacks do you like?	
	a. Doughnut b. Cakes c. Pies d. Hamburger e. Others (please describe).....
7. Are you willing to pay for enjoying live acoustics music nights in the coffee	

shops besides beverages and foods?					
<ul style="list-style-type: none"> a. Yes, I 'd like to try b. No, I am not interested c. Depends on the prices 					
8. Which of the following coffee shops appear in your mind when you are demanding for coffee?					
<ul style="list-style-type: none"> a. Trung Nguyen Coffee b. Highland Coffee c. Starbuck d. Coffee Bean and Tea Leaf e. Country House f. Miền Đồng Thảo g. Others (please describe)..... 					
9. Please evaluate the relative importance of following characteristics influencing your choice of a certain coffee shop? (tick on a suitable option)					
Characteristics	Not at all important	Unimportant	Neutral	Important	Extremely important
Comfortable seats	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spacious furniture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brightness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Music	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reading materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Menu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. If there is a new European style coffee shop with diversified beverages, foods and live music nights in a luxury space, are you willing to come?					
<ul style="list-style-type: none"> a. Yes, I 'd like to try b. No, I am not interested c. Depends on the prices 					

Section 2: Personal information

1. What is your year of birth?

2. What is your gender?

- a. Male
- b. Female

3. Where are you from?

- a. North of Vietnam
- b. South of Vietnam
- c. Centre of Vietnam

4. What is your occupation?

- d. Student
- e. Officer
- f. Businessman
- g. Artist
- h. Worker
- i. Other (please describe).....

5. What is your monthly income?(1 EUR= approx. 27000 VND)

- j. provided by parents
- k. < 6 mil. VND
- l. 6-10 mil VND
- m. 10-30 mil VND
- n. > 30 mil VND

APPENDICE 3. Interview

Structure of the interview with Mr Duy Anh Vo, owner of Café Cashflow

Conducted time: 9am-10am

Date: 20.08.2012

Location: CAFÉ CASHFLOW

Interviewer: Vu Ai Tran

1. What is the interviewer's judgment about Vietnam coffee market as well as Ho Chi Minh City specifically?
2. What are the major trends of coffee consuming habit these days?
3. What are the main concepts of Café Cashflow?
4. What are the competitive advantages of the coffee shop?
5. Who are main customers of Café Cashflow?
6. What are products the coffee shop offering?
7. Does the coffee shop have any additional services or activities?
8. What are sales channels of the coffee shop?
9. How does the shop keep its customer back? Any tips?
10. How to train Café Cashflow staff well?
11. How to manage the cash flow of the business effectively?
12. What would be advices for ATC before running their own coffee shop?

CAFÉ CASHFLOW

Location: 7A/19 Thanh Thai Street, Ho Chi Minh City, Vietnam

Established:2012

Styles: American and Vietnamese

Working hours: 6.00 am- 10.00 pm

General Manager: Mr Duy Anh Vo

Contact: Phone: +84 8 6264 9100

Email: chat@cashflowcafe.vn

Website: www.cashflowcafe.vn

APPENDIX 4. List of coffee shop chains in Europe

Brand	Locations
A Brasileira	Portgal
Aida	Austria
Aroma Café	UK
Caffe Cova	Italia
Caffe Nero	UK
Caffe Pasccci	Italia
Clements Café	Northern Ireland
Coffee 1	UK
Coffee Heaven	Poland, Eastern Europe
Costa Coffee	Mainland Europe, UK
Delta Café	Portugal
Double Coffee	Baltic states, Belarus, Latvia, Ukraine
Douwe Egberts	Netherlands
Easy Internet Café	UK
Flocafé	Greece, Cyprus
Kaffebrenneriet	Norway
Lavazza	Mostly Europe
Robert's Coffee	Finland
Wayne's Coffee	Sweden, Scandinavia