A Work Project presented as part of the requirements for the Award of a Master's Degree in Management from the NOVA – School of Business and Economics.

THE RELEVANCE OF DIGITAL CHANNELS IN THE PORTUGUESE COFFEE CATEGORY: A CONSUMER BEHAVIOUR ANALYSIS FOR NESTLÉ PORTUGAL

Report A – Recommendations to Nestlé's capsule coffee brands for At-Home Consumption

CONFIDENTIAL

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Abstract:

The coffee market, both worldwide and in Portugal, has been changing in the past few decades. Digital platforms influence the way consumers make their decisions towards coffee. This influence is perceptible through the analysis of the Consumer Decision Journey model by McKinsey, which allows understanding the digital touchpoints involved in the decision-making process of the Portuguese coffee consumers. Nestlé is the coffee market leader in Portugal having a vast portfolio of brands operating either in the at-home and out-of-home markets. In this Work Project, extensive research based on primary and secondary techniques permitted to have a more comprehensive analysis of the digital relevance within the Portuguese coffee category. The insights collected made it possible to identify the untapped potential of each stage of the decision journey and build recommendations to tackle them. This report (A) focuses on recommending measures for the Nestlé's coffee capsules brands. Report B and Report C will further focus on recommendations for the remaining Nestlé's coffee brands.

Keywords: Brand Management, Digital, Coffee, Consumer Behaviour, Consumer Decision Journey, Nestlé.

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1. Introduction

Coffee is consumed at a large scale worldwide, but each country has its unique way of consuming it. Asian and Latin American countries are known for their coffee production, and both have strong coffee cultures. The African continent, on the other hand, exports almost all its coffee production, with minor local coffee consumption (Sullivan 2017). In North America and Europe, households consider coffee as an essential commodity. While North Americans are known for their leading coffee chains and the typical americano, Europeans represent 33% of worldwide consumption with Scandinavian countries being the leaders of coffee volume consumed worldwide (Smith 2017; CPI 2019). Despite coffee being a mature market and coffee habits differing from country to country, new coffee trends are appearing and are similar in several countries. Two of the reasons why this happens are globalisation and the digital revolution that rapidly transform a local trend into a global one (Arthur 2019). Each country tends to adapt to these worldwide trends according to their local coffee consumers' preferences. This Work Project aims at understanding the Portuguese coffee category and its consumers' behaviours. Besides, it allows comprehending the role and relevance of Digital within the category by investigating the Consumer Decision Journey (CDJ) of coffee consumers and the involved digital touchpoints (McKinsey 2009). For this practical study, Digital defines itself as the use of social media and e-commerce to engage with customers (McKinsey 2019).

This study is part of Nova SBE's Branding Lab in direct collaboration with Nestlé Portugal, and it answers the question "In which way is digital relevant to the coffee category in Portugal?". The practical study has two main objectives: Firstly, to comprehend the Portuguese coffee Consumer Decision Journey in the context of the digital world and understand its relevance. Secondly, to grasp if there is an untapped potential in the purchase decision-making stages as well as within Nestlé's digital channels strategy. The study contributes to the current literature by applying the CDJ, specifically to the coffee category in Portugal, highlighting the digital touchpoints involved in the decision-making process. Its application can be replicated to similar consumer behaviour decision-making processes of different fast-moving consumer goods (FMCG) categories in Portugal, as well as to other coffee markets worldwide. In practical terms, the study can be used by Nestlé Portugal to redesign their digital strategy according to each stage of the decision-making process.

The Work Project structure consists of (1) Introduction, (2) Contextual background, (3) Addressing the Work Project objectives, (4) Limitations and (5) Strategic recommendations. From Sections 1 to 4, the study is a collaboration of three Master's in Management students at Nova SBE, Maria Cruz, Inês Fernandes and Tânia Braz. On Section 5, each student, in the previous order, developed individual recommendations for Nestlé. The recommendations divide themselves into (A) Recommendations to Nestlé's capsule coffee brands for at-home consumption, (B) Recommendations to Nestlé's ground, bean and instant coffee brands for at-home consumption, and, lastly, (C) Recommendations to Nestlé's out-of-home coffee presence. Consult Appendix A.1 to see all the abbreviations used in this Work Project.

2. Contextual background

Before gathering consumer insights through primary research, the Work Project analyses the coffee market in Portugal and the trends that are influencing it. Besides, the study investigates the digital usage of coffee consumers within the context of the coffee purchase and consumption in Portugal to understand if there is a significant relevance between the two topics.

2.1. The coffee category in Portugal

The coffee category defines itself by roast, instant and, more recently, ready-to-drink coffee (RTD) (Appendix A.2). It includes at-home consumption (AHC), represented by all coffee retailed in groceries, and out-of-home consumption (OOHC) done at the HORECA channel.

In 2019, the coffee category, in Portugal, generated a revenue of approximately two billion euros, and it is expecting to increase by 4% annually from 2020 until 2025. Nestlé, with its broad coffee portfolio (Appendix A.3), embodies 37.8% of the coffee retailed value in Portugal (Appendix A.4) (Passport 2020).

Portuguese consume more roast (~90%) than instant coffee (~10%), with ground coffee being the most consumed type of roast coffee. Ground coffee, which includes capsules, grew 5.1% from 2018 to 2019, and it anticipates continuous growth. On the contrary, beans have negative growth rates, though, with an increasing trend (Passport 2019; Statista 2019). Although instant coffee represents a small proportion of Portuguese coffee consumption, it is a niche market with growth tendencies, mainly in the segment of instant coffee mixes (+ 3.1% CAGR 2019-2024). People consume mostly instant coffee at home; however, there is a trend of its consumption OOH, with increasing growth rates from 2020 until 2025 (Passport 2019).

Contrary to what happens in certain countries, in Portugal, people consume more coffee out-of-home both in revenue and volume, 80% and 55%, respectively. Nevertheless, the quantity of coffee consumed is foreseen to be balanced between AHC and OOHC in the following years. Despite roast coffee being majorly consumed out-of-home, the AHC has been increasing in the previous years and follows the same tendency in the future projections, mostly because of the spread of the coffee capsules system. Ground coffee capsules faced the fastest growth in 2019, and Portugal is one of the leading markets worldwide (Statista 2019).

Regarding coffee volume (Appendix A.5), in 2015, Delta Cafés (bean and ground coffee), Nescafé (instant coffee) and Delta Q (coffee capsules) were the volume leaders' brands in the market. Later in 2019, the top three brands were Delta Cafés, Delta Q and Nescafé Dolce Gusto (coffee capsules). It shows the consumer shift from traditional coffee (13.2%) to coffee capsules (13.6%). In 2019, the coffee market leaders were Nestlé (26.8%), followed by Private Label brands (25.7%). However, the last are facing a decreasing trend that can be explained by the younger generations that value quality over price (Passport 2020).

Despite RTD coffee market being recent in Portugal, in 2019, its sales volume increased 21%, achieving a total of 2 million euros in revenue, an equivalent to 300,000 litres sold. In 2024, the market is expected to sell approximately 800,000 litres of RTD coffee (Passport 2019).

2.2. Coffee purchase decision-making and consumer behaviours

It is fundamental to understand the type of decision-making behind a coffee purchase to comprehend consumer behaviour towards the coffee market. Coffee is a repetitive and frequent purchase, triggered by the constant need of having it and transformed into a routine response behaviour, where consumers make an automatic purchase based on information they gathered in the past (Mariadoss 2017). Thus, coffee is a low involvement product, both for AHC and OOHC, since it stands for less critical and quicker purchases that require less information gathering and straightforward evaluation of alternatives, without spending more time or effort than necessary. Moreover, the perceived risk of picking a different brand on the next purchase is low and does not bring uncertainty, economic or psychosocial loss to the consumer (Rossiter et al. 2018). Given the similarity of the market offer, brands often opt for price and sales promotions to stimulate purchase behaviour (Kotler et al. 2017). It is essential to state that the level of involvement, as well as the consumer behaviour, might vary by consumer and not by product (Mariadoss 2017) (Kotler et al. 2017). The level of involvement allows understanding the adjustments that the coffee market is facing, as well as changes in consumers' behaviours.

The main differences in consumers' behaviours occur in younger generations that are open to new experiences due to the third wave of coffee - a movement associated with the concept of *speciality coffee*. The third wave of coffee focuses on OOHC, where people are willing to try new products, improve their overall experience and, above all, they care about quality, origins and a transparent coffee supply chain. This movement contrasts with the two previous coffee waves. While in the first wave, coffee was known for its lower quality and there was no information about its origins, the second wave is majorly associated with brands like Starbucks that care more about origins and experiences. However, the emphasis was not the coffee itself (Oksnevad 2019). Due to globalisation and the digital revolution, the third wave of coffee became a global trend reaching a higher number of consumers that share the same beliefs. Portuguese consumers are not an exception, and they are increasingly open to novelty within the category and seek differentiated and premium beverages in the coffee market. However, in Portugal, it is still considered a niche market.

2.3. Coffee trends in the Portuguese coffee market

As mentioned in the previous section, the behaviour of Portuguese coffee consumers is changing according to new trends in the market. For this reason, it is essential to comprehend which are the coffee trends in the Portuguese market that affect Portuguese in their daily coffee consumption. In Table 1 below, the trends of the Portuguese coffee market are detailed.

Table 1 – Coffee Category Trends in Portugal

Premiumisation and sophistication of the Portuguese coffee market
Ten years after the financial crisis, the Portuguese population is again willing to spend more money on new experiences. As mentioned in section 2.2., Portugal is immersed in the third wave of coffee. This concept is about excellent coffee shops, baristas and roasteries as well as sharing the origins of the product. Similarly, coffee players are aligning the coffee experience with gastronomy (e.g. hiring professional baristas). Furthermore, both the acquisition of Starbucks rights and the opening of the Barista Academy represent Nestlé's effort to establish the speciality coffee market in Portugal (Nestlé 2018).
The boom of the RTD coffee market
Notwithstanding the Portuguese coffee culture, millennials seek new types of coffee beverages in a fast and convenient manner. Hence, companies are offering new products, like RTD coffee, to penetrate this consumer group. RTD is led by Shakíssimo (Nescafé), which has the most significant share of the market (by-product), 35.2%. Its major competitor, and the one with the most significant brand share, is Starbucks, which already offers a great variety of RTD coffee in the super/hypermarket (Passport 2019).
Out-of-home consumption is on the rise
OOHC is benefitting from both trends detailed before. Although Portuguese already tend to consume more coffee out-of-home, the increased number of known coffee chains and the appearance of a significant amount of speciality *cafés* in Portugal led to a global increase of OOHC (Freire 2019; Passport 2019). Moreover, the youngest generations that still live in temporary and shared accommodations use the fashionable coffee shops as their living rooms, increasing the quantity and the value of coffee consumed (Statista 2019).
Increased concern about sustainability
Both companies and consumers are more concerned about sustainable and ethical production and distribution in the Portuguese coffee category, such as certified coffee and a transparent supply chain. Nestlé is investing in sustainable programs, such as Nescafé Plan and Nespresso AAA Sustainable Quality, ensuring a sustainable coffee production by protecting the environment and the communities (Nestlé 2019). Companies are further researching new types of packaging, mainly for capsules and RTD, while players, such as Nespresso and Dolce Gusto, are creating capsules return programs (Freire 2019).
The standardisation of the coffee capsules system
The capsule market is growing both in the AHC and OOHC while facing the entrance of multiple players. It is leading the cannibalization of other segments such as instant, ground and bean coffee. Initially, Nespresso dominated the capsules market in Portugal. However, in 2013, the patent rights expired, which led other brands to enter the market, intensifying the competition (Jornal de Notícias 2013).

2.4. Digital trends of the coffee category in Portugal

Digital allows consumers from all over the world to share different experiences and behaviours since it influences general consumption (Bill 2017). Thus, it is seen as a trendsetter (Arthur 2019). Digital, for this study, is defined as the use of social media and e-commerce to engage with consumers. Social media consists of a computer-based technology that allows people to communicate and share information through virtual networks and communities, while e-commerce consists of buying and selling goods and services on the internet (Investopedia 2019). Digital growth has been forcing coffee companies to adopt an omnichannel strategy that offers an integrated shopping experience to the customers.

Additionally, it permits companies to have an online and offline two-way communication where consumers share their thoughts, ideas and opinions with the companies (Emarsys 2016). Therefore, it helps them to show the brands' personality and collect valuable insights to understand the untapped potential from their products across consumers (Edgecomb 2017). Hence, companies can be closer and more individually present in each step of their consumers' decision-making process by aligning consumers and brands' expectations while understanding consumer habits and preferences to reinforce their relationship (Flekel 2013). Regarding online engagement, brands are investing, firstly, in sharing detailed information about the various products present in their portfolios, especially for capsule lines, and secondly, on e-commerce platforms on their websites, where they sell their products at the same prices as retailers. In 2019, 4.2% of Portuguese coffee sales were made throughout the internet, mainly represented by Nespresso (Passport 2019).

Moreover, coffee brands are investing in a strong presence on social media platforms to reach more people and create engagement across their audience. Social media has become a powerful tool for both consumers that expect content that fulfils their needs and companies that use it for engagement and promoting their business all over the world. In Portugal, Facebook remains the most used platform, followed by Youtube and Instagram (Appendix A.6). The Portuguese user profile concentrates in people from 25 to 44 years old, yet it is still highly represented among the remaining generations (Appendix A.7). In Portugal, coffee brands' social media presence is mainly on Facebook and Instagram. On Facebook, the most followed brands are Nescafé, Nespresso and DeltaQ while on Instagram are Starbucks, Delta and Delta Q (Appendix A.8). Tofa and Christina from Nestlé OOH portfolio have no digital presence.

3. Addressing the Work Project objectives

3.1. Methodology

After all the previous analysis on the Portuguese coffee market and its digital trends, primary research was conducted to have a more comprehensive analysis of the digital relevance within the Portuguese coffee category mainly to Nestlé's coffee brands. This research consists of an analysis that combines qualitative and quantitative research techniques. The first aims at understanding the importance of digital channels within the CDJ in the Portuguese coffee category for AHC and OOHC. For the quantitative research, it intends to quantify the insights gathered from the previous analysis. Due to the COVID-19 virus, the group had to adapt the original methodology to avoid face-to-face and personal contact with interviewees. In this way, the pre-recruiting questionnaires were done online, and the interviews were conducted by video or phone call. Table 2 shows the details of each research technique used.

Table 2 – Work Project Methodology

Qualitative	**Interview with the brand manager of Nescafé**	**Details:** One face to face interview with the brand manager of Nescafé. The interview guide is available in Appendix B.1. **Objectives:** Understand the digital strategy used by Nescafé and gather more information about the target audience, the frequency, and the type of content, allowing to complete the primary research.
	Social listening *"(...) process of collecting data from social platforms and forums on a brand or industry. The collected data is useful to collect insights that will influence the future business decisions" (Boyd 2020)*	**Details:** Deep analysis of coffee content across different digital platforms such as Facebook closed groups, Nestlé's controlled accounts, influencers and brand ambassadors on Instagram, TikTok, forums and blogs. The complete list of the analysed content is available in Appendix B.2. **Time Frame:** March and April 2019. **Objectives:** Understand consumers' perceptions and feedback regarding coffee brands in Portugal by identifying their pain-points, preferences, purchase drivers, and motivations. Moreover, it allows comprehending the perception of coffee regardless of the brand.
	In-depth interviews	**Details:** 67 recorded video interviews with: people that have been living in Portugal in the last five years; consume coffee AH and OOH and use digital

	"(...) conducting individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation." (Cambridge Dictionary 2020)	channels daily. For a suitable sample, a pre-recruitment questionnaire was conducted online to ensure that brands are fairly represented. Refer to Appendix B.3 for the Pre-Recruitment and Appendix B.4 for the Interview guideline. **Objectives:** Getting deep insights to understand the relevance of digital channels within the CDJ in the Portuguese coffee category (AHC and OOHC). Understand consumers pain-points and incentives during their decision-making process. Assess brand image/attitude towards Nestlé Portugal coffee brands as well as brand and product's sentiment.
Quantitative	**Online questionnaire** *"Quantitative Research is a structured way of collecting and analysing data obtained from different sources." (SIS International Research 2019).*	**Details:** From the total 1815 responses, 1463 fulfilled the required criteria (e.g. living in Portugal for at least five years and consuming coffee at least once per week). The questionnaire was shared on the Facebook groups mentioned above and on group members' personal networks. Refer to Appendix B.6 for the quantitative questionnaire. **Objectives:** Quantify the insights gathered from the qualitative research to collect detailed information about consumers' behaviours regarding coffee and digital channels.

Source: Authors.

The combination of the previous research techniques is essential to gather the main insights of this study (presented in the next section) to provide well-founded recommendations later.

3.2. Main research insights

The main research insights are divided into three main areas: Firstly, the group has chosen the Consumer Decision Journey by McKinsey as the model for analysis. Afterwards, a comparative study, between AHC and OOHC, was conducted to comprehend the digital relevance in each phase of the CDJ. Lastly, the group analysed the digital strategy issues associated with each Nestlé's coffee brand.

3.2.1. The Consumer Decision Journey as the model for analysis

These study insights will be analysed using the Consumer Decision Journey, developed by McKinsey, a nonlinear decision-making model with four phases ('Consideration', 'Evaluation', 'Closure' and 'Post-purchase') (Appendix B.8). This model describes the process through which consumers make their purchase decisions until entering in the 'Loyalty Loop', where they decide to buy the same products without further consideration and evaluation or start a new purchase journey. Besides, this model considers that customer experience does not stop after purchase and that it can be indeed positive in the next phases, where the consumer might act as an influencer and become a brand advocate that is facilitated by digital tools (e.g. social media, reviews) (McKinsey 2009). Firstly, the group have chosen this model because it focuses on touchpoints, known as interactions between companies and consumers, that may influence the purchase decision. Secondly, as mentioned in section 2.4, Digital brings additional and more complex interactions, referred throughout the analysis as digital touchpoints, that have been changing the process of decision-making. Hence, in section 3.2.2, the CDJ model will be used to understand in which individual stages of the decision process digital is relevant for the Portuguese coffee consumers. Through this circular journey, the group aims at analysing which are the moments of larger influence where marketers have an outstanding chance of meeting consumers at the right time, with the right message and at the same time, understand where are the untapped potential touchpoints that Nestlé marketers should put their effort and investment on (McKinsey 2009).

3.2.2 The Portuguese coffee Consumer Decision Journey and its digital touchpoints

After analysing the information gathered from all the six streams of primary research, it is possible to recognize three main decision-making processes while purchasing coffee. This analysis focuses only on the roast and instant coffees since there is not enough data from the respondents to analyse the RTD category. The first process is related to AHC. Appendix B.9 shows the detailed CDJ for AHC, highlighting the main differences between specific coffee brands and coffee types. As for OOHC, it is possible to distinguish two moments of consumption - drinking coffee as a break, where the decision-making process is almost automatic (ending up in the closest shop or the ones they already know), or drinking coffee enjoying the overall experience, which is a more weighted decision-making process. In the following pages, for OOHC, the study is exclusively focused on the CDJ of a coffee experience. Appendix B.10 shows the detailed CDJ for both OOHC while drinking coffee as a break and enjoying a coffee experience.

Tables 3 to 7, below, exhibit the insights from the primary research regarding the relevance of digital channels within the CDJ in the Portuguese coffee category for AHC and OOHC.

For the 'Trigger' stage, it is verifiable a contrasting digital behaviour from buying coffee out-of-home and buying coffee to consume at-home. Table 3 below presents the main insights and differences between both types of consumption.

Table 3 – The relevance of digital channels within the 'Trigger' stage of CDJ, by McKinsey

'TRIGGER'	
AHC	**1. The coffee purchase is made in anticipation, and it is not affected by the digital channels.** a. *"I do not think that having a higher presence on social media for AHC brands would make any difference because people that drink coffee will not drink more because of social media and vice versa for people that do not consume it."* F, [25-35[. b. From the quantitative survey, on a scale from 1 to 5, where 1 is no willingness to consume coffee and five is definitely willing to consume it, the average probability of wanting to drink coffee after being exposed to different digital touchpoints is 2.66, which means that people are mostly indifferent to posts of coffee brands, influencers and the general public.
OOHC	**1. People are influenced by social media to seek a coffee experience.** a. *"I value more the experience since I am on social media. I like to go to that type of places because I am tacky. I appreciate to photograph and share a coffee with a heart drawn or something artistic and aesthetic. (...) I am more willing to try new speciality coffees and brunch places because of being indeed different."* F, [18-25[. b. *"I like those new coffee shops, and I believe that digital influences it, in the future everything will be running digitally."* F, >55. c. From the quantitative survey, on a scale from 1 to 5, where 1 is no willingness to try a coffee experience and five is definitely willing to try it, the average probability of being interested in a coffee experience after being exposed to different digital touchpoints is 3.90, which means that people are willing to try a new coffee experience.

Source: Authors based on primary research.

Digital has a similar role in the 'Consideration' and 'Evaluation' stages as it allows people to be more informed about the AH and OOH market and, in that way, do more conscious decisions while purchasing coffee or coffee experiences.

Table 4 – The relevance of digital channels within the 'Consideration' and 'Evaluation' stages of CDJ, by McKinsey

'CONSIDERATION'	
AHC	**1. Digital channels are one of the ways to increase the initial set of consideration of the Portuguese coffee consumers.** a. *"I am easily influenced by social media, not to buy directly but to consider next time, especially by celebrities/influencers."* F, [18-25[. b. From the quantitative questionnaire, 45% of the respondents assume that coffee brands

	advertising on digital channels increase their initial set of consideration. **2. Due to the premiumization and sophistication of the Portuguese coffee market, people consider new types of coffee.** a. *"I believe that this digital spreading is allowing people to have different coffee experiences, and each one of them has an individual meaning for each person."* F, [18-25[. b. *"I always search for the novelties that I previously saw online."* M, [18-25[.
OOHC	**1. Digital channels increase the initial set of consideration of coffee places when looking for a coffee experience.** a. *"I am influenced by online reviews, influencers, not that much by friends. Regarding if it appears to me on social media, I will consider it, and probably it would influence my opinion."* F, [18-25[. b. From the quantitative survey, 72.83% of the respondents will consider a coffee place if they see it on different digital channels. **2. People want to be up to date about the Portuguese OOH coffee market and use digital channels as one of the primary sources of information.** a. *"As for new coffee shops, I think I know more due to pages like NIT or TimeOut."* F, [18-25[b. *"I know new places on social media sponsored posts and from friends' posts/stories tagging the place."* F, [18-25[. c. From the quantitative survey, 42.5% of the respondents use digital channels as one of the main sources of information about OOH coffee market. **3. Due to the premiumization and sophistication of the Portuguese coffee market, people consider new coffee places associated with a specific lifestyle seen on social media.** a. *"I think that the influence is not just where we consume coffee, but the way we drink it, with a different type of milk. It is not anymore 'just a latte'."* F, [18-25[. b. *"I think it is more about the lifestyle rather than the coffee brand you usually consume."* M, [18-25[. c. On Instagram, it is possible to acknowledge a network effect, because most of the people are exposed to similar posts all associated with the same lifestyle – barista trend (Appendix B.12 and B.16). **4. Digital channels are seen, by the consumers, as trendsetters for different coffee experiences.** a. *"I believe that digital is what helps something (e.g. experience, coffee type or beverage) entering the market. (…) Digital is used to show people the new things in the market; I only know the existence of some places because I follow influencers on social media."* F, [18-25[. b. *"I believe this trend [coffee experience] appeared more due to travel habits and not social media; however, seeing something on IG influences me to try."* F, [18-25[.
'EVALUATION'	
AHC	**1. Due to the premiumization and sophistication of the Portuguese coffee market, people look for recreating, at home, experiences that generally see on social media.** a. *"I would like to see different coffee beverages being done by a barista or even recipes using coffee."* F, [35-45[b. One example is the #coffeechallenge that started on TikTok and crazed in Portugal in the middle of March. People had to recreate, at home, the recipe of a Dalgona Coffee. The challenge rapidly spread all over the world and to other social media platforms (Appendix B.17 and B.18).
AHC & OOHC	**1. Offline and online WOM represent the main touchpoints of the evaluation phase because people are looking for credible and trustworthy information about a brand/product or coffee shop. Moreover, WOM is responsible for proliferating trends.**

	a. From the quantitative survey, people prefer to evaluate their decisions based on recommendations from people with similar tastes, such as consumers in Facebook Groups (Appendix B.11), or people they trust, such as friends and family (Appendix B.21).

Source: Authors based on primary research.

Most coffee purchases, OOH and AH, happen offline. For AHC, the supermarket is the purchase channel mostly associated with convenience. However, for Nespresso customers, as Nespresso is not available in the supermarket, buying online is the most appropriate purchase method. Table 5, below, presents significant insights regarding the 'Buying' stage of both CDJs.

Table 5 – The relevance of digital channels within the 'Buy' stage of CDJ, by McKinsey

'BUY'	
AHC	**1. Portuguese coffee consumers buy their coffee offline in traditional stores and supermarkets because it is more convenient than online shopping.** a. *"I bought once capsules online, but it is not so convenient as buying in the supermarket."* F, [18-25[. b. *"I think brands should use the pick-up points, like Prozis does, to increase the convenience of online shopping to people."* F, [18-25[. c. From the quantitative survey, 73% of the respondents purchase their coffee in the supermarket and traditional stores. **2. The no availability of original Nespresso capsules on supermarkets and the reduced number of Nespresso stores led Portuguese consumers to buy Nespresso capsules online or try different compatible brands on the supermarket.** a. *"As I prefer to buy Nespresso and I do not have any store close to my house, I always buy their capsules online. I am used to it, and I have no intention to change this purchasing habit.*" M, [35-45[. b. From the quantitative survey, 61% of Nespresso consumers, that exclusively buy original capsules, purchase those only through the Nespresso website. On the contrary, as Nescafé Dolce Gusto (DG) capsules are available on the supermarket, only 2% of DG consumers purchase coffee on the brand's website.
OOHC	**1. The buying phase of out-of-home consumption is done exclusively offline because people value the coffee quality and the physical environment of the experience.** a. *"The coffee consumption to be truly understood needs to be by tasting, something that digital cannot do."* M, [18-25[. b. From the quantitative survey, the top 2 features of a coffee experience are the coffee quality and the physical environment of the coffee shop.

Source: Authors based on primary research.

Similar to the 'Trigger', digital touchpoints influence the 'Advocate' stage of the analysed types of consumption differently. As demonstrated on Table 6, while, for the AHC, the influence is minimal and occurs mostly offline, for the OOHC, the 'Advocate' phase is mostly done using digital channels such as social media, where people share their experiences with followers.

Table 6 – The relevance of digital channels within the 'Advocate' stage of CDJ, by McKinsey

‘ADVOCATE’	
AHC	**1. In at-home consumption, consumers tend to advocate more offline, with close friends and family, about the brands and the coffee characteristics.** a. *“As we are all coffee lovers, it is a common theme of conversation. We tend to focus on advocate good coffee rather than bad coffee.”* F, [18-25[. b. *“I usually share with family and co-workers which capsules do I use.”* F, [25;35[. c. While 1.58% of the respondents of the quantitative survey share their opinion solely online, 59% advocate their coffee offline, to friends and family. **2. Younger generations share mostly their coffee preparation and coffee cups as a boost of energy on their social media networks not associating these posts with specific coffee brands. They are not advocating the brand but the lifestyle that many want to replicate. (Appendix B.13).** a. *“I believe that brands are not that present on social media, but the habit of consuming coffee is hugely present in our social media accounts. I think it is more about the lifestyle rather than the coffee brand you usually consume.”* M, [18-25[. b. *“I see posts of friends sharing their coffee in the morning; however, that is an affirmation of status and not the promotional content for a specific coffee brand.”* M, [18-25[. c. 62% of the respondents aged from 18 to 34 years old share their coffee mugs without identifying the coffee brand they are consuming. **3. Other generations (> 35) do not acknowledge the presence of coffee as a form of advocacy on their social media.** a. *“I rarely see my friends/family posting their coffee mugs throughout the day.”* F, [45-55[. b. *“My friends do not publish their coffees in the morning; I never saw that type of content. If I see that type of content is for promotional reasons.”* M, [35-45[. c. 71% of the respondents older than 35 years old do not share any coffee-related post on social media.
OOHC	**1. Previously, the advocate phase was exclusively done offline, and it would spread inside a restricted circle of people. Today, digital channels are another form of advocate, which increases its reach.** a. 44% of the quantitative survey respondents are willing to share their coffee experiences online. **2. Younger generations advocate mostly on digital channels as a form of showing others what experiences they are having. People become influential content-creators just to share the experience. (Appendix B.16)** a. *“I feel that the coffee posts I have on my social media are more focused on the social characteristics of coffee, people that photograph their coffee while being with friends. I am both content-consumer and content-creator when we talk about coffee.”* F, [18-25[. b. *“Social media has a huge influence on that because we want to share experiences and to be just like others.”* F, [18-25[. c. 48% of the quantitative survey respondents from 18 to 34 years old are willing to share their coffee experience on social media. **3. When consuming coffee OOH, people usually do not tag the coffee brand, unless when visiting a local coffee shop or a coffee shop that sells its coffee, in that case, the coffee brand is evidenced on the served cup (e.g. Starbucks cup, Sical cups) – empowering brand recognition. (Appendix B.15).** a. *“Digital brings more visibility to the brands, easily recognized.”* F, [18-25[. b. *“For the brand, it brings benefits because consumers are more engaged and recognize the brand easily (...).”* M, [18-25[. c. From social listening, people usually share their photos of a coffee experience only identifying the location and coffee shop, and not the coffee brand. However, most of the

	people that share coffee mugs with the brand logo are foreigners/tourists that aim to share the traditional Portuguese *espresso*.

Source: Authors based on primary research.

Lastly, Table 7 demonstrates the digital relevance within the 'Loyalty Loop'. The 'Loyalty Loop' is one of the stages with significant digital opportunities given its lack of digital relevance to consumers, because consumers do not associate any digital touchpoint to this stage of the decision-making process. However, Nespresso, Nestlé's flagship digital brand, is a role-model using digital channels to retain their consumers.

Table 7 – The relevance of digital channels within the 'Loyalty Loop' of CDJ, by McKinsey

'LOYALTY LOOP'	
AHC	1. **People are not aware of Nescafé Dolce Gusto loyalty program (Premio), which is exclusively available online.** a. *"I never used the Dolce Gusto website to buy capsules nor their loyalty program because I did not know it exists until this interview."* F, [45-55[. 2. **Nespresso uses its digital strategy to retain customers.** a. 75% of the quantitative survey respondents are loyal to Nespresso.
OOHC	1. **People do not acknowledge the presence of digital channels in the 'Loyalty Loop'. After their purchase, people rely only on the quality of the experience to return.**

Source: Authors based on primary research.

All tables above have shown that digital touchpoints are essential in most of the CDJ stages, both to AHC and OOHC. Consumers do not want to admit that social media influence them. They associate the word "influence" to a negative connotation, so, most of them state that if they are influenced, it is unconsciously – *"Consciously I do not think so, but unconsciously probably yes"* M, [18-25[. However, it is possible to understand that digital has, in fact, an impact in Portuguese coffee consumers decision-making process.

Hence, the next section focuses on understanding the issues of Nestlé's brand digital strategies.

3.2.3 Nestlé coffee brands digital presence and issues

Since this report aims at comprehending the digital relevance between coffee brands and Portuguese coffee consumers, it is essential to understand the consumer behaviour towards social media. According to the quantitative research, 99,6% of coffee consumers are present on social media, and the most used platforms are WhatsApp, Facebook and Instagram (Appendix

B.22). However, 68% of the respondents still do not follow any coffee brand on digital platforms. From the ones that follow, Nespresso, Delta and Delta Q are the most followed coffee brands. (Appendix B.23). The brand's image might justify this lack of engagement that consumers have towards coffee brands but also, the type of content that brands share on social media - *"Coffee brands usually do not have interesting content, it is only about their products"* F, [18-25[. Check Appendix B.24 for a detailed analysis of the different brand images.

Moreover, it was understandable that social media presence is an opportunity for Nestlé's coffee brands. Generally, brands face a lack of digital visibility since consumers mainly do not acknowledge relevance and engagement in the displayed content. However, most of them still are exposed to it. Nestlé's portfolio includes eight brands for AHC and OOHC, and most of them face issues along the CDJ that will be highlighted below in Table 8. This analysis is based on the manager interview, social listening, in-depth interviews, and quantitative survey.

Table 8 –CDJ and digital strategy issues for Nestle's Coffee Brands for AHC and OOHC

<table>
<tr><th colspan="2">CDJ and digital strategy issues - AHC</th></tr>
<tr><td>Sical</td><td>Sical faces one issue that is transversal to the entire ground coffee segment - a time-consuming method that requires different and sophisticated machines. Part of Portuguese coffee consumers do not know how to use them and aligned with the standardization of capsules, Sical is a less consumed brand for AHC. Besides being a trustful brand in the Portuguese market, it faces issues during the 'Evaluation' stage because consumers do not comprehend the advantage of this type of coffee and the brand itself, such as:
• Lack of digital visibility:
o One of the least followed Nestlé coffee brands (Appendix A.7).
o A low number of likes and comments on IG (engagement) especially in more recent posts.
o On IG, when compared with FB, there is less interaction between the brand and its customers.
• According to the group insights, coffee consumers do not search for information on the brand's website.</td></tr>
<tr><td>Buondi</td><td>The capsules compatible with the Nespresso machine from Buondi are not present in the consideration sets of the respondents because customers are not aware of its existence. For the ground & beans coffee, Buondi faces the same category issue mentioned above in Sical. Besides, the brand is still highly connected with OOHC market due to its association with beach and surf lifestyle. Thus, a few issues in both 'Evaluation' and 'Consideration' stages need to be considered:
- Lower brand awareness and brand recall.
- Social media posts are mainly related to surf, music festivals and OOH consumption.</td></tr>
<tr><td>Nescafé</td><td>Nescafé, despite being highly consumed, it faces brand image issues. The brand is majorly associated with elderly generations and perceived as not 100% coffee product (Appendix B.24). The brand faces issues during both the 'Consideration' and 'Evaluation' stages of coffee brands. Consumers are not aware of Nescafé's participation in one of the most significant sustainability programs in the coffee market. Regarding its digital presence, Nescafé faces a lack of digital visibility on Instagram, where it has a significantly lower number of followers when compared with Facebook.</td></tr>
</table>

Dolce Gusto	It is a brand highly recalled and recognised by the clients but faces few issues: • Consumers are not aware of the offered content alongside the different digital platforms (website with challenges, Spotify with playlists for different moments of the day and even physically, with the codes on the boxes) and, therefore, do not take advantage of them. • Website is not appellative and user-friendly. • A small number of e-commerce sales.
Starbucks At Home	Starbucks At Home is not present in the consideration sets of the respondents. Even though they associate it as a contemporary, modern and younger brand (Appendix B.24), still are not aware of its existence for AHC. Thus, a few issues in both 'Evaluation' and 'Consideration' stages need to be tackled: • Lower brand awareness and brand recall . • Lack of digital visibility: o A lower number of followers on social media (least followed Nestlé's coffee brand). o A lower number of likes and engagement on posts. o A lower number of posts.
CDJ and digital strategy issues - OOHC	
Sical & Buondi	Sical and Buondi are two well-recognised brands in the Portuguese market with a positive image among consumers (Appendix B.24). However, when consuming coffee out-of-home, Portuguese consumers still consider Delta as their number one choice.
Christina & Tofa	Christina & Tofa are not easily recalled and recognized. The quality of the coffee from Christina is questionable for various respondents. As for Tofa, it is associated with older generations and lower quality - "*Makes me remember something old - a child with a grandparent in the rural area*" M [18-25[. Both brands do not have any digital presence on social media.

Source: Authors based on primary research.

All brands, regardless of the type of coffee sold, face several issues on their customers' decision-making process that can be counted using different brand and marketing techniques. Although AHC brands have a better online presence than OOHC coffee brands, it is necessary to invest in their improvement to attract prospective customers.

In the next section will be highlighted the limitations faced during the overall research.

4. Research limitations

During the development of this Work Project, two limitations arose impacting the overall research. Despite the significant number of respondents in both samples, n = 67 in the in-depth interviews and n= 1463 in the quantitative questionnaire, the samples were not representative of the population. As both questionnaires were shared on the group members social media networks, the samples were mostly composed of women and younger people from 18 to 35 years old. 66% of the in-depth interviewees were female, and 54% belong to the 18-25 age range. Similarly, 67.3% of the quantitative questionnaire were female respondents. It increased the possibility of biased and distorted information. To counter this limitation, the group used the other methodology streams to confirm the insights gathered from the in-depth interviews and the quantitative questionnaire. Moreover, as the sample age range was mostly below 35, it allowed gathering deeper and relevant insights regarding the digital usage and content consumption of coffee consumers.

Lastly, COVID-19 appeared during the development of this Work Project prevented the group from conducting face-to-face interviews. Consequently, the group changed its methodology ad-hoc to accommodate to the new safety rules implemented. Besides, the pandemic outbreak changed consumer habits and behaviours as well as the economic situation, which influenced the consumers' responses in both questionnaires. However, throughout this study, all potential bias and limitations were taking into consideration for further recommendations.

5. Strategic recommendations

While conducting the previous research, issues on Nestlé's coffee brands digital strategies were detected, and recommendations aim to tackle those to ensure that the different brands are more present in the daily routine of the Portuguese population. The examination of reports B and C as well as the supporting appendices are essential for a complete understanding of the Work Project. Report A focuses on recommending a restructuration of Nestlé's capsule brands digital strategy while Report B focuses on ground, instant and bean coffee brands. Lastly, Report C focus on improving Nestlé's out-of-home presence by entering in the speciality *café* business sector with a new concept, a coffee lab. By combining these three sets of recommendations, the main issues detected along the Work Project are addressed and allow Nestlé's coffee brands to develop a more accurate digital strategy and reach their current and potential consumers. The investment budget associated with the recommendations of all three reports is in Appendix C.1 Moreover, the projects' implementation timeline is in Appendix C.2.

5.A. Recommendations to Nestlé's capsule coffee brands for at-home consumption

As mentioned above, AHC has been increasing alongside with the standardisation of capsules consumption. According to the quantitative survey, 48% of the respondents prefer this type of consumption, and from those, 84% consume capsules (53.7% exclusively) (Appendix C.3).

Nestlé's capsules coffee brands portfolio that operates in the at-home market includes Buondi, Nescafé Dolce Gusto, Nespresso and Starbucks At Home. According to table 8, most of these brands face a set of issues along the CDJ, both digital and non-digital. Upon analysing the information gathered from all six streams of primary research, it became clear which are the digital touchpoints between coffee brands and Portuguese coffee consumers as well as the opportunities to overcome the untapped potential along the decision-making process. Hence, this report aims at developing recommendations to complement the digital strategies for Buondi, Nescafé Dolce Gusto, and Starbucks At Home since they are the brands that face more issues mainly related to lack of digital visibility. However, not all recommendations are exclusively digital since particular issues need to be solved before engaging in Digital.

This report does not focus on Nespresso since they have a robust digital presence that allows them to retain their customers. From the costumers' perspective, besides the quality of the coffee and personalised service in-store, it is seen as a premium & elegant brand (Appendix B.24). Customers recognise that Nespresso stands out in the market due to the prestige brand image and communication. Besides, Nespresso delivers to its customers the content they are looking for - sustainability, origins of the coffee and quality - *"Nespresso is all about marketing, origins, variety, taste and sustainability"* F, [25,35[.

Tables 9 to 12, below, focus on transforming the opportunities presented into recommendations to grasp the untapped potential in the purchase decision steps while purchasing coffee.

For the 'Consideration' stage, it is verifiable that digital channels increase the initial set of consideration since it allows consumers to be more informed about the market. However, the reach on social media from coffee brands is not strong enough, and consumers do not consider the type of content shared relevant - *"Coffee brands usually do not have interesting content, it is only about their products making me losing interest"* F, [18-25[. Besides, as mentioned before, Starbucks At Home and Buondi are not present in the consideration set of the respondents. It is the result of a lower brand awareness and brand recall. To become part of this set, these brands should focus its strategy on acquiring brand awareness to be part of the remaining stages further. Table 9, below, presents different recommendations to overcome these issues by recommending sponsored and display content among different platforms.

Table 9 Recommendations on the 'Consideration' stage for Nestlé's capsules coffee brands by McKinsey

	1. Sponsored and display content
All Brands	**Objective:** Invest in sponsored and display content among Instagram and Facebook - two of the most used platforms among respondents (check Appendix B.22).
	Sponsored content acts naturally among consumers. It makes the brand feel credible and trustworthy since it places itself alongside other content that the viewer already enjoys (Santeralli 2019). In this way, consumers will feel engaged with the brand and will probably search more about it by visiting the social media pages and the website of the brand. **Details:** Invest in video and image ads that appear on the feeds when people are scrawling to create awareness and reach a higher audience. These posts should be catchy and dynamic. As for the content, according to the primary research (Appendix C.4), consumers want to see content related to: • New products - "*I would like to see the new products and to be up-to-date with the news"* F, [45-55[. • The production process, the supply chain of coffee and origins to offer the consumer a transparent process - "*I would like to see the production of coffee and its origins - production steps since the minute of extraction until its arrival at the supermarket shelves"* F [18-25[. • Sustainability. Consumers are getting more concerned about consumption habits. Capsules, when compared with ground coffee, are not as environmentally friendly and brands need to present solutions for that. • Examples of Instagram and Facebook posts can be found in Appendix C.5.
Buondi, Starbucks At Home	**Objective:** Invest in Youtube TrueView's advertising to increase brand awareness.

	Youtube TrueView's ads help companies creating brand awareness since it is an ad built on the promise that brands will only pay when someone chooses to watch the video ad. This type of advertisement gives the customer a choice (Quick 2020*).*
	Details:
	• The content should:
	  o Focuses on product demos and presenting the launches of new products.
	  o Emphasizing ways of increasing the overall coffee experience for at-home consumption.
	  o Present testimonials from clients sharing experiences with the new products.
	• Buondi should focus on trying to trespass the surf environment for AHC.

<table>
<tr><td></td><td>

- Starbucks At Home should focus on the idea of recreating all the Starbucks Experience in the comfort of consumers home. (Check Appendix C.6 for an example of a YouTube ad).

</td></tr>
<tr><td></td><td>

Objective:
Invest in overlay advertisement on Spotify ads for getting consumers to know about new products.

</td></tr>
<tr><td></td><td>

Spotify is a platform that helps companies to create brand awareness and to reach their audience when visual media cannot (Spotify 2020).

Details:

- Buondi and Starbucks At Home should invest in overlay advertisement on Spotify by creating creative formats and content that will:
  - Present the new products to the consumers.
  - Emphasize the overall coffee experience for at-home consumption.
  - Transmit the idea of a coffee break while listening to music during the day-to-day.
- The ad should be targeted to all age and gender users on Spotify to reach a higher number of potential consumers (Check Appendix C.7 for an example of a Spotify ad).

</td></tr>
</table>

Note: These recommendations also apply for ground and instant coffee brands (Report B).
Source: Author based on primary research.

In the 'Evaluation' stage, communication between brands and their customers is essential since it provides companies with the opportunity to become closer to them. Consumers value a high-quality experience with the brand and are looking for something different and disruptive. Digital is essential in this stage to guarantee that customers, through multiple digital platforms, feel engaged and interact directly with the brand. Besides, they want to see content that relates to their day-to-day experiences. However, the interaction between coffee brands and their customers tend to be low. Table 10 below presents different suggestions on how to interact successfully with customers.

Table 10: Recommendations on the 'Evaluation' stage for Nestlé's capsules coffee brands by McKinsey

<table>
<tr><th colspan="2">2. Engage with Customers on Social Media</th></tr>
<tr><td rowspan="2">All Brands</td><td>

Objective:
Engage with customers on Facebook and Instagram.

</td></tr>
<tr><td>

Details:

1. **Create interactive and engaging posts – coffee brands should:**
   a. Answer to a certain amount of comments during the day.
   b. Share mentions on Instagram stories.
   c. Tell curious and funny facts about the brand and the coffee itself.
2. **Quizzes and Q&As asking for customers opinions – coffee brands should:**
   a. Make quizzes on Instagram stories asking questions related to the brand and the different capsules and machines, for example:
      i. What was the first product that xxx launched?
      ii. What was the first machine name?
      iii. How many types of coffee does xxx offer?
   b. Publish photos regarding new launches of products or machines asking for the opinion on the new product and suggestions to improve it. Refer to Appendix C.8 for visual examples.

</td></tr>
</table>

<table>
<tr><td></td><td>c. Create coffee challenges: e.g.,” Personalise your coffee mug, share a picture tagging the brand and with the #xx. The photo with more likes will win a new machine”. For more examples, check Appendix C.9.
d. Giveaways.
3. Create posts showing ideas on how to reuse/reutilise coffee capsules
a. Decoration ideas - check Appendix C.10 for diverse examples.
b. Activities to do with kids - check Appendix C.11 for diverse examples.
c. Gardening: using the used coffee for composting; as fertiliser and as mulch for the plants - check Appendix C.12 for diverse examples.
4. Share recipes with coffee capsules. Check Appendix C.13 for diverse examples.
5. Instagram Takeover - one day per week a different digital influencer/famous person will be sharing its day-to-day on Instagram stories of a coffee capsule brand having the coffee as the centre point. Each week should have a different theme, for example, football, food or fashion. Associating the brands with digital influencers/famous people is important for the brands since they have higher reach in their posts due to the higher number of followers. Besides, influencers are expected to tell the truth and be authentic since they have built their career based on that authenticity. Check Appendix C.14 for an example.
6. Recreation of experiences - people are willing to recreate trends at home. Thus, brands should develop content where they challenge and teach people the correct way of recreating those experiences. E.g., dalgona challenge.

Note: Brands must be careful regarding post frequency because when it is too frequent, consumers tend to get tired of being always exposed to brand content.</td></tr>
</table>

Note: Part of these recommendations also apply for ground and instant coffee brands (Report B).
Source: Author based on primary research.

On the “Buying” stage, it was understandable that Starbucks At Home and Buondi have a lower number of consumers. These brands should reinforce their market presence by highlighting their value and identity. Besides, they are highly recognized and appreciated for OOHC. Thus there is an opportunity of providing a similar experience that consumers have OOH inside their homes. As for Nescafé Dolce Gusto, even though it is a brand highly consumed, most of the coffee purchases still happen offline, and the brand faces a lack of digital visibility. The issue concerns the design of the website that is not user friendly. Table 11 below presents significant actions to increase sales on different brands.

Table 11: Recommendations on the ‘Buy’ stage for Nestlé’s capsules coffee brands by McKinsey

<table>
<tr><th colspan="2">3. Bundles</th></tr>
<tr><td rowspan="2">Starbucks At Home</td><td>Objective:
Creation of bundles.</td></tr>
<tr><td>Details:
Nestlé should:
1. Create different boxes with a mix of different types of coffee.
Each box would have ten capsules from Nescafé Dolce Gusto (the most sold ones) and six capsules from Starbucks At Home.
2. Add to the box of different types of coffee from Nescafé Dolce Gusto a small box with four capsules of Starbuck at home (Check for an example on Appendix C.15).</td></tr>
</table>

	These bundles will allow the consumers to try different products of the brand, and if the experience is good, they might evaluate them in the next purchase. It makes sense to do these campaigns in the supermarkets, once 73% of the respondents buy their coffee capsules through this channel. Besides, the primary source of information of the respondents for AHC is still the points of sale (Refer to Appendix B.21). However, the promotion of the bundles will be made through social media, namely, Instagram and Facebook.
4. Redesign website	
Nescafé Dolce Gusto	**Objective:** Redesign Nescafé Dolce Gusto website to a more user-friendly layout.
	Details: To do/improve: - Colour scheme – more sober colours without losing the brand image. - Keep it simple. - Provide intuitive navigation – some content is not consistent through the site (sometimes when you click in some products does not appear anything). - Make the website responsive to the different devices that people use to access it. - Content: the site has a lot of potential and good initiatives to engage with its customers; however, the content is not organized. Besides, communication is falling. Customers do not acknowledge the different efforts and promotions available on the site.
5. Increase the benefits of e-commerce	
Nescafé Dolce Gusto	**Objective:** Increase the benefits of online shopping to their customers.
	Details: From the primary research, it was understandable that Portuguese consumers indeed value promotions and discounts. In this way, there is an opportunity of increasing sales in its online store, if consumers have any benefit from using the web store (after improving the website design this experience will be more enjoyable). Examples of benefits: - 10% off for an online purchase above 20€. - When buying xx boxes of capsules and for more xx€ receive merchandising of the brand (e.g., mugs, capsules dispenser, etc.).
6. Personalised Capsules	
Nescafé Dolce Gusto	**Objective:** Launch a campaign with personalised capsules.
	Details: From social listening (Appendix B.11), it was understandable that coffee lovers tend to have in their homes a small corner dedicated only to coffee. The idea of this campaign is to provide people with an opportunity of creating a coffee board with phrases or meaningful worlds using the different capsules from Nescafé Dolce Gusto. Thus, each capsule will have a different letter. Check for an example on Appendix C.16. For the wood memorial, they will be available in different sizes: - For 10 boxes of Nescafé Dolce Gusto capsules, the client receives a small board. - For 15 boxes of Nescafé Dolce Gusto capsules, the client receives a medium board. - For 20 boxes of Nescafé Dolce Gusto capsules, the client receives a big board.

Source: Author based on primary research.

In the last stage of the McKinsey model, brands should ensure that consumers enter in the ‘Loyalty Loop’ by a continuous engagement so that further purchases from these consumers do not involve considering or evaluating other products or even starting a different journey. Moreover, customer experience does not stop after purchase. Digital tools facilitate this post-experience. Since Nescafé Dolce Gusto already has an established consumers base, it should reinforce its loyalty program and use social media to give it visibility. Table 12, below, provides detailed information on this topic.

Table 12: Recommendation on the 'Loyalty Loop' for Nestlé's capsules coffee brands by McKinsey

<table>
<tr><th colspan="2">7. Loyalty app – Nescafé Dolce Gusto</th></tr>
<tr><td rowspan="3">Nescafé Dolce Gusto</td><td>Rationale:
Nescafé Dolce Gusto already has an app available for clients. However, most of them are unaware of this loyalty program and therefore, do not take advantage of it.
The programme consists of scanning or introducing the code available on the different boxes to win points. Furthermore, it is possible to exchange them for different prizes related to technology or lifestyle.</td></tr>
<tr><td>Objective:
Make the loyalty program visible to customers.</td></tr>
<tr><td>Details:
<u>Communication</u>
- Invest in Youtube TrueView's advertising to present the program to consumers.
- Invest in sponsored and display content among Instagram and Facebook.
- Invest in POS communication and also on the package itself, to ensure that consumers are aware of the programme on offline channels as well.
- Associating the brands with digital influencers/famous people for them to share in their feeds the loyalty program to its followers and actual/potential consumers.
- Focuses on practicability and advantages that the app offers.
<u>Add features</u>
The app should provide more dynamic content to its consumers, such as:
- Coffee challenges.
- Ideas for reusing the used capsules.
- Coffee receipts.
- Exclusive content (e.g. showing the coffee production).
- Personalize each person's account using data from previous purchases.</td></tr>
</table>

Source: Author based on primary research.

This set of seven recommendations will allow Nestlé's coffee capsules brands to be more present in the daily routine of the Portuguese population. With the previously mentioned communication strategies, brand awareness of Starbucks At Home and Buondi is expected to increase and become more considered among consumers while purchasing coffee. As for Nescafé Dolce Gusto, the different recommendations are expected to reinforce the relationship between the brand and its clients and, therefore, increase sales and its loyal customers' base.

Report B and Report C, as stated above, will further present recommendations for tackling the issues for the reaming Nestlé Coffee Brands.

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THE RELEVANCE OF DIGITAL CHANNELS IN THE PORTUGUESE COFFEE CATEGORY: A CONSUMER BEHAVIOUR ANALYSIS FOR NESTLÉ PORTUGAL

Report A – Recommendations to Nestlé's capsule coffee brands for At-Home Consumption

Appendices

CONFIDENTIAL

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22nd May 2020

Table of Contents

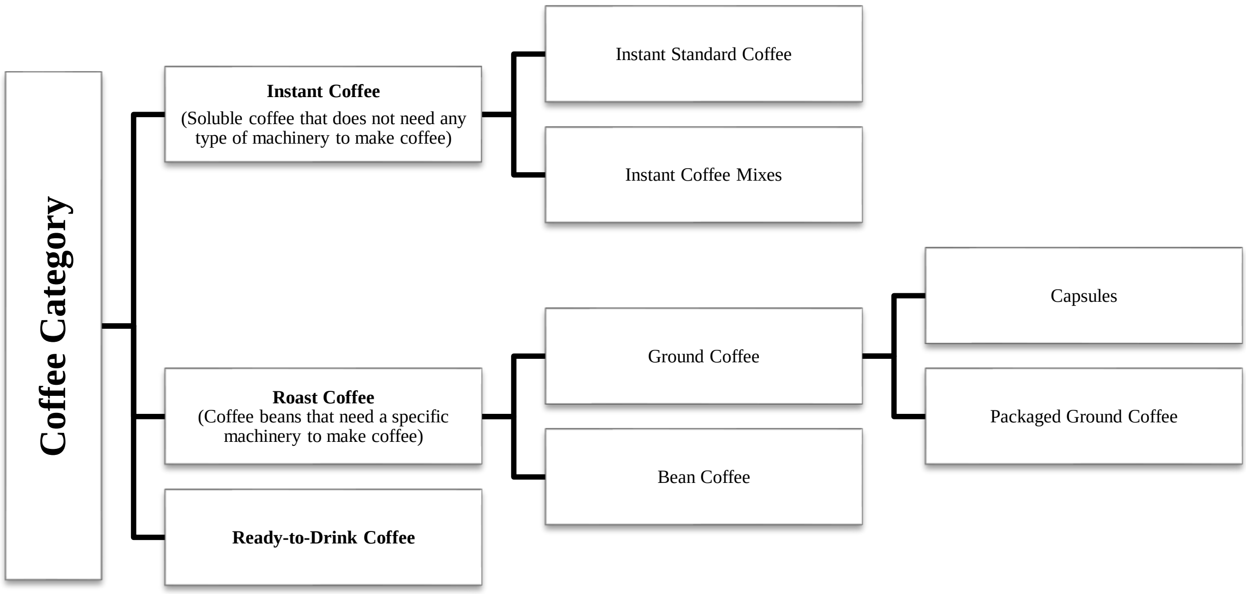
Section A: General appendices

Appendix A.1: Abbreviations used

Abbreviation	Meaning
CDJ	Consumer Decision Journey
OOHC	Out-of-home consumption
OOH	Out-of-home
AHC	At-home consumption
AH	At-home
IG	Instagram
FB	Facebook
DG	Dolce Gusto
WOM	Word of mouth

Source: Authors.

Appendix A.2: Types of coffee



Source: Authors based on Statista and Passport.

Appendix A.3: Nestlé portfolio brands in Portugal

	Type of coffee & market	Details	Brand share (retail volume AHC)
Nespresso	Capsules (AHC & OOHC)	Nespresso is a swiss coffee brand and was the first coffee capsules brand in Portugal. Nespresso is well recognized by its high-quality service delivered to its customers, not only in its boutiques but also online, by the high standard coffee quality, coffee machines and accessories and by its active presence on social media. The brand allows everyone to have the same experience of coffee at home and out of home (Brito, 2018).	6,4%
Starbucks At Home	Beans & Capsules (AHC)	Starbucks At Home was considered the most notorious business in the coffee category market when Nestlé acquired the exclusive rights for the global sales of Starbucks' products. The brand is available in both hyper, supermarkets and Starbucks coffee shops. The new product line includes bean coffee, to meet the trend of new coffee shop experiences, and capsules that are compatible with both Dolce Gusto and Nespresso machines. The main objective behind this agreement is an attempt from Nestlé to prevent the growth of its competitors in the capsules market and a way to consolidate *Nestlé's* position in the AHC market (Dinheiro Vivo, 2018)(Nestlé, 2019).	N/A
Sical	Ground, Bean & Capsules (AHC & OOHC)	Sical is a Portuguese coffee brand from Porto. It was recognised with "Quality Certification" under ISO 9002 standard due to its high coffee quality standards. The logo, "Baiana Woman", and its slogan, "*O café está na Origem*", reinforce the importance of the coffee origins. It is a brand that aims at developing a relationship between interaction and cooperation with consumers.	5,4%
Buondi	Ground & Capsules (AHC & OOHC)	Buondi is a Portuguese Brand (originally from Oporto) recognised by its slogan "*Intensamente"*. The brand is associated with a young and urban lifestyle.	1,6%
Nescafé	Soluble & RTD (AHC, OOHC & RTD)	Nescafé is the 38th most valuable brand in the world (Interbrand 2019). Nescafé's OOHC segment is exclusive and premium, being present only at Nova SBE's Campus and premium restaurants in Lisbon and Porto (Nestlé Portugal 2018). Nescafé has the most sold RTD coffee drink in Portugal (Shakíssimo) with 35,2% of the brand share (Marketeer 2018).	6,2%
DG	Capsules (AHC)	Dolce Gusto aims at leading consumers to a new way of preparing not only coffee at home but also other hot drinks. This brand is sold at every point of sale, meeting an increased number of consumers.	7,2%
TOFA	Ground (OOHC)	TOFA is an Angolan coffee brand characterized by tradition, experience, innovation & dynamism. It has a prestigious position in the Portuguese market due to constant innovation, high-quality coffee and service. Encourages to discover the Portuguese culture.	N/A
Christina	Ground (OOHC)	Christina is an ancient company founded in 1813 in Oporto. "Casa Christina" is considered a "small museum" of coffee history in Portugal.	N/A

Source: Nestlé Portugal website, brands websites, Passaport (2019)

Appendix A.4: Coffee brand shares and RTD in Portugal (2015-2019) – Retail value

Geography	Category	Brand Name	Company Name (GBO)	Data Type	2015	2016	2017	2018	2019
Portugal	Coffee	Nespresso (Nestlé SA)	Nestlé SA	Retail Value RSP	14,9	15,2	14,9	15,1	15,7
Portugal	Coffee	Delta Q (Group Nabeiro)	Group Nabeiro	Retail Value RSP	13,7	14,6	14,8	15,2	15,5
Portugal	Coffee	Nescafé Dolce Gusto (Nestlé SA)	Nestlé SA	Retail Value RSP	11,9	12,1	11,8	12,0	12,2
Portugal	Coffee	Nescafé (Nestlé SA)	Nestlé SA	Retail Value RSP	8,6	8,5	7,9	7,6	7,2
Portugal	Coffee	Delta (Group Nabeiro)	Group Nabeiro	Retail Value RSP	5,8	5,7	5,5	5,2	5,1
Portugal	Coffee	Nicola (Massimo Zanetti Beverage Group SpA)	Massimo Zanetti Beverage Group SpA	Retail Value RSP	5,0	5,2	4,9	4,6	4,3
Portugal	Coffee	Kaffa (Galvão & Noronha Lda)	Galvão & Noronha Lda	Retail Value RSP	2,0	2,2	2,4	2,5	2,2
Portugal	Coffee	Sical (Nestlé SA)	Nestlé SA	Retail Value RSP	2,4	2,3	2,1	2,1	2,0
Portugal	Coffee	Buondi (Nestlé SA)	Nestlé SA	Retail Value RSP	1,1	1,0	0,9	0,8	0,7
Portugal	Coffee	Segafredo (Massimo Zanetti Beverage Group SpA)	Massimo Zanetti Beverage Group SpA	Retail Value RSP	1,0	0,8	0,7	0,6	0,5
Portugal	Coffee	L'Or Espresso (Jacobs Douwe Egberts)	Jacobs Douwe Egberts	Retail Value RSP	-	-	0,3	0,4	0,5
Portugal	Coffee	Private label	Private Label	Retail Value RSP	19,6	19,2	18,0	17,0	16,6
Portugal	Coffee	Total	Total	Retail Value RSP	100,0	100,0	100,0	100,0	100,0
Portugal	RTD Coffee	Starbucks (Starbucks Corp)	Starbucks Corp	Retail Value RSP	48,0	40,5	55,8	53,5	48,7
Portugal	RTD Coffee	Nescafé Shakissimo (Nestlé SA)	Nestlé SA	Retail Value RSP	52,0	35,2	39,6	39,1	36,4
Portugal	RTD Coffee	Total	Total	Retail Value RSP	100,0	100,0	100,0	100,0	100,0

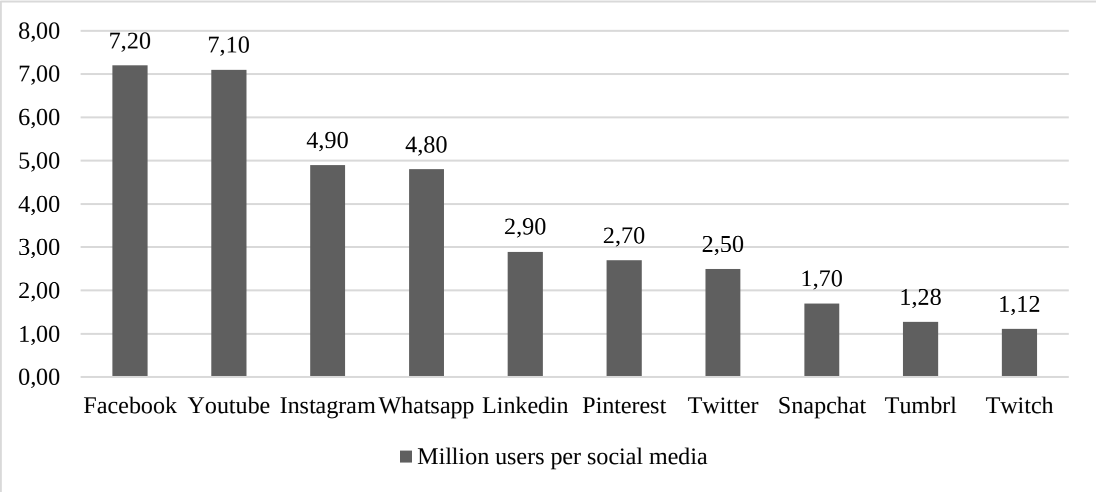
Source: Passport (February 2020)

Appendix A.5: Coffee brand shares and RTD in Portugal (2015-2019) – Retail volume

Geography	Category	Brand Name	Company Name (GBO)	Data Type	2015	2016	2017	2018	2019
Portugal	Coffee	Delta (Group Nabeiro)	Group Nabeiro	Retail Volume	9,4	9,5	9,3	9,1	8,8
Portugal	Coffee	Delta Q (Group Nabeiro)	Group Nabeiro	Retail Volume	6,1	6,7	7,2	7,8	8,4
Portugal	Coffee	Nescafé Dolce Gusto (Nestlé SA)	Nestlé SA	Retail Volume	5,2	5,8	6,2	6,7	7,2
Portugal	Coffee	Nespresso (Nestlé SA)	Nestlé SA	Retail Volume	5,2	5,5	5,6	6,0	6,4
Portugal	Coffee	Nescafé (Nestlé SA)	Nestlé SA	Retail Volume	6,8	6,8	6,6	6,5	6,2
Portugal	Coffee	Nicola (Massimo Zanetti Beverage Group SpA)	Massimo Zanetti Beverage Group SpA	Retail Volume	5,2	5,4	5,6	5,5	5,4
Portugal	Coffee	Sical (Nestlé SA)	Nestlé SA	Retail Volume	6,1	6,0	5,8	5,7	5,4
Portugal	Coffee	Buondi (Nestlé SA)	Nestlé SA	Retail Volume	2,0	1,9	1,8	1,7	1,6
Portugal	Coffee	Segafredo (Massimo Zanetti Beverage Group SpA)	Massimo Zanetti Beverage Group SpA	Retail Volume	1,9	1,7	1,5	1,4	1,3
Portugal	Coffee	Kaffa (Galvão & Noronha Lda)	Galvão & Noronha Lda	Retail Volume	0,8	1,1	1,3	1,4	1,3
Portugal	Coffee	Private label	Private Label	Retail Volume	25,4	26,6	26,9	26,2	25,7
Portugal	Coffee	Total	Total	Retail Volume	100,0	100,0	100,0	100,0	100,0
Portugal	RTD Coffee	Starbucks (Starbucks Corp)	Starbucks Corp	Retail Volume	45,0	39,8	54,1	52,6	48,2
Portugal	RTD Coffee	Nescafé Shakissimo (Nestlé SA)	Nestlé SA	Retail Volume	55,0	39,1	38,0	37,7	35,2
Portugal	RTD Coffee	Go Chill (Group Nabeiro)	Group Nabeiro	Retail Volume	-	-	-	-	12,1
Portugal	RTD Coffee	Total	Total	Retail Volume	100,0	100,0	100,0	100,0	100,0

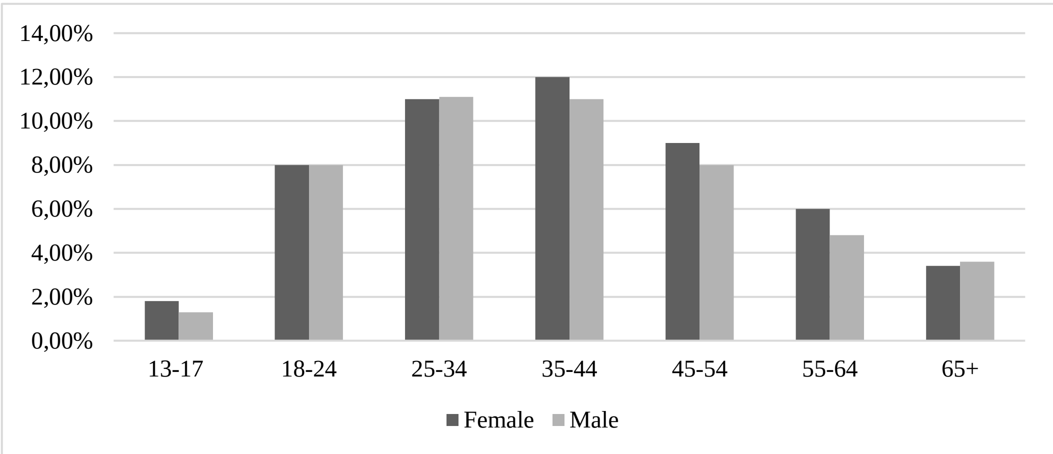
Source: Passport (February 2020).

Appendix A.6: Social media platforms used by Portuguese consumers in January 2019



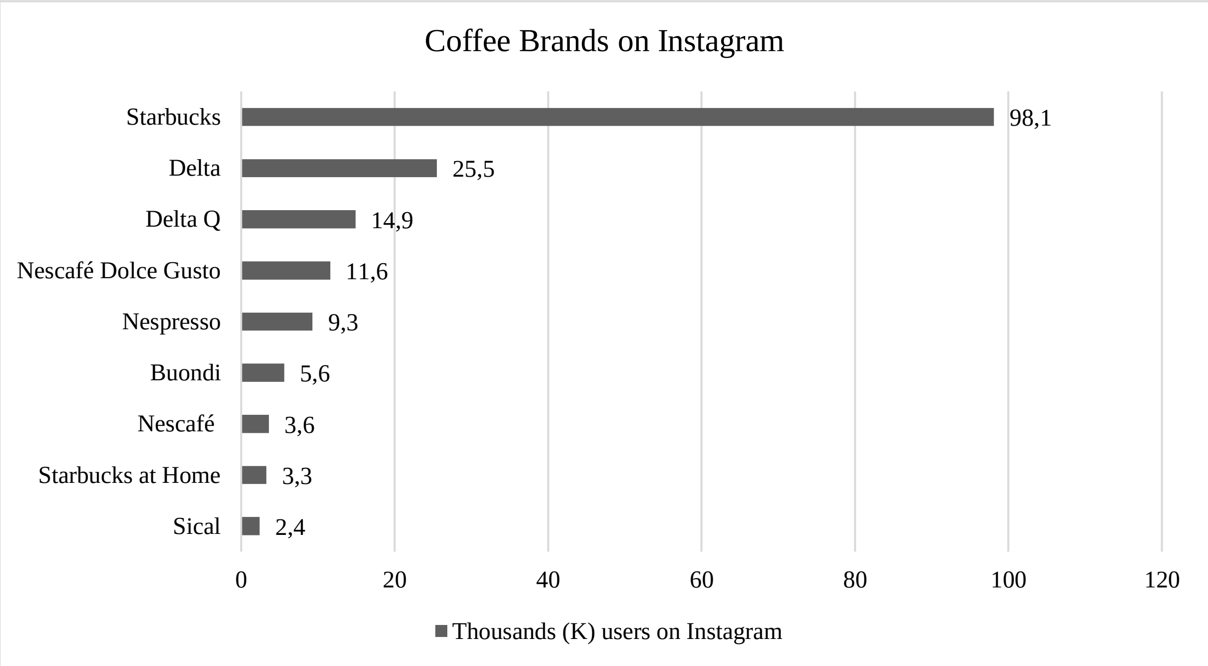
Source: Hootsuite (January 2019).

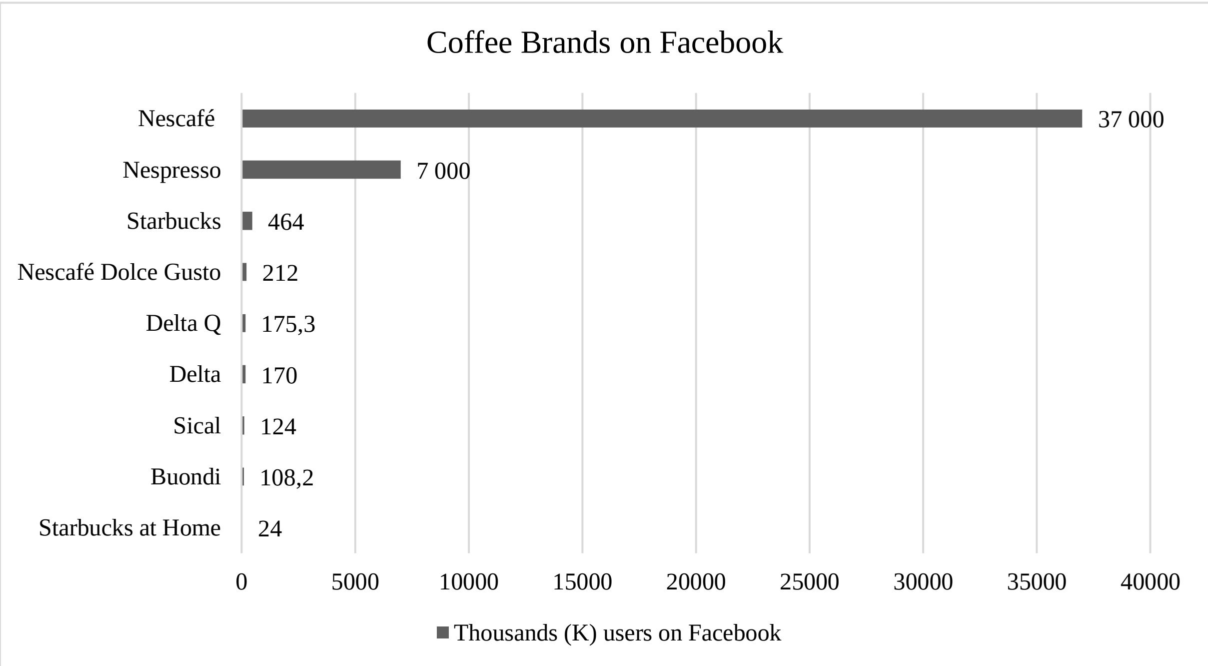
Appendix A.7: Social media audience profile in January 2019 (Portugal)



Source: Hootsuite (January 2019).

Appendix A.8: Coffee brands social usage in Portugal





Source: Data collected from the official Instagram, Facebook and Twitter Nestlé accounts on May 6th, 2020.

Section B: Methodology appendices

Appendix B.1: Interview guide: Nescafé brand manager

	Nescafé
1	Ask to record
2	Which is the target audience of Nescafé?
3	Which is the digital strategy? Is there any preferred social platform?
4	Do you think it is relevant to have an online store for Nescafé? Why have you decided to cooperate with e-retailers instead of creating your e-store?
5	We know that it is possible to buy Nescafé in e-retailers; do you know the performance of the brand in those channels?
6	What are the objectives regarding digital (e-commerce & social media) for Nescafé?
7	What content do you want to share on your social media account? What is the purpose?
8	On what do you base for the frequency of the posts?
9	What type of interactions/feedback do you usually receive on the posts (e.g., Direct messages, comments)?
10	Which type of engagement are you looking for?
11	Do you have any idea of the reach of the content?
12	Do you think that the entrance on social media brought value to the brand?
13	Can you comment on the traffic on the website?
14	Content of Nestlé Global vs Nestlé Portugal

Source: Authors.

Appendix B.2: Social Listening: Complete list of groups, forums, and blogs

Digital Channel	**Pages, Groups, Blogs**
Facebook	Official Brand Accounts SICAL " O café está na origem"; Buondi Espresso Caffe; Café Sical - O tal do gostinho especial; Baristas Portugal; Clube Nespresso; Nespresso Favorite Recipes; Nespresso Club PT; World of Coffee; “Coffee, Coffee, Coffee”; Nespresso Club; Connect over Coffee
Instagram	Official Brand Accounts #coffee; #shareamoment; #coffeelovers; #coffeeshop; #café; #cafe; #coffeelife; #coffeebreak; #coffeetime; #coffeeholic
Tiktok	#coffee; #shareamoment; #codalgonachallenge
Blogs and Projects	“Casa do Café” (https://www.casadocafe.pt/blog-casadocafe/); “Cafespaces” (https://cafespaces.wordpress.com), “Mundo do Café” (https://cafeautentico.pt/mundo-do-cafe/), “Roasty” (https://www.roastycoffee.com)
Influencers	Catarina Furtado; Barbara Corby; Inês Rochinha

Source: Data collected from Instagram, Facebook and Twitter on February 25th, 2020.

Appendix B.3: Pre-Recruiting questionnaire: Interview guide

The objective of the pre-recruitment is to make sure the group will later select the right consumers for the in-depth interviews. Hence, to make that selection, some filters must be taking into consideration. With this questionnaire, the group aims at:

- Filter from all sample, the coffee consumers that can bring significant insights to the practical study.

Introduction: As part of the Final Project for the Master's Thesis in Management, from Nova School of Business and Economics, we ask for your collaboration in this survey on Coffee Consumption and the use of Digital Platforms. This questionnaire aims at selecting consumers for a later interview. All data provided is confidential and only used for this study.

1: Have you been living in Portugal for the last five years?

- Yes
- No (stop here)

2: Do you drink coffee at least once per week?

- Yes
- No (stop here)

3: From the following coffee brands, which ones do you recognize? (Select all that apply, the images are merely representative of one of the brand's products)

 Nespresso	 TOFA	 Pingo Doce
 Nescafé	 Buondi	 Illy
 Torrié	 Chave D'Ouro	 Starbucks At Home
 Continente	 Christina	 LIDL
 Kaffa	 Delta Q	 Segafredo
 L'Or	 Delta	 Lavazza
 Nicola	 Nescafé Dolce Gusto	 Sical

4: When you consume coffee at-home, which brands did you purchase in the last 12 months?

I do not drink coffee at Home	STARBUCKS COFFEE AT HOME	SICAL
NESCAFÉ Dolce Gusto	Delta Q	NESPRESSO
Nicola cafés	Buondi café intensamente	Other:
NESCAFÉ	Delta cafés	

5: Sort the previously selected coffee brands in ascending order. (The first option is the brand that you buy the most and the last option the brand that you buy the least).

6: When you consume coffee out of home, which brands do you drink the most?

Buondi intensamente	SICAL	TOFA
Christina	Delta	Nicola
I do not know which brand	I do not drink coffee out of home	Other:

7: Which of the following devices do you own? (Select all that apply)

- Simple Mobile Phone (not a Smartphone)
- Smartphone
- Computer
- Tablet
- Digital watch
- None
- Other:

8: Do you have social media accounts? If yes, which ones (select all that apply)?

I do not have social media accounts (skip to question 7)	Twitter	People
Instagram	YouTube	VSCO
Facebook	Pinterest	WhatsApp
Facebook Messenger	Snapchat	Other:
LinkedIn	TikTok	

9: Have you made an online purchase in the last 12 months?

- Yes
- No (skip to question number 11)

10: In which categories did you purchase online in the last 12 months? (Select all that apply)

- Food & Beverages
- Electronics & Technology
- Fashion & Beauty
- Other:

11: To deepen the study on Coffee Consumption and the use of Digital Platforms, we would like to conduct in the future a 30-minute video or phone call interview to discuss the topic. This interview will be a huge help for the success of this project. Would you be interested in being contacted for a future interview?

- Yes
- No (stop here)

12: Please insert

- Name
- Contact (e-mail or mobile phone)

Thank you for your cooperation in this study. We will contact you soon!

Source: Authors.

Appendix B.4: In-depth interviews: Interview guide

Warm-up: "Good morning. My name is ______, and I am a Master's in Management student at Nova School of Business and Economics. As part of my Master Thesis, I am researching about coffee consumption and Digital usage in Portugal. For this research, I am using a particular technique: the non-directive method, which means that I will not ask you specific questions about the subject, as in a standard questionnaire. After the first question that I will introduce you in a moment, you are free to tell me whatever comes to your mind on the subject. There are no right or wrong answers, and, in the end, I must ask you some questions about your profile. If you do not mind, for later analysis, I will record the interview, which will last approximately 40 minutes. This will remain anonymous and confidential, and you will not be contacted further after this interview."

Initial Question:

"When you need to buy coffee to consume at home, how do you decide which coffee brand to buy and where do you usually buy it?"

Topics to be Developed:

- **Consumer Preferences**
    - At-home and/or Out-of-home consumption
    - Brand Preference
    - Consumption driver (e.g., why do you drink coffee)
- **Purchase Decision Stages**
    - Decision making drivers
    - Source of information
    - Product type
    - Brand purchased
    - Channel of purchase
    - Purchase volume and frequency
    - Buying driver
- **Brand's image and perception**
    - Brand Image
    - Brand Awareness and Attitude
    - Nestlé's coffee brands perception
    - Direct competitor association
- **Digital usage**
    - Social media platforms used
    - Social media platforms preference
    - Type of sponsored content in each platform
    - Type of profiles followed (e.g., Football, Cosmetics, Famous and Celebrities)
    - E-commerce usage (e.g., Retailers, Official Website)
    - Type of products bought online
    - Consumer expectations regarding coffee brands
- **The relation between Digital and Coffee Consumption**
    - The value of the Coffee Experience
    - Change of consumption' habits due to new trends

Projective Technique: "If [*brand*] was an [*social media*] post, what would it be?

(use this technique for the brands and social media mentioned during the interview)

Demographic data:

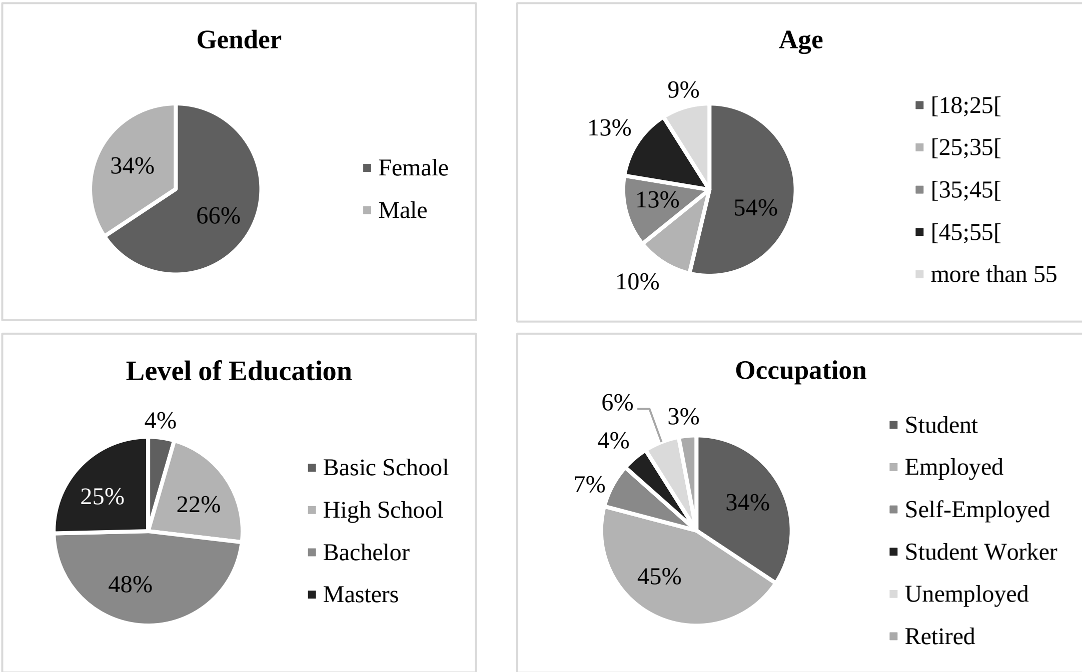
- Gender
- Age
    - [18-25[
    - [25-35[
    - [35-45[
    - [45-55[
    - +55

- Occupation
- Level of Education
    - Basic School
    - High School
    - Bachelor
    - Masters

Source: Authors.

Appendix B.5: Sample characterization: In-depth interviews

n= 67



Source: Authors based on primary Research (In-depth interviews).

Appendix B.6: Quantitative survey guide

Introduction: As part of the Final Project for the Master's Thesis in Management, from Nova School of Business and Economics, we ask for your collaboration in this survey on Coffee Consumption and the use of Digital Platforms. The data you provide is confidential and only used for this study.
Thank you for your collaboration in this study, and we kindly ask you to share this survey with as many people as possible.

1: Have you been living in Portugal for the last five years?

- Yes
- No (stop here)

2: Do you drink coffee at least once per week?

- Yes
- No (stop here)

In the next questions, please consider the use of Digital Platforms

3: Which Social Media do you use more frequently? (Select all that apply)

I do not have social media accounts (skip to question 7)	Twitter	People
Instagram	YouTube	VSCO
Facebook	Pinterest	WhatsApp
Facebook Messenger	Snapchat	Other:
LinkedIn	TikTok	

4: Sort the previously selected social media in ascending order. (The first option being the social media that you use the most and the last option the one that you use the least).

5: Do you follow any Coffee Brand on Social Media (e.g. Instagram, Facebook)? If yes, which ones?

No	Starbucks At Home	Buondi
Nespresso	Nescafé	Other:
Delta	Nescafé Dolce Gusto	
Delta Q	Sical	

6: Which content would you like to see on Coffee Brands' Social Media pages? (select all that apply)

- It is not relevant
- Giveaways
- Origins and production processes
- New Product Launches
- Fun and interactive content
- Other:

In the next questions, please consider only the consumption of coffee at-home

7: How often do you consume coffee at home?

- I do not drink coffee at home (skip to question 24)
- Occasionally
- Once a week
- Two to three times a week
- Daily

8: Which type of coffee do you consume at home? (select all that apply)

- Soluble Coffee
- Ground Coffee
- Capsules Coffee
- Bean Coffee

9: Sort the previously selected consumed types of coffee in ascending order. (The first option is the type of coffee that you consume the most and the last option the type of coffee that you buy the least).

(Respondent skip to the question that applies to the most consumed type of coffee)

10: Which coffee brand do you buy the most to consume soluble coffee at home? (images are merely representative)


Nescafé


Buondi


Continente


Pingo Doce


Lidl


Auchan

Other:

11: Which coffee brand do you buy the most to consume ground coffee at home? (images are merely representative)


Delta


Sunday


Pingo Doce


Sical


Fábrica Coffee Roasters


Auchan


Nicola


Continente

Other:


Buondi


Lidl

12: Which coffee brand do you buy the most to consume bean coffee at home? (images are merely representative)

 Delta	 Continente	 Fábrica Coffee Roasters
 Sical	 Pingo Doce	 Lavazza
 Nicola	 Lidl	 Sunday
 Starbucks At Home	 Torrié	 Portela Cafés
 Segafredo	 Auchan	Other:

13: Which coffee machine do you have at home? (images are merely representative)

 Nespresso	 Delta Q	
 Nescafé Dolce Gusto	 Pingo Doce	Other:

14: Which capsules do you buy for your coffee machine?

- Original brand capsules
- Compatible Brands capsules (e.g. Torrié, Nicola, L'Or)
- Private Label capsules (e.g. Continente, Pingo Doce, Lidl)

15: Which coffee brand do you buy the most to consume capsule coffee at home? (images are merely representative)

 Nespresso	 Pingo Doce	 Auchan
 Nescafé Dolce Gusto	 Continente	 Buondi
 Delta Q	 L'Or	 Lidl
 Starbucks At Home	 Torrié	 Illy
 Nicola	 Sunday	Other:
 Kaffa	 Portela Cafés	

In the next question, please consider only the type of coffee that you consume more frequently at home.

16: Usually, where do you purchase coffee to consume at home?

- Supermarket
- Traditional stores
- Online supermarket
- Brand online store
- Other:

17: Do you consider yourself loyal to the brand you consumer more frequently at home?

- Yes
- No

18: Do you usually recommend the coffee you consume at home? (select all that apply)

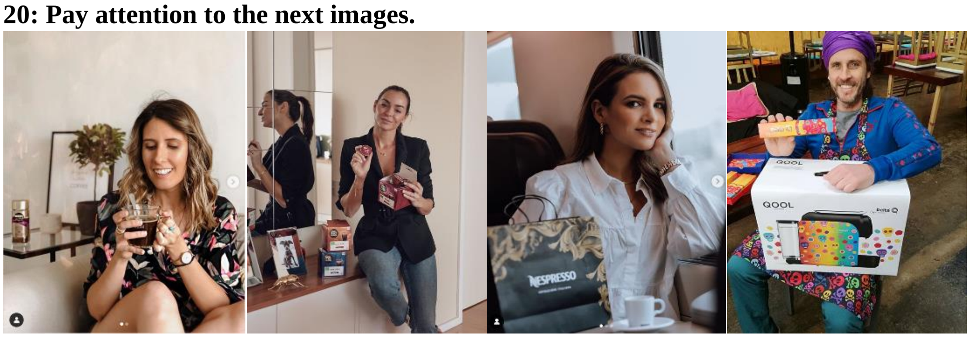
- Yes, with friends and family
- Yes, I share on social media
- I do not recommend coffee
- Other:

19: Pay attention to the next images.

On a scale from 1 to 5, which is the probability of:
(1 – No, 2- Probably No, 3 – Neutral, 4 – Probably Yes, 5 – Yes)

- Drink coffee when seeing these images
- Consider one of these products next time you go to the supermarket
- Use one of these posts as a purchase decision element
- Make you buy one of the products easily

20: Pay attention to the next images.



On a scale from 1 to 5, which is the probability of:
(1 – No, 2- Probably No, 3 – Neutral, 4 – Probably Yes, 5 – Yes)

- Drink coffee when you see these images
- Consider one of these products next time you go to the supermarket
- Use one of these posts as a purchase decision element
- Make you buy one of the products easily

21: Pay attention to the next images.

On a scale from 1 to 5, which is the probability of:
(1 – No, 2- Probably No, 3 – Neutral, 4 – Probably Yes, 5 – Yes)

- Drink coffee when you see these images
- Recreate one of these photos and share on social media
- Identify yourself with this content

22: Where do you usually see information regarding coffee market? (Select the top 3)

- I do not know
- Search on the Internet
- Social Media (e.g. Instagram, Facebook)
- Facebook and/or WhatsApp Groups
- Online Forums
- Friends and Family
- Coffee Experts (e.g. Baristas)
- Television
- Points of Sale (e.g. Supermarket, Nespresso Boutique)

23: When you drink coffee at home, do you ever shared a photo on social media of your coffee? (Select all that apply)?

- Yes, I tagged the brand
- Yes, but I did not tag the brand
- Yes, through private groups or message (e.g. WhatsApp)
- Never posted any photo of my coffee on Social Media

24: Do you prefer to consume coffee at-home or out-of-home?

- At-home
- Out-of-home

In next questions, please consider only the consume of coffee Out-of-home
25: How often do you consume coffee out of home?

- I do not drink coffee out of home (skip to question 33)
- Occasionally
- Once a week
- Two to three times a week
- Daily

26: Which is your favourite brand to consume coffee out-of-home?

I do not have a preferred brand	Buondi	Christina
Delta	Nicola	Sical
Sunday	Camelo	Portela Cafés
Starbucks	Segafredo	Torrié
Fábrica Coffee Roasters	TOFA	Other

For this point onwards, consider that a "Differentiating Coffee Experience" is equivalent to an experience similar to a Starbucks coffee or a specialized Cafeteria with a barista.

27: Would you be willing to pay more for a “Differentiating Coffee Experience?

- Yes

- No (skip to question 33)

28: Have you ever enjoyed one “Differentiating Coffee Experience”?

- Yes
- No (skip to question 30)

29: Where did you hear about this experience and the coffee shop? (select top 3)

- Specialized leisure blogs/forums (eg NiT, TimeOut)
- Lifestyle and Leisure Blogs
- Social Media Influencers
- Search on the Internet
- Coffee Shop advertisement on social media
- Friends and Family recommendations
- Occasionally on street
- Magazines

30: What do you value the most in “Differentiating Coffee Experience? (Select top 3)

- Physical Environment
- Wi-fi availability and workspace
- Space to socialize with friends and family
- Coffee Quality
- Few waiting time
- Other:

31: Pay attention to the following images:




On a scale from 1 to 5, which is the probability of:
(1 – No, 2- Probably No, 3 – Neutral, 4 – Probably Yes, 5 – Yes)

- Try one of these coffee shops and its coffee
- Consider one of these coffee shops on next occasion
- Share this type of posts with friends/family

32: Have you ever left feedback on apps like “The Fork” or “Zomato” regarding any coffee shop?

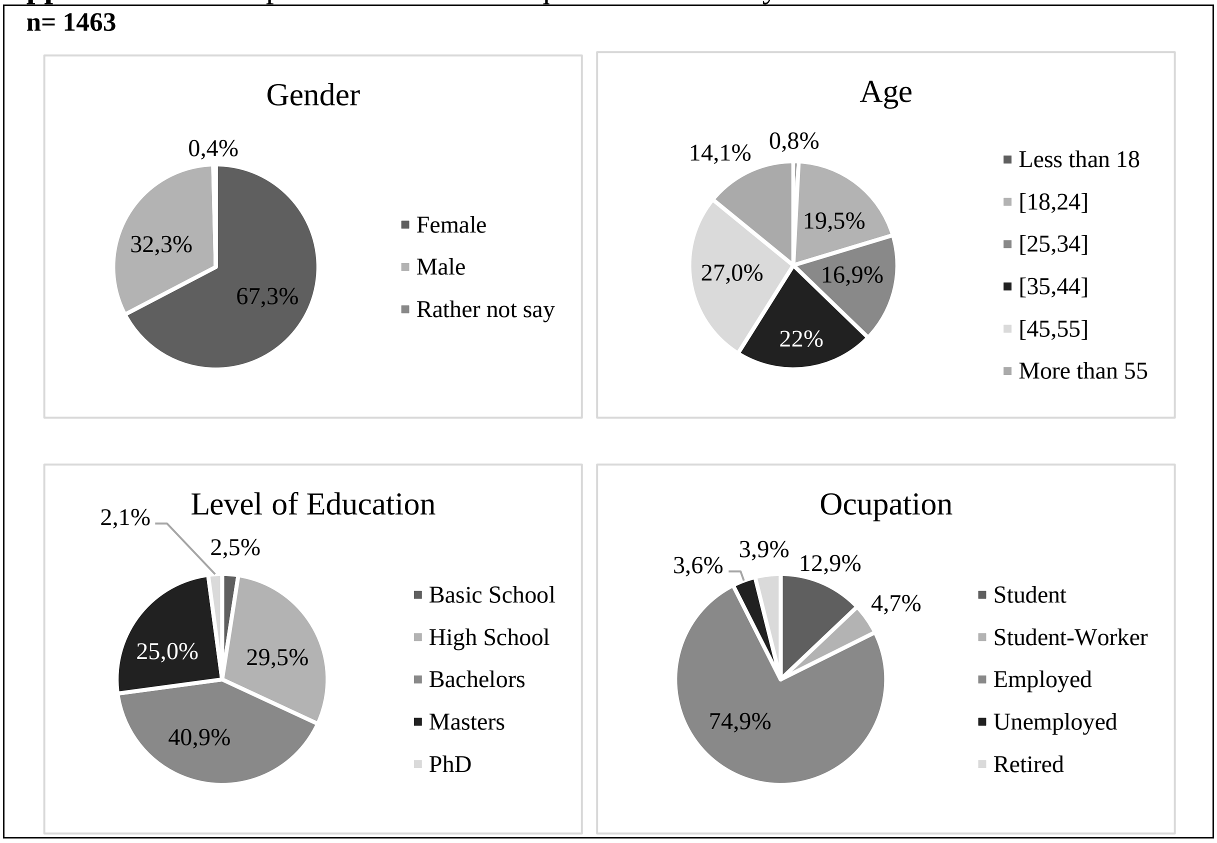
- Yes
- No
- I do not know those apps/websites

33: Demographics

- Age
- Gender
- Occupation
- Level of Education
- Personal Income

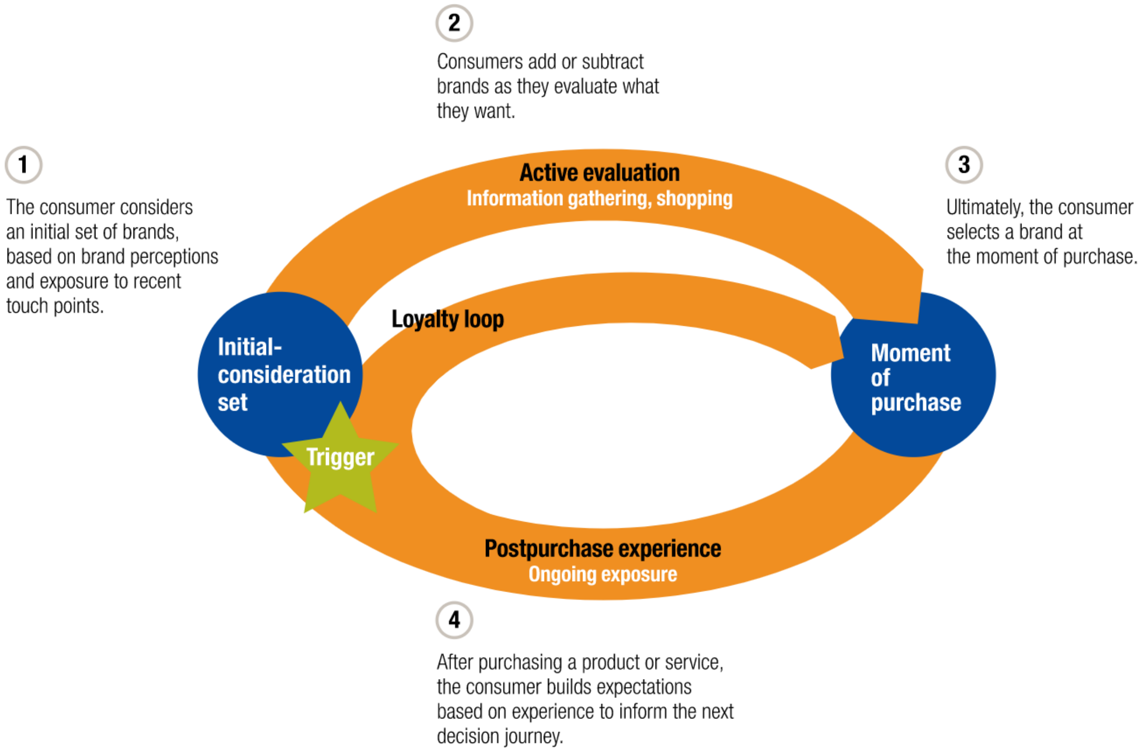
Source: Authors.

Appendix B.7: Sample characterization: quantitative survey



Source: Authors based on primary research (quantitative survey).

Appendix B.8: Consumer Decision Journey by McKinsey



Source: McKinsey 2009.

Appendix B.9: Consumer Decision Journey model by McKinsey of at-home coffee consumption

'TRIGGER'
1. Consumption drivers: a. Part of the routine: *"Element that is part of my routine and wellbeing"* F [18-25[. b. Benefits of caffeine: *"It is about the boost of energy and increase of productivity"* F, [18-25[. c. Taste: *"I drink it for the taste and smell, because I truly like it"* F, [25,35[- d. Addiction: *"When I do not drink it, my body asks for it"* F, [35-45[. **2. Coffee is a commodity in Portuguese houses, so, usually, the purchase is anticipated independently of what coffee type that person consumes. However, the frequency between different categories differs:** a. Capsules: people tend to buy more in volume when there are promotions available. b. Ground and Instant: people tend to buy just one jar/packet per time once it takes longer to finish.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'CONSIDERATION'
1. Capsules 'consumers consider, firstly, the ones compatible with their machines and secondly convenience and brand image to form their consideration set. *a. "I choose based on the coffee machine I have" M, [18-25[.* *b. "I considered all brands that are adaptable to my machine until I found the one that I prefer" F, [25-35[.* *c. "I only consider supermarket brands if I cannot go to a Nespresso Boutique" M, [18-25[.* *d. "I consider the original capsules exclusively " M, [18-25[.* **2. Ground and Instant coffee consumers consider products that they already know from previous experience or just create the consideration set when they arrive at the local of purchase (e.g. Promotions, Cheapest)** *a. "I always consider the same brands since I already know that I like" F, [25-35[.* *b. "I normally buy what is on promotion. I do not care about the brand" F [18-25[.* *c. "Only when I arrive at the supermarket and take a look at the shelve" F, [18-25[.*

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'EVALUATION'
1. Capsules consumers evaluate mainly based on taste, intensity and price a. Taste: "*Flavour is the main driver of my purchase*" F [18-25[. b. Intensity: *"Intensity is the key for a good coffee for me"* M, [18-25[. c. Price: "*I like to try new products however my first consideration is always the price"* M, [45-55[; "*The less expensive and the one that tastes less badly"* M, [18-25[. **2. Ground consumers evaluate mainly based on taste, intensity and quality** a. "*I always buy Nicola. I like the taste, and it is a well-recognized brand*" F, [18-25[. *b.* "*I value good coffee. If it is to buy coffee, it needs to be good. Portela Café offers that quality*" M [18-25[. **3. Contrary to what happens with capsules and ground coffee, loyalty is the primary driver of Instant Coffee** *a. "I always drink Delta, and I will continue to drink Delta"* F [18-25[. *b. "Always Nescafé Gold*" F, [18-25[. **4. Ground and Instant coffee are associated with a more socially responsible lifestyle where people**

are changing their consumption habits *a. “I prefer to spend a little bit more and buy Fair Trade and Certified coffee in a traditional store where I can bring my package”* F, [18-25[.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

‘BUY’
1. Capsules a. **Even though capsules coffee consumers consider novelties in their consideration set, they still buy the same brand and same capsule type.** i. *“Regarding Nespresso, I always choose the same varieties”* F, [25-35[ii. *"I end up always buying the same"* F, [18-25[. b. **The ones that buy novelties, they do it within the brand they usually buy. It is linked with loyalty and even with the limitation of every coffee machine have their capsules.** i. “If I like one novelty, even if it is expensive, I will try it" M, [18-25[. c. **People also buy capsules depending on the price** i. “I always buy the less expensive or the one in promotion” M, [18-25[. d. **According to our sample, Nespresso is the number one choice for the coffee machine, followed by Dolce Gusto and Delta** e. **Consumers typically prefer to buy the original capsules for their respective machines; however, when it comes to Nespresso, some consumers buy the ones compatible on the supermarket such as Boundi, Nicola, Starbucks, Chave D’Ouro or Private labels.** **2. Ground** a. **Consumers buy ground coffee based on price, quality and social responsibility** *i. “I always buy the less expensive, even if it is the private label”* F, [18-25*[*. *ii. “I prefer to spend more in a brand that I know that I like"* F, [25-35[. *iii. “I drink this type of coffee to reduce the consumption of capsules"* F [18-25[. **3. Instant** a. **Consumers buy the same brand and product type** i. “I always buy Nescafé” F [18-25[. ii. “I always drink Delta, and I will continue to drink Delta” F [18-25[.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

‘ADVOCATE’
1. Consumers tend to advocate brands, capsules, coffee machines and product type mainly with friends and family. a. *I recommend what I like because tastes differ among people, and I would not say that a specific type of coffee is terrible just because it is my opinion. There are a lot of coffee appreciators”* F, [45-55[. i. 54% of capsule consumers tend to advocate brands, capsules and coffee machines, mainly with friends and family. ii. 48% of coffee beans consumers tend to advocate it with friends and family. iii. 47% of ground coffee consumers tend to advocate it with friends and family. iv. 51% of the instant coffee consumers tend to advocate it with friends and family.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

‘LOYALTY LOOP’
1. In all coffee types, people are more loyal to the brand they currently use, which explains the lack of willingness to try new things. a. 74% of capsule consumers are loyal and repeat their purchases.

b. 66% of coffee beans consumers are loyal to a specific brand/product type. c. 68% of ground coffee consumers are loyal to a specific brand/product type. d. 64% of the instant coffee consumers are loyal to their soluble coffee.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

Appendix B.10: Consumer Decision Journey by McKinsey for out-of-home coffee consumption

'TRIGGER'	
Daily Consumption	**Portuguese Coffee Consumers feel the need to consume coffee OOHC on a more regular basis for reasons such as:** a. Convenience/necessity: *"When I am not at my home"* M [18-25[. b. Work/University: *"I spend the majority of my day at work, so I end up drinking my coffee there"* F, [18-25[. c. Routine: *"Besides the energy that it offers to me, It has become a habit"* M [18-25[.
Coffee Experience	**The search for a coffee experience is on a more occasional basis and mainly for social occasions.** a. *"Sometimes I like to go outside and just drink a coffee to escape from my routine and be with friends"* F [18-25[. b. *"Going to a coffee shop allows me to be with friends, to see and talk with people, to socialize"* F, >55. c. *"I do not enjoy drinking coffee out of home unless I am with my friends or family"* F, [35-45[. d. *"For the experience, to try different brands and products and to be with friends"* M, [18-25[.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'CONSIDERATION'	
Daily Consumption	**1. When consuming coffee daily, consumers prefer to go to the closest coffee shop or the one they already visited in the past.** a. *"I choose the closest coffee shop (unless I already know that the coffee is not good and try to avoid that)"* M, [25-35[. b. *"I know exactly where there is a coffee shop that sells Sical near my place"* M, [18-25[. *c.* *"I consider the closest café if it is daily"* F, [18-25[. **2. Portuguese consumers consider new places to go mainly based on WOM from friends, family, or colleagues.**
Coffee Experience	1. **When looking for a coffee experience, consumers consider new coffee shops or the ones where they will meet with friends.** *a. "For a special occasion, I consider the environment"* F, [18,25[. *b. "I consider different coffee shops when I have more time"* F, [18,25[. *c. "I do not usually drink coffee outside, but when I do, I go for the place, for the view. I want to have a special moment"* F [35-45[. **2. When it comes to coffee experiences, consumers consider coffee shops both based on what they see on social media, to discover new coffee spaces, as well as offline WOM** a. *"I know new things due to social media of my friends and brands itself like Starbucks"* F, [18-25[.

	b. *"I know new places in social media sponsored posts and from the places, my friends go and tag the place"* F, [18-25[.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'EVALUATION'	
Daily Consumption	**1. The brand itself is a driver to avoid a specific place.** a. *"If the coffee is Nicola or Chave D'Ouro, I will avoid going to the place"* M, [18-25[. *b.* *"When I enter a coffee shop, the first thing I do is check the coffee brand, if I do not like the brand, I will not consume coffee there"* F, [35,45[. c. *"There are some brands that I know I do not like, and if it is one of those, I will not drink it (TOFA)"* F, [25-35[. **2. However, the brand might be used to evaluate where to consume coffee OOH, if there is more than one option available.** a. *"I like coffee, so if there is the brand that I prefer, I will choose that"* M, [18-25[. b. *"If I have two coffee shops, I look at the brand, and there are some that I truly do not like such as Buondi, Segafredo."* M, [18-25[.
Coffee Experience	**1. For a coffee experience, coffee consumers not only look to the quality of coffee but also for the environment and the possibility to socialize with friends and family.** a. *"I choose the café based on the environment and not based on the brand"* M, [18-25[. b. *"I seek quality coffee and different type of coffees"* F, [18-25[. c. *"I only choose coffee shops that serve filtered coffee or another type of coffee beverages* F, [35-45[.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'BUY'	
Daily Consumption	**1. In a routine purchase, especially at work or university, consumers mainly opt for local coffee shops, restaurants and vending machines.**
Coffee Experience	**1. Despite the importance of quality coffee, when a consumer seeks a coffee experience, the brand is not an essential factor of the decision. They purchase the product regardless of the brand, and the buying factor is more related to the available offer (e.g. other coffee beverages).** **2. For a coffee experience, consumers seek speciality coffees instead of ordinary local coffee shops.**

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'ADVOCATE'	
Daily Consumption	**1. When consuming coffee OOH, people tend to advocate more about coffee quality, both positively and negatively, than the environment. The advocate is mostly done with friends and family.** a. *"I will advocate the quality of the coffee but just for the positive"* F, [45-55[.
Coffee Experience	**1. Regarding coffee experiences, Portuguese consumers tend to advocate their experiences not only with friends and family but also on social media. In these experiences, consumers tend to advocate more about the environment instead of the product.**

	a. *"I usually recommend coffee spaces because of the environment and not because of the quality of the coffee"* M, [18-25[.

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

'LOYALTY LOOP'	
Daily Consumption	**1. When consumers drink coffee daily OOH, as mentioned above, they choose the closest coffee shop, and for this reason, consumers are not loyal to any particular coffee brand.** **2. However, there are the consumers that have a bond to a specific brand, and when there is more than one option available, they opt for the preferred one.**
Coffee Experience	**1. In coffee experiences, consumers create a bond to a specific coffee shop, without disregarding the coffee quality. In this case, consumers repeat the experience not only if the quality of the coffee was satisfactory but also if the environment and the experience itself was different and positive.**

Source: Authors based on primary research (in-depth interviews and quantitative questionnaire).

Appendix B.11: Social listening analysis – Facebook

The Facebook groups, under analysis, are private and created by people that love coffee and enjoy sharing their experiences with people with similar tastes. It is highly connected with recommendations, recipes and pictures of the coffee meaning for those people.

Type of Content/Analysis
Ask information/reviews about machines, capsules and type of coffee - Promotions - Compatible capsules - How to reuse/recycle capsules - Ask questions about which type of coffee to buy regarding a specific taste - Which machine to buy
Tutorials of coffee preparation People share different videos preparing different beverages with coffee. Interactive publications: in the comments, it is possible to see comments with tips and questions regarding the type of capsules, milk, where to buy the products or the machine.
Receipts (food, drinks and desserts) with coffee
Quarantine - People are focused on making excellent coffees and trying new things - People share coffee experiences - People share tips on where to buy coffee at this time - People share tips on how to recycle capsules
Share experiences/images of coffee
Meaning of coffee for people - Bring happiness - Solve problems - An essential part of the day

Coffee Corners at home
Coffee lovers tend to have on their homes; generally in the kitchen, a small Conner only dedicated to coffee where they have different machines, types of coffee. In these groups, they share the pictures, and the comments are based on praise, suggestions and question about specific products that appear on the picture.

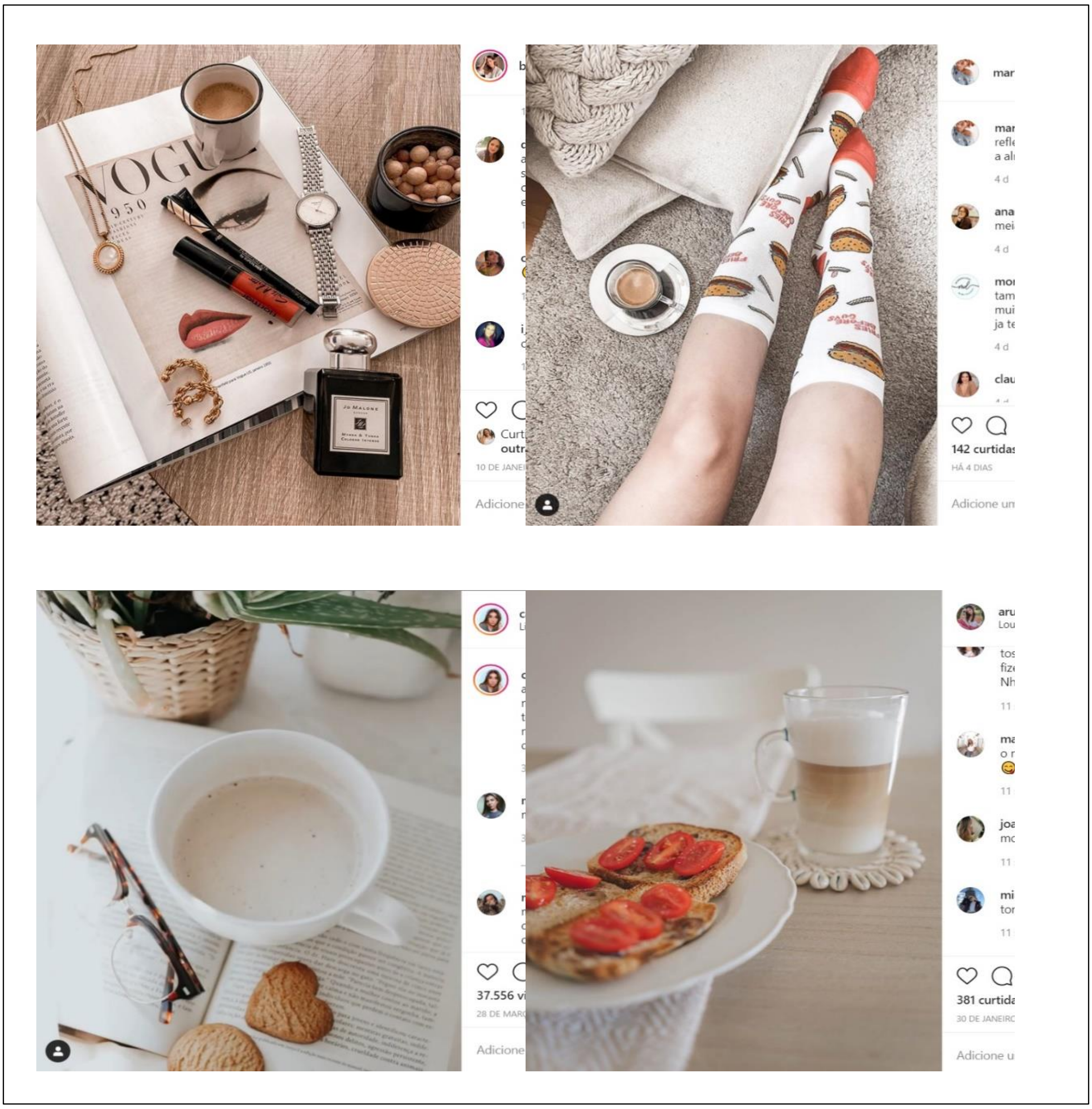
Source: Facebook Groups - SICAL " O café está na origem"; Buondi Espresso Caffe; Café Sical - O tal do gostinho especial; Baristas Portugal; Clube Nespresso; Nespresso Favourite Recipes; Nespresso Club PT; World of Coffee; "Coffee, Coffee, Coffee"; Connect over Coffee.

Appendix B.12: Social listening analysis – Instagram

Type of Content/Analysis
AHC People tend to share: - Coffee preparation on Insta stories - Coffee as a boost of productivity (pictures studying/working with coffee – Appendix B.12) - Aesthetic content (Appendix B.12) - Photos with coffee brands tagged (Appendix B.13) - Recreations of brunches always with the focus on coffee (Appendix B.13)
OOHC - Traditional coffee shops use the brand crockery and sugar package. When clients share their expresso cup, they share the brand image of that specific coffee, even not tagging the brand (e.g. Sical and Delta cups, Nicola sugar packages with cute messages) (Appendix B.14). Foreigner people tend to share more this type of content because, for them, an expresso is not that typical. They want to share the Portuguese culture. - Portuguese tend to share more content in coffee experiences as it is more connected with a trendy and fancy lifestyle (Appendix B.15). - People tend to share the location and identify the coffee place Instagram page, however, sometimes the coffee brand is not present on the coffee shop name, contrary to what happens with Starbucks, so, coffee brands are not known (Appendix B.15). - Speciality coffee shops and fancy brunches/pastries have their crockery - the coffee brand goes unnoticed (Appendix B.15).

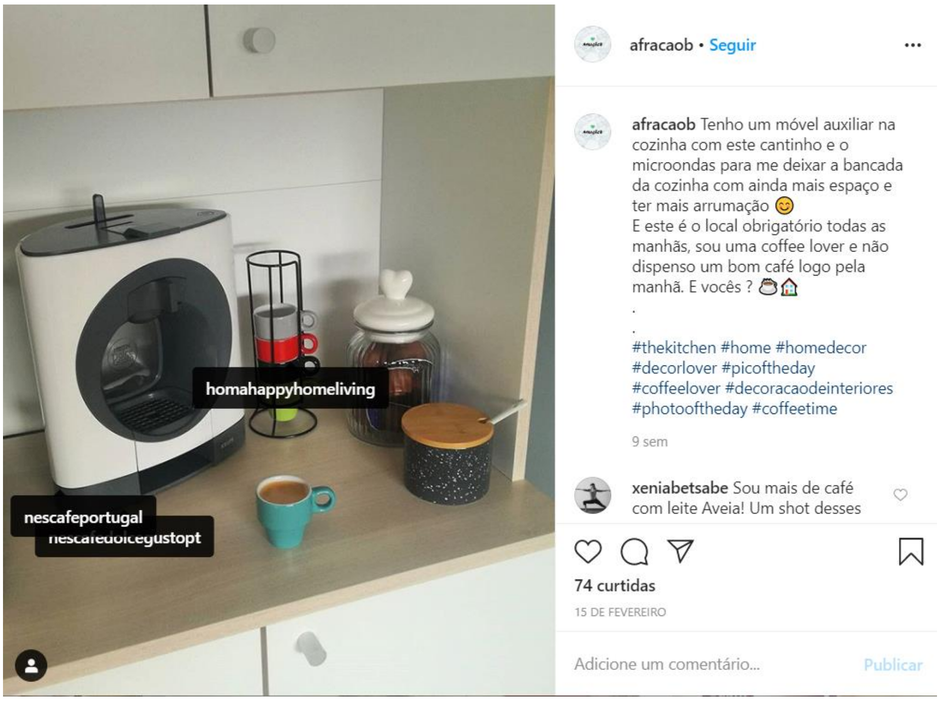
Source: Authors based on #coffee on Instagram.

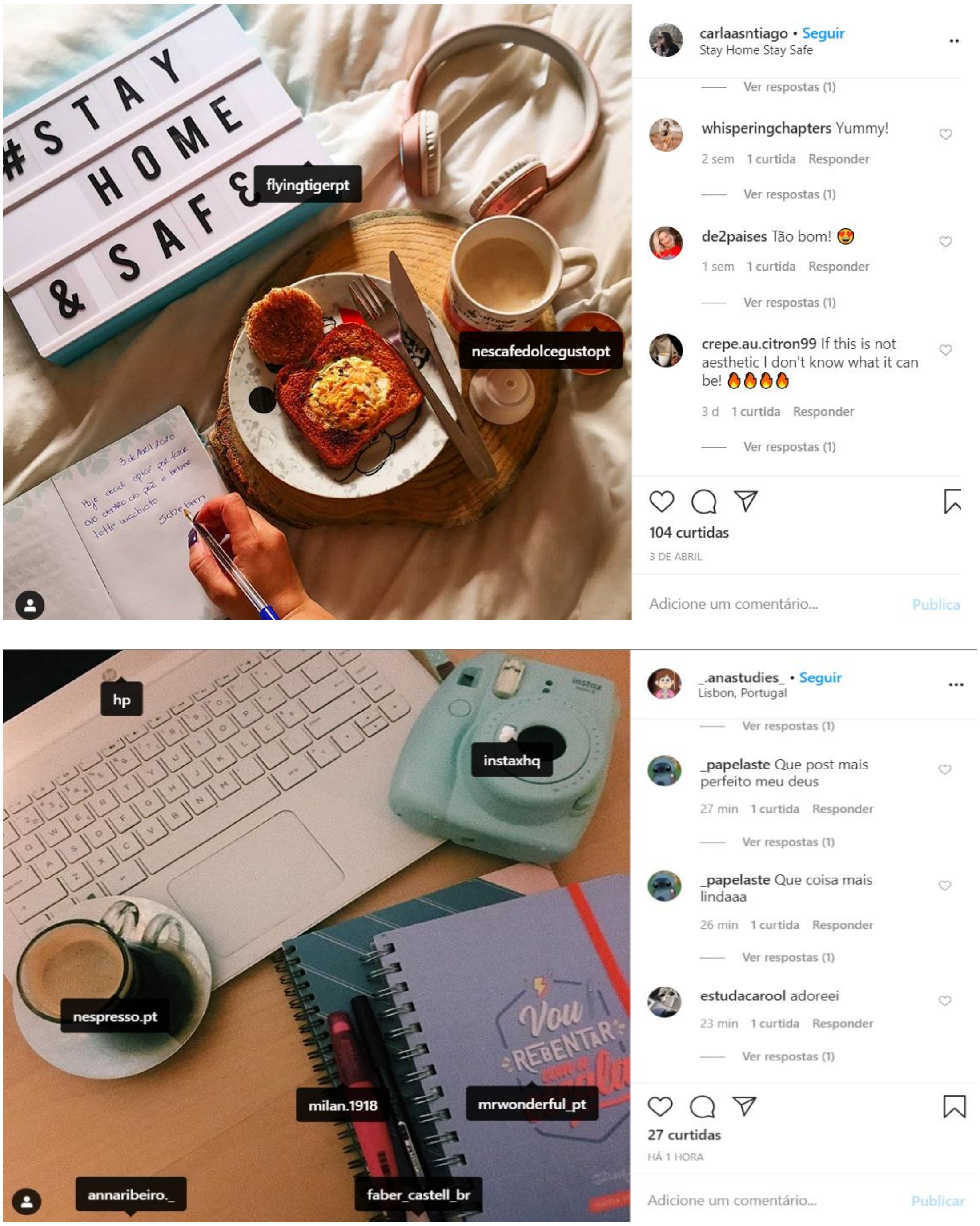
Appendix B.13: AHC Instagram aesthetic posts



Source: Barbara Corby, Maria Barroso, Catarina Filipe and Rute Dias Instagram official pages.

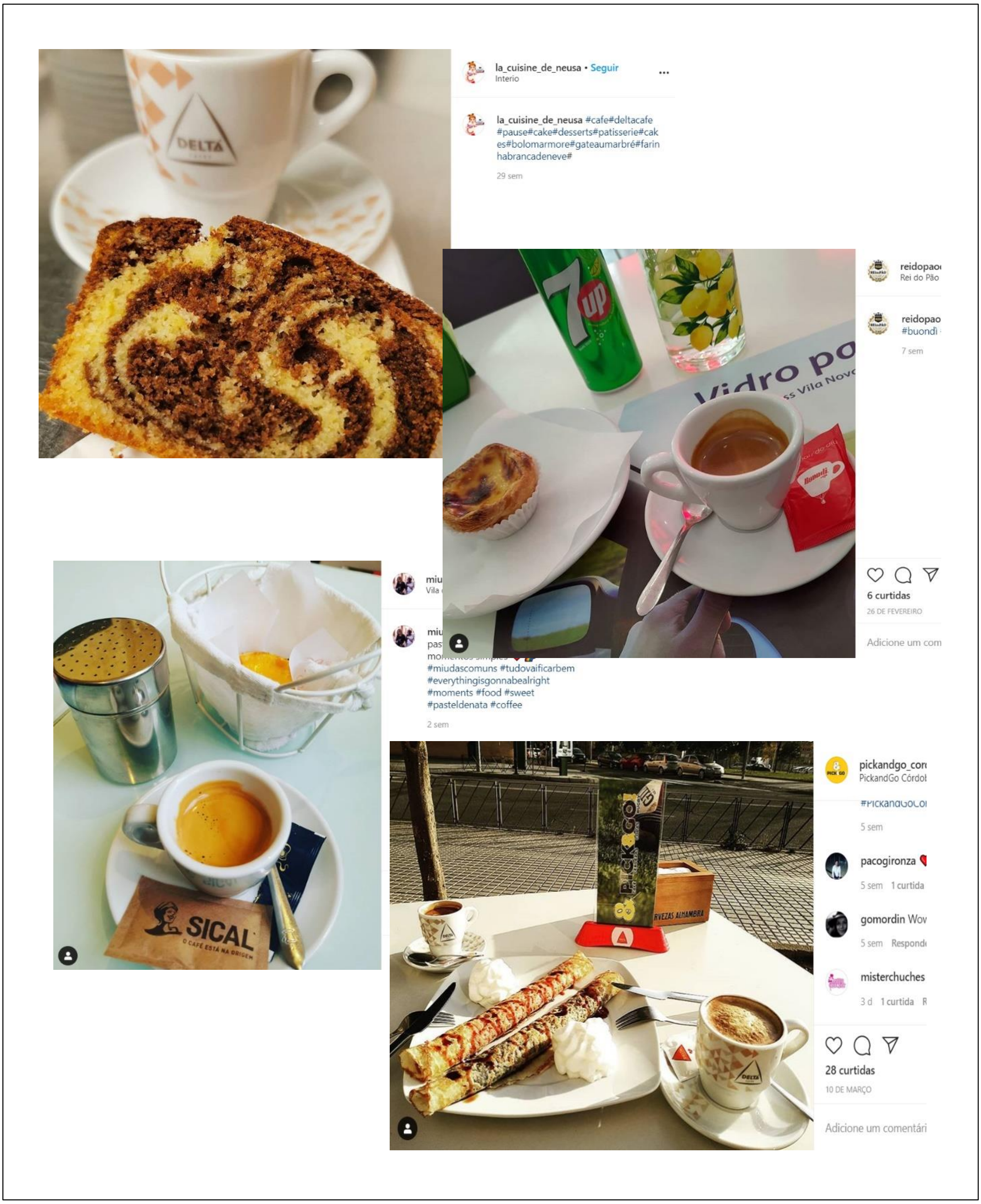
Appendix B.14: AHC Instagram tagged brands





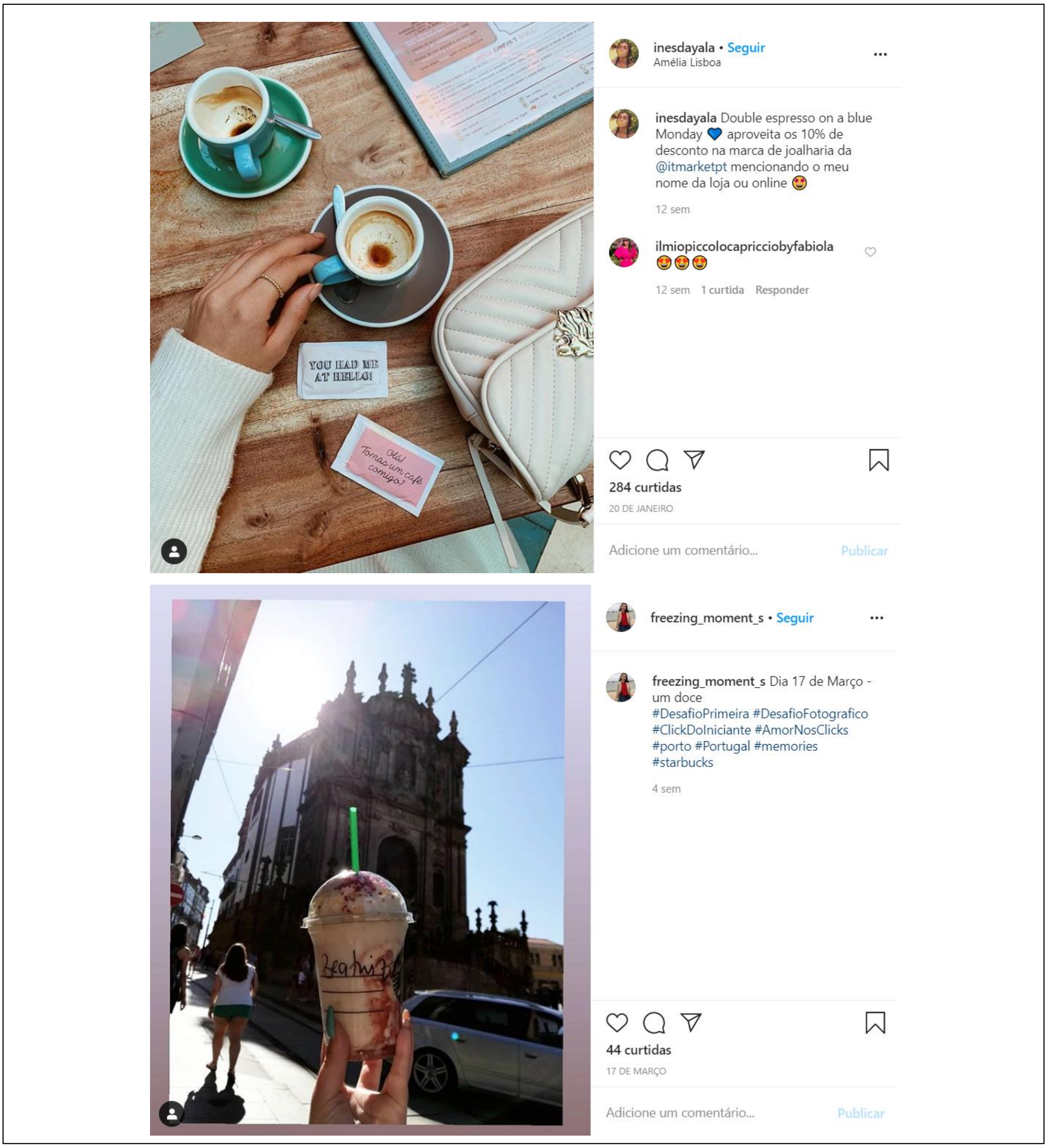
Source: Edson Silva, Afracaob, Carla Santiago and Ana Studies Instagram official pages.

Appendix B.15: OOHC Instagram posts



Source: Instagram.

Appendix B.16: OOHC Instagram coffee experience posts



Source: Alice Trewinnard, Daniel Freitas, Inês and Freezing Moments Instagram official pages.

Appendix B.17: Social listening analysis – TikTok

TikTok is a social media created in 2016 that consists of sharing 15 or 60-second videos, soundtracked by music clips. Coffee is not an abundant theme on this social media. However, during quarantine, a coffee challenge appeared – The Dalgona Coffee Recipe. This challenge consists of people sharing the recipe and the outcome. It is being done all over the world. Besides, it is already being done on Instagram too.

Type of comments: People advising to do it with Nescafé; people sharing with friends; people giving tips on how to do it better.

Example: https://vm.tiktok.com/WTqW3W/

Appendix B.18: Dalgona challenge on Instagram

Source: Luzzo Café and Gabriella Brooks Instagram official pages.

Appendix B.19: Social listening analysis – Blogs

The blogs, under analysis, share articles about coffee consumption. They provide credible and useful information. Typically, the articles are written based on reports and statistics.

Comments: Comments rarely appear.

Type of Content/Analysis
Coffee in the day-to-day - Importance of coffee and how to motivate employees - Keeping up with the challenging word - Tips to increase the motivation of the employees
World of coffee - Main producers of coffee - Types of coffee - How to conserve coffee - How to prepare the best coffee - Healthy benefits of coffee consumption
Sustainability - Sustainability in the coffee production supply chain - How to reduce waste in the coffee shop industry - How to incorporate vegetal drink in the coffee consumption - Global warming impacts
COVID-19 - Impacts on the economy - Consequences for the coffee industry - How to make good coffee at home - 16 best coffee subscriptions boxes

Source: Blogs analysed - "Casa do Café" (https://www.casadocafe.pt/blog-casadocafe/); "Cafespaces" (https://cafespaces.wordpress.com); "Mundo do Café" (https://cafeautentico.pt/mundo-do-cafe/); "Roasty" (https://www.roastycoffee.com).

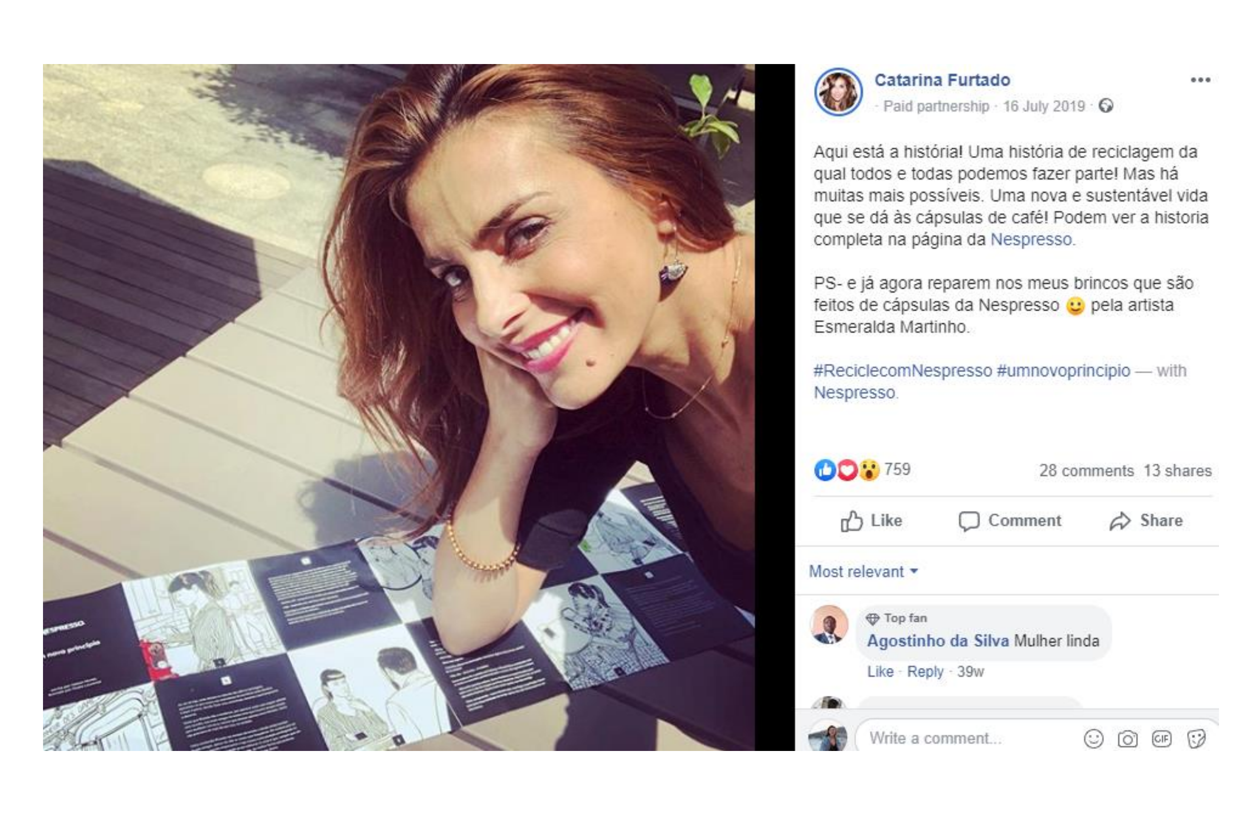
Appendix B.20: Social listening analysis – Digital creators

- Digital creators such as Barbara Corby, Mafalda Sampaio, Inês Ribeiro have partnerships with Nestlé (Dolce Gusto and Nespresso), and they share pictures on their Instagram's feed with the coffee machines or promoting the new releases.
    - **Comments**: mainly teenage girls commenting how pretty and how much they adore the girl. However, several comments present positive reviews of the publicized products from people that have already tried. Others focus on the possibility of trying the products as they seem to be quality ones.
    - **Key take-away**: it is a way for consumers to get information about the new launches as they have a considerable number of followers that feel inspired by these digital creators.

OOHC

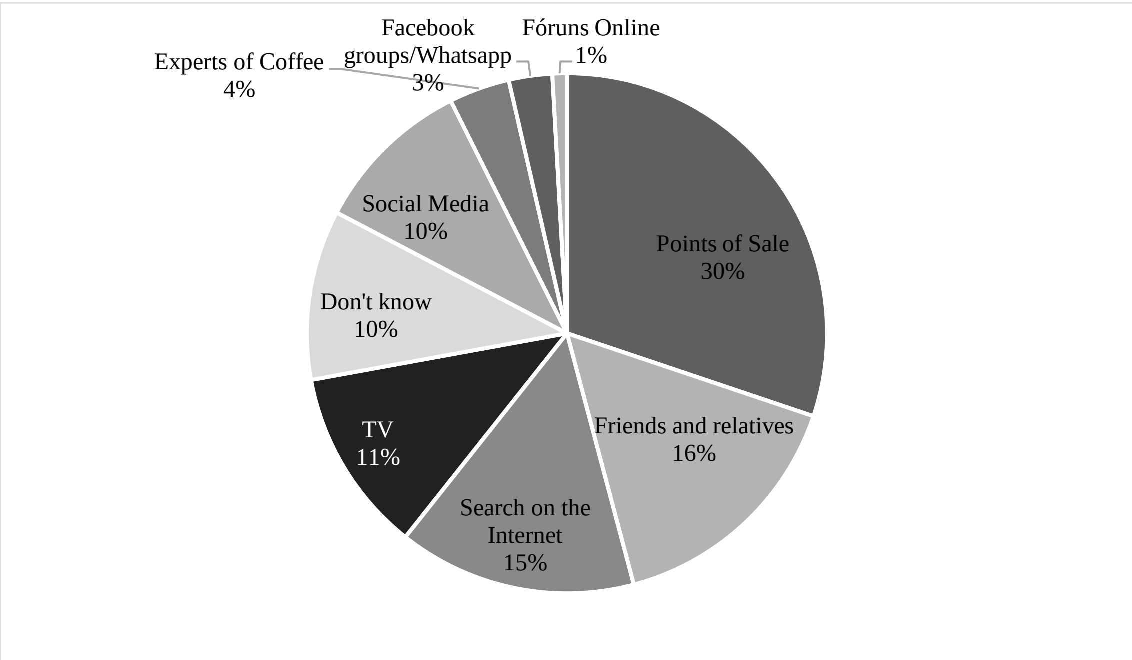
Source: Mafalda Sampaio and Barbara Corby Instagram official pages.

- Catarina Furtado is the face of various campaigns from Nespresso mainly focused on Sustainability. Since Catarina Furtado relates to various campaigns and foundations, it is a more credible source for people. (e.g., "Catarina, you are always worried about people, with the environment and with everything around you. Such a source of inspiration" – comment on an ad post on Facebook from Catarina regarding the new Nespresso sustainability campaign).



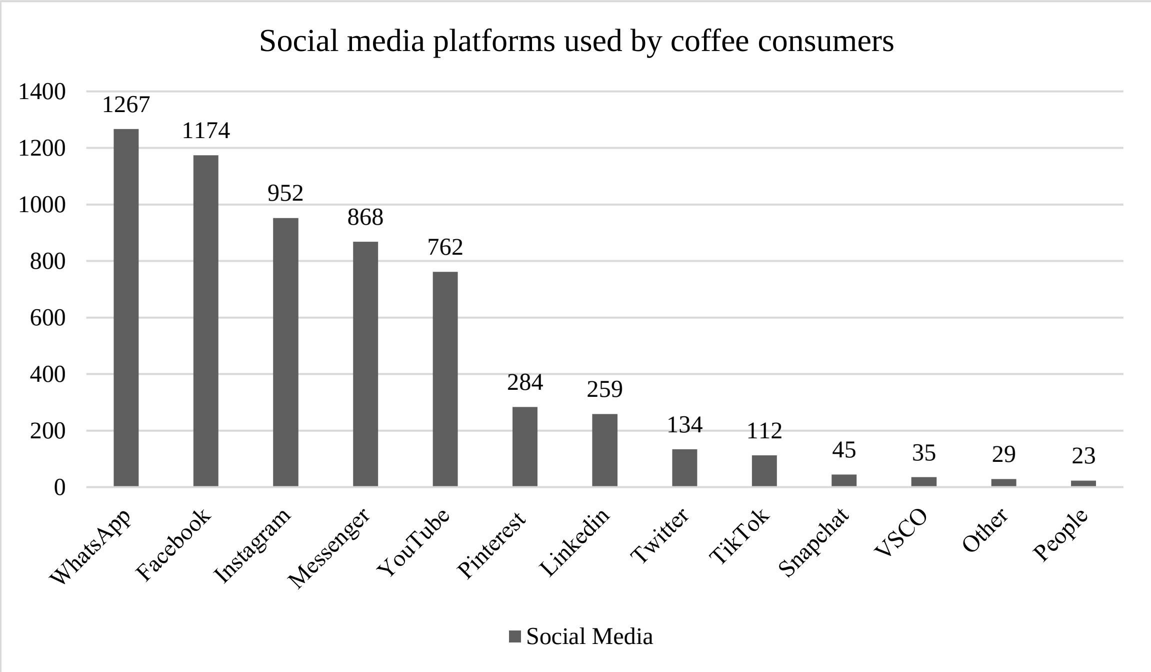
Source: Catarina Furtado Facebook official page.

Appendix B.21: Source of information for the new products on the coffee market



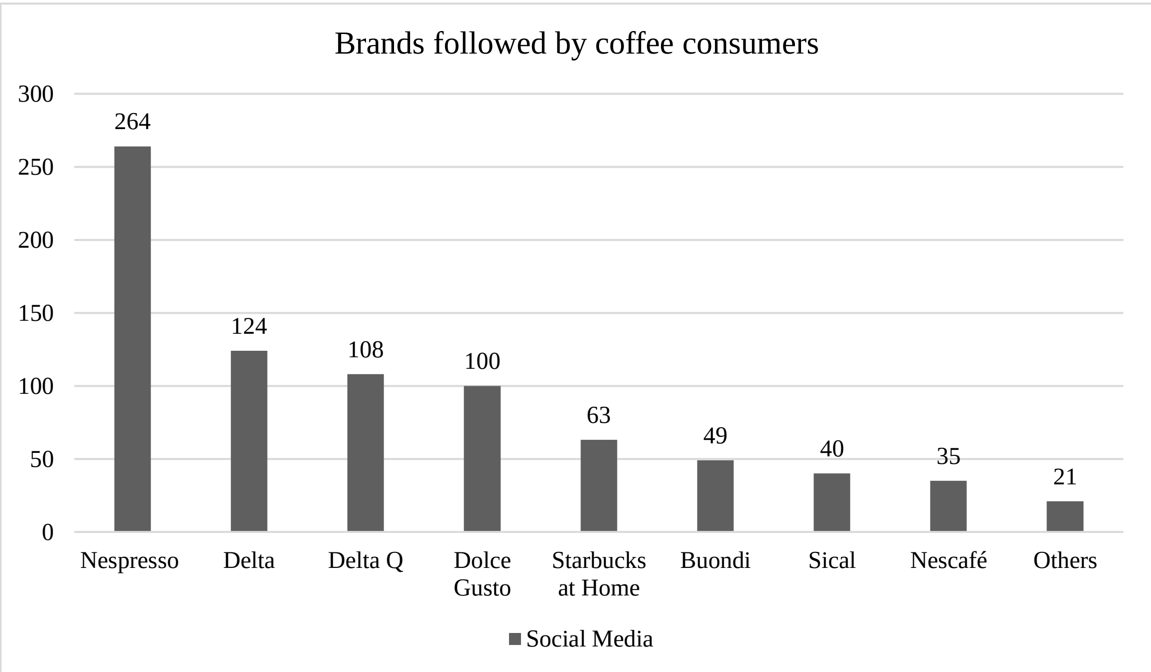
Source: Authors based on primary research (quantitative survey).

Appendix B.22: Social media platforms used by coffee consumers



Source: Authors based on primary research (quantitative survey).

Appendix B.23: Brands followed by coffee consumers across different social media platforms



Source: Authors based on primary research (quantitative survey).

Appendix B.24: Nestlé's coffee brands image

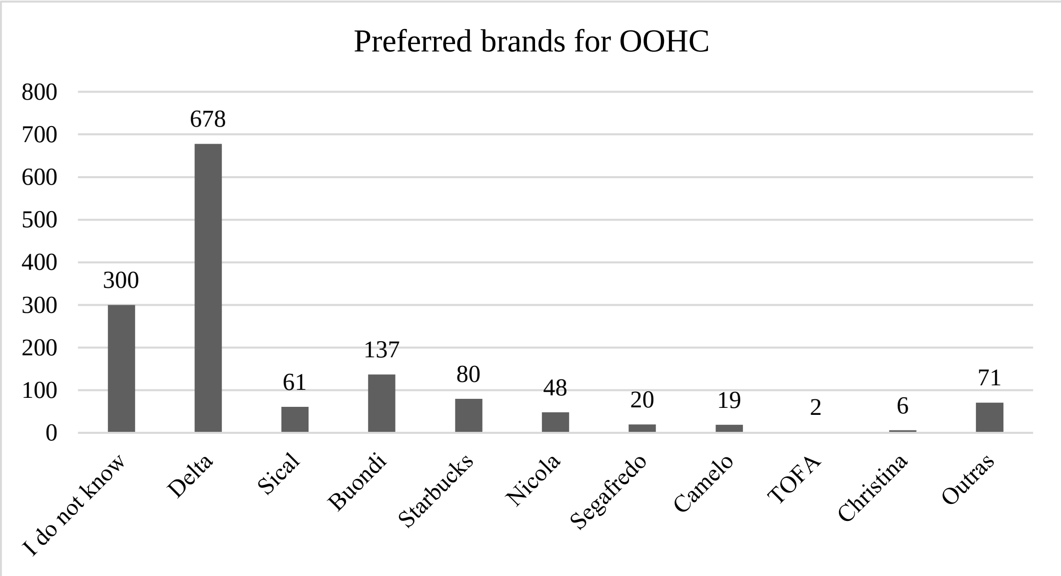
Buondi
OOHC Brand - *" In Oporto, many places have Buondi. It is a good coffee, creamy"* F, [45-55[. - *"The coffee of the corner"* F, [18-25[.
Taste and Price - *"Accessible brand"* M, [18-25[. - *"Tasty and creamy"* F, [35-45[. - *"Red, preferred taste*" F, [25-35[. - *"Quality, security, warranty and tradition"* F, [18-25[. - *"Pleasure and Savour"* F, [35-45[- *"Known brand and quality coffee"* M, [45-55[.
Surf - *"For me, Buondi is about surf because of McNamara and the red colour"* M, [18-25[. - *"Surf"* F, [18-25[.
Christina
The **quality of the coffee is questionable** for some of the respondents and not easily recognized. - *"Very watery and roasted"* F [45-55[- *"I know that I have already seen that logotype; however, it is not that common."* M, [18-25[. - *"I do not like the taste"* F, >55.
Nescafé
Taste & Quality - *"Creamy and Intense" F* [35,45[. - *"Convenient, intense, tasty and not premium". "I know that people usually say that it is expensive, but I do not agree."* F [18-25[.
Family, Tradition and Memories - *"I am used to Nescafé since my childhood. I associate it with my favourite product (Gold). I love the coffee characteristics because I can adapt it to my preferences"* F, [18-25[. - *"Intemporal"* F, [18-25[. - *"Childhood/Family"* F, >55.
Elderly Generation (Grandparents) - *"I used to get the image that only older people drink it; however, more people from my age is also starting to drink it"* F [18-25[. - *"I do not think it is a millennium brand, but I like it. It reminds me of my grandparents"* F, [18-25[.
Nescafé Dolce Gusto
Price/Quality relationship - *"Quality, facility and variety"* F [18-25[. - *"Quality" "Affordable" "Myself" "Family time"* F, [18-25[. - "*Affordable, variety, Portuguese coffee, for all the ages*" M, [25-35[.
Routine - *"Funny coffee machines*" F, [25-35[. - *"Everyday*" M, [18-25[.
Nespresso

Taste & Quality - *"Creamy"* F [35-45[. - *"Tasteful and Intense"* F [35-45[. - *"Quality"* M [45-55[. - *"I do not believe Nespresso is exclusive, because I like all the Portuguese coffee brands. I just prefer Nespresso"; "(…) the key is quality, I do not care about the personal service, I care about the taste"; "I like strong coffees, and I feel that Nespresso is the only brand that can offer me that"* M [18-25[. - *"Nespresso reminds me of quality, variety and versatility. It offers a portfolio of products that reach different types of consumers"* F [18-25[.
Service - *"I associate [Nespresso to] the overall purchase experience"* F [18-25[. - *"Since Nespresso is the only one offering such service, the consumers tend not to look for other brands as they cannot keep up with the same service level."* F [18-25[. - Personalized service: *"Great Service, lots of variety inside the same intensity and no need to choose always the same. Great communication about the origins of coffee, which raises interest"* F, [25-35[.
Premium & Elegant - *"George Clooney"* F, [25-35[. - *"Premium"* F, [18,25[. - *"Elegant and powerful"* F, [18-25[. - *"Super complete brand, with amazing marketing, different from others. Coffee is great, but above all, the status of the brand - premium"* M, [18,25[. - *"Sophisticated and environmentalist"* M, [18-25[. - *"Modern and Nespresso as a substitute for the word coffee (anchor brand)"* M, [35-45[. - "Everythings makes the brand premium, from its coffee until the e-mails that they sent with different receipts." F [18-25[.
Negative - "Overpriced"; "Not convenient" F, [18-25[. - *"Coffee continues to be the same as years ago. Unfortunately, the brand has been losing its identity."; "Sophisticated coffee but lately they have been losing that image, perhaps because as they are so present in the market, they do not care anymore*" M, [18-25[
Sical
Origins - *"I automatically think of 'brown and gold, it is attractive and tasty'"* F, [18-25[. - *"Portugal and classical brand"* F, [18-25[. - *"African woman"* F, [25-35[.
Taste - *"Strong and aesthetic"* F, [18-25[. - *"Good and Intense"* F, [45-55[.
OOHC - *"Professional"* F, [18-25[. - *"Ground coffee"* F, [18-25[.
Starbucks At Home
Contemporary, Modern and Younger Brand - *"American"* F, [18-25[. - *"Relation price/quality"* F, [25-35[. - *"For someone that is looking for quality"* F, [18-25[. - *"Innovation and modern"* F, [18-25[. - *"Premium"* F, [18,25[.

TOFA
Association with older generations and lower quality: - *"Makes me remember something old, childhood with a grandparent in the rural area"* M, [18-25[- *"Sugar packages and a regional brand"* M, [18-25[- *"Low quality"* F, [18-25[

Source: Authors based on primary research (in-depth interviews).

Appendix B.25: Preferred brands for OOHC



Source: Authors based on primary research (quantitative survey).

Section C: Recommendations' appendices

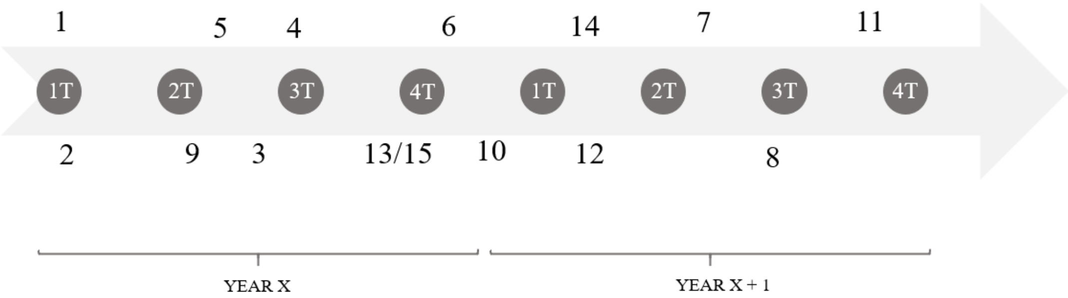
Appendix C.1: Recommendations evaluation

	Recommendation	Time Horizon	Cost	Impact
Digital Strategy AH brands	*Sponsored and Display Content per brand*	Short-term	€	Increase brand awareness – recall
	Engage with customers on social media	Short-term	€	Increase engagement and interaction
	Bundles	Short-term	€€	Increase sales and enter the evaluation phase
	Redesign website	Medium-term	€€	Increase engagement and sales' conversion
	Increase the benefits of e-commerce	Short-term	€	Increase sales conversion
	Personalised capsules	Medium-term	€€	Increase sales
	POS Promotions	Long-term	€€	Increase sales
	Buondi surf sessions giveaways and promo codes	Long-term	€€	Increase sales and brand equity
	# to share recipes	Short-term	€	Increase engagement
	Loyalty app – Nescafé Dolce Gusto (readjust)	Medium-term	€€	Increase engagement and sales' conversion
	Loyalty app	Long-term	€€€	Increase engagement and sales' conversion
Lisbon Coffee Lab	*Lisbon Coffee Lab*	Long-term	€€€€	Increase brand equity of OOH coffee brands
	Outdoor and Magazine Advertising	Long-term	€€	Increase brand awareness
	Membership App	Long-term	€€€	Increase sales and loyalty customers
	Digital Advertising	Long-term	€€	Increase brand awareness

Time Horizon method *To categorize the planning and implementation timing of the recommendations (based on the current pandemic situation).*		**€ method** *To classify the costs related to the recommendations.*	
Short-term	0 to 6 months.	**€**	Less than 1000 €
Medium-term	7 to 18 months.	**€€**	[1.000 - 50.000[€
Long-term	More than 18 months.	**€€€**	[50.000 - 250.000[€
		€€€€	More than 250.000 €

Source: Authors.

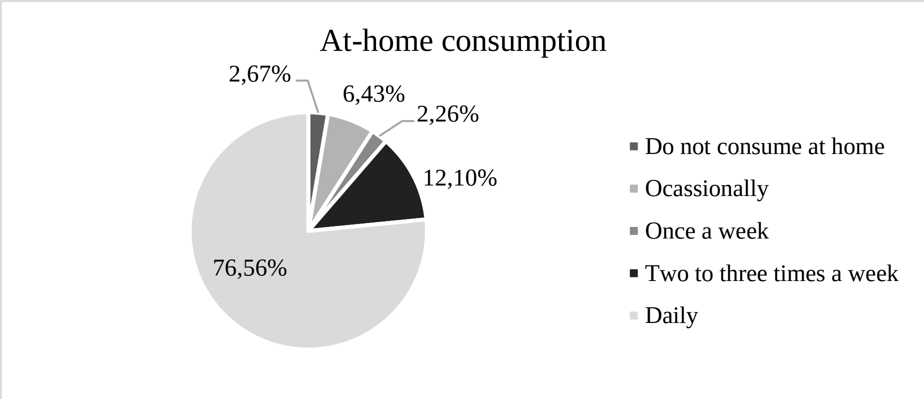
Appendix C.2: Recommendations implementation timeline

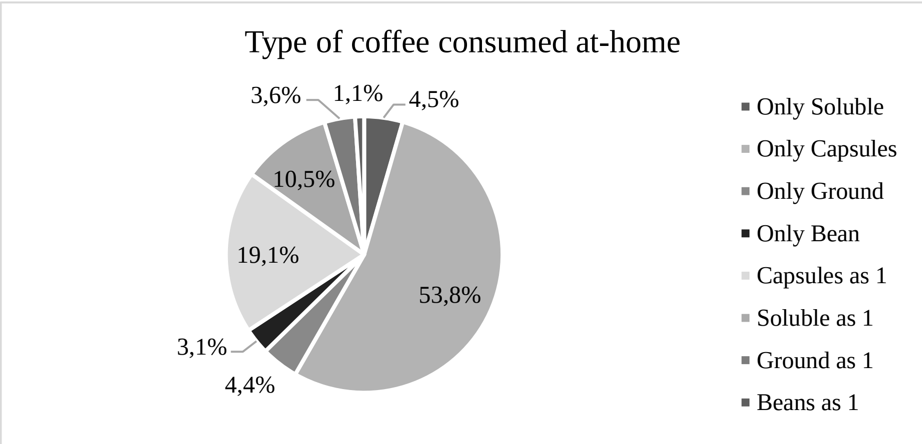


1. Sponsored and Display Content per brand
2. Engage with customers on social media
3. Bundles
4. Redesign website
5. Increase the benefits of e-commerce
6. Personalised capsules
7. POS Promotions
8. Buondi surf sessions giveaways and promo codes
9. # to share recipes
10. Loyalty app – Nescafé Dolce Gusto (readjust)
11. Loyalty app
12. Lisbon Coffee Lab
13. Outdoor and Magazine Advertising
14. Membership App
15. Digital Advertising

Source: Authors.

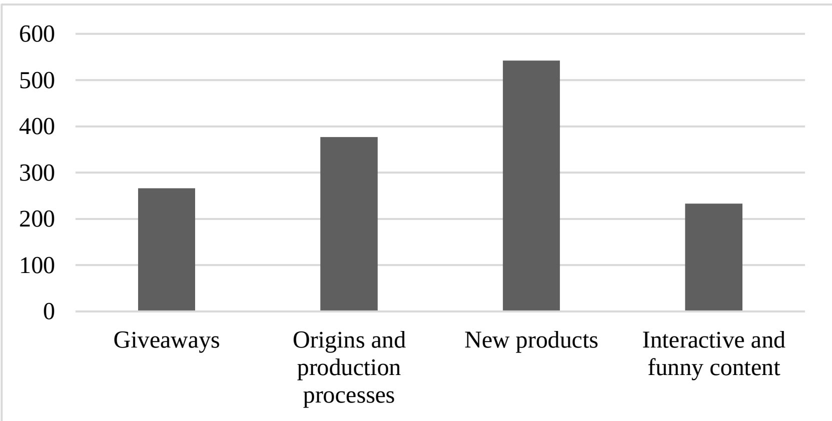
Appendix C.3: At-home consumption





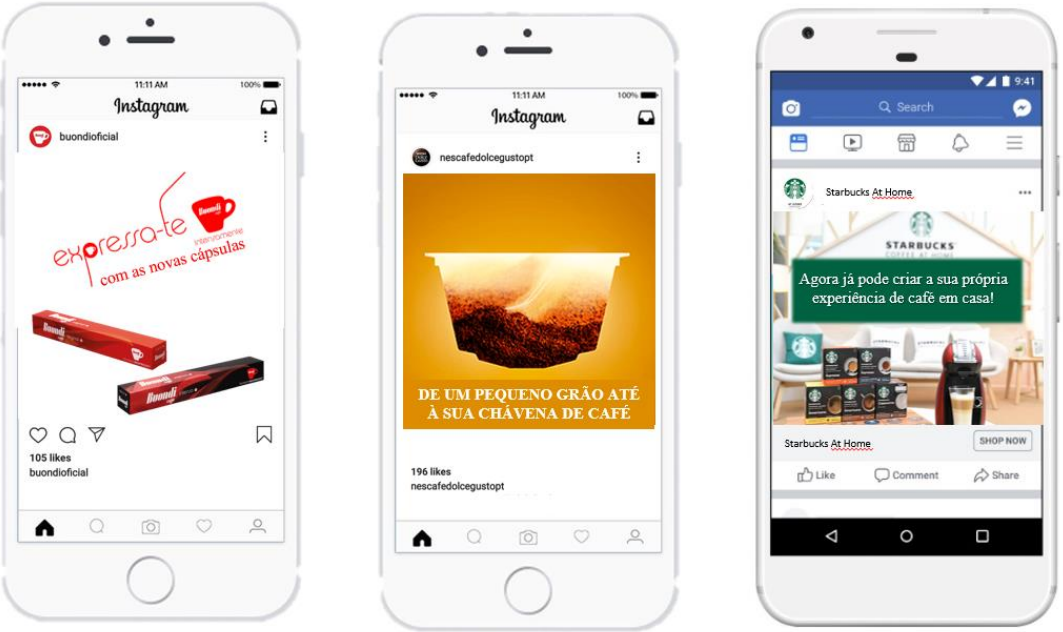
Source: Author based on primary research (quantitative survey).

Appendix C.4*:* Content that coffee consumers would like to see on social media



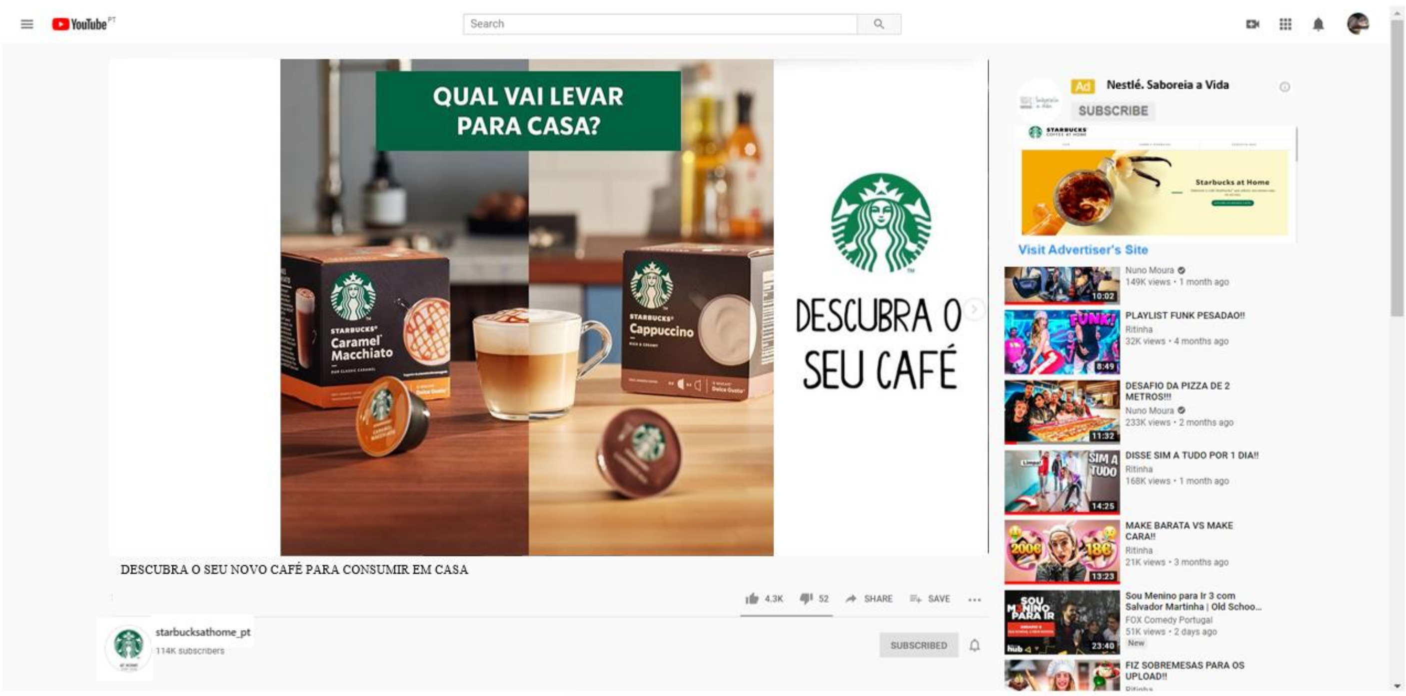
Source: Author based on primary research (quantitative survey).

Appendix C.5*:* Sponsored and display content on Instagram and Facebook



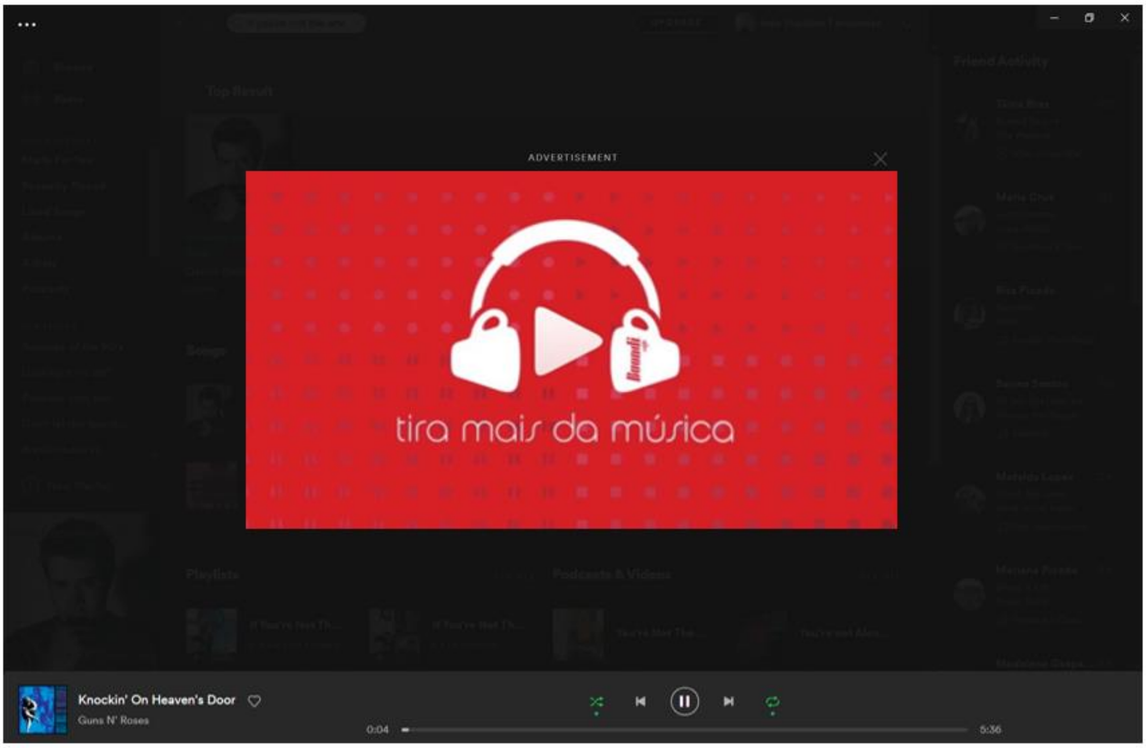
Source: Author based on Instagram official account and website from Buondi, Nescafé Dolce Gusto and Starbucks At Home.

Appendix C.6*:* Sponsored and display content on YouTube



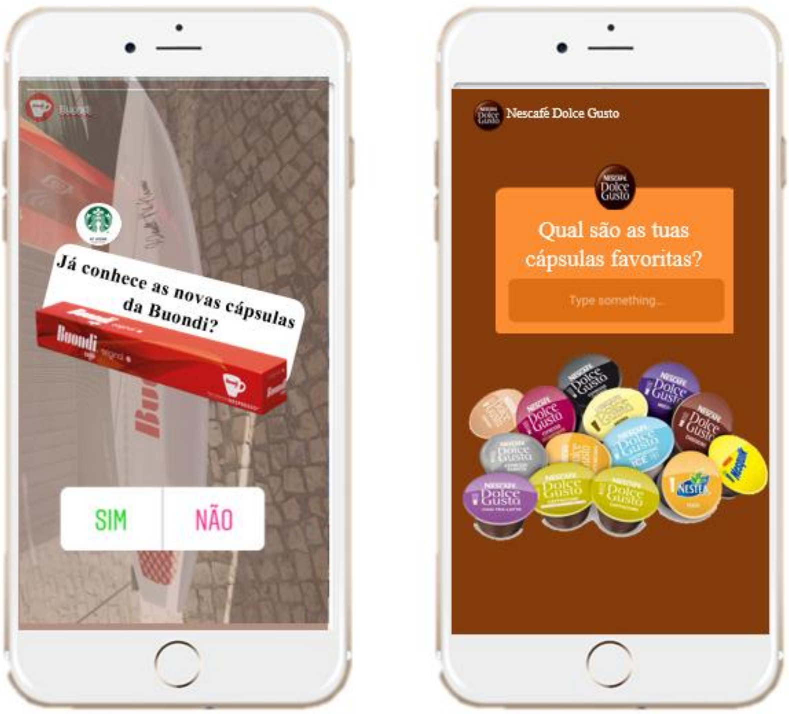
Source: Author based on Instagram official account and website from Starbucks At Home.

Appendix C.7*:* Sponsored and display content on Spotify (example)



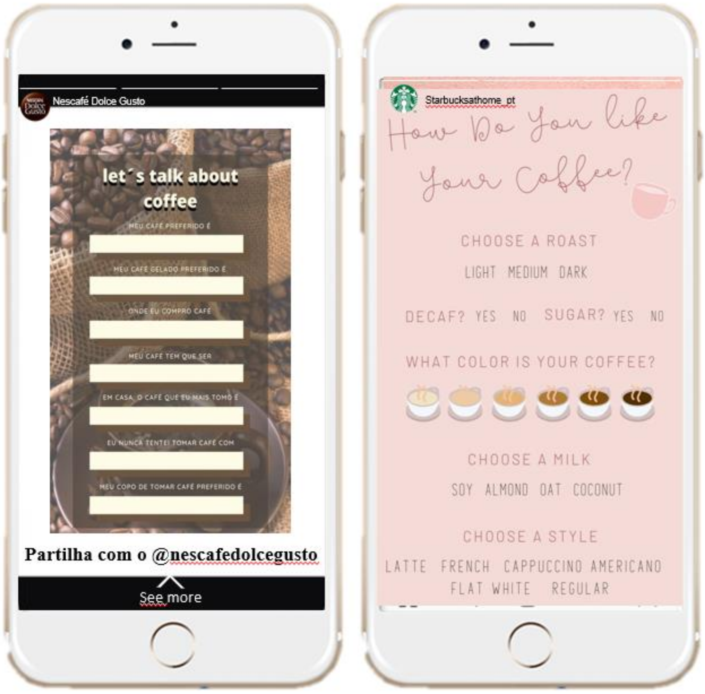
Source: Author based on Instagram official account from Buondi.

Appendix C.8*:* Quizzes and Q&As asking for customers opinions (examples)



Source: Author based on images from Pinterest.

Appendix C.9*:* Examples of coffee challenges

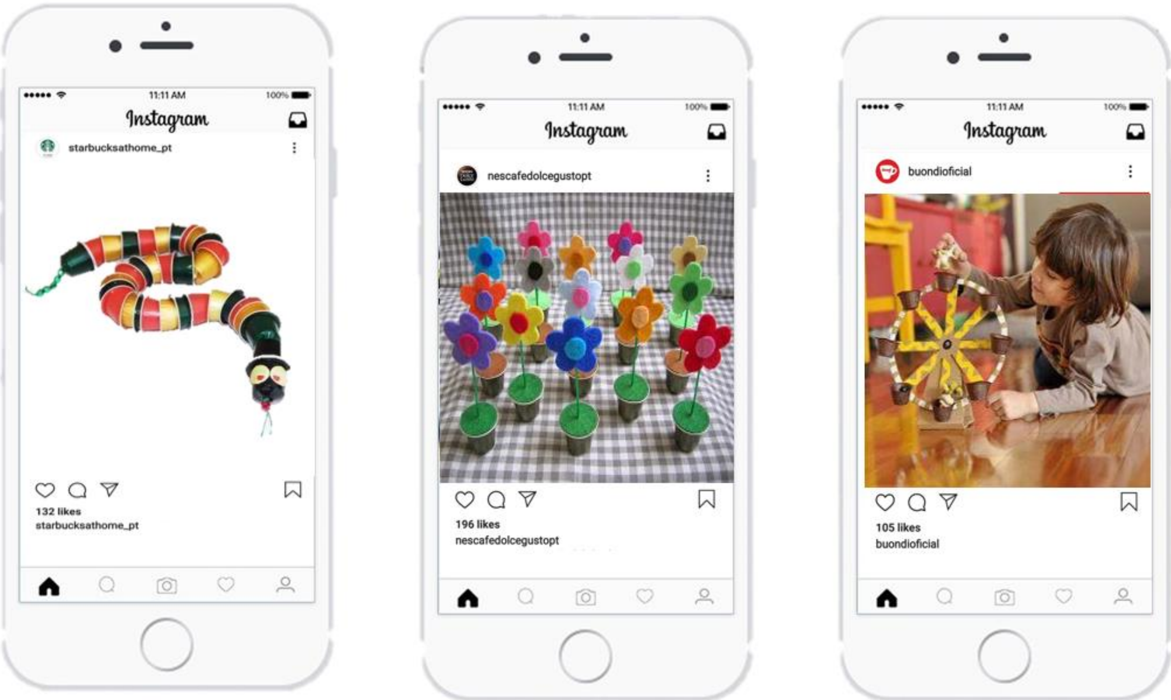


Source: Author based on images from Pinterest.

Appendix C.10*:* Examples of decoration ideas with capsules

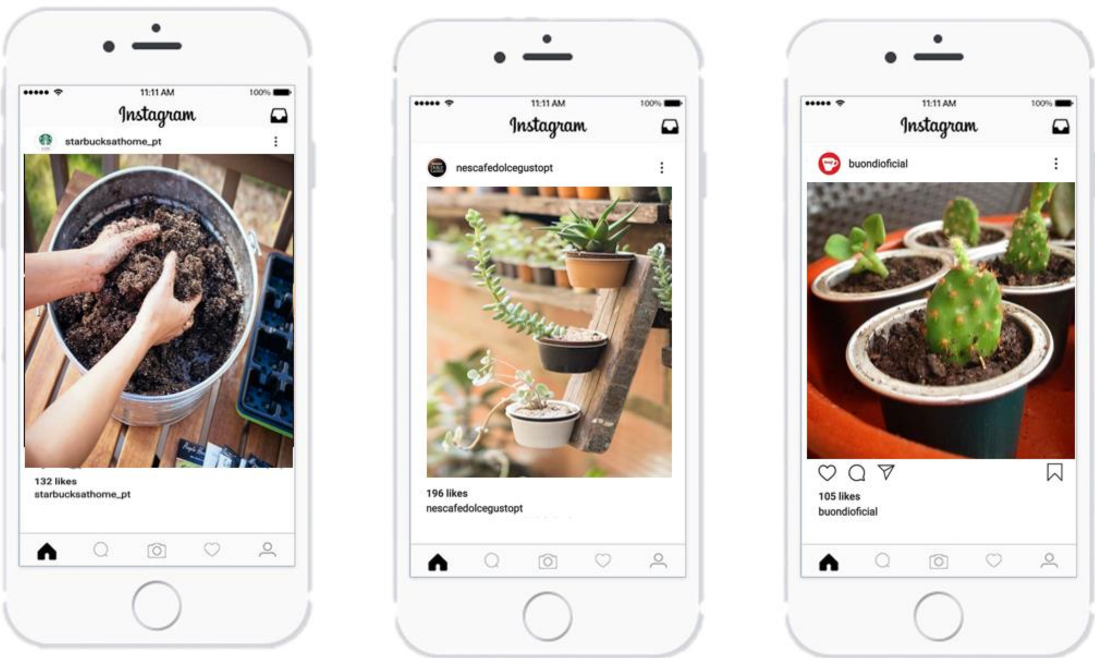
Source: Author based on images from Pinterest.

Appendix C.11: Examples of activities to do with kids using capsules



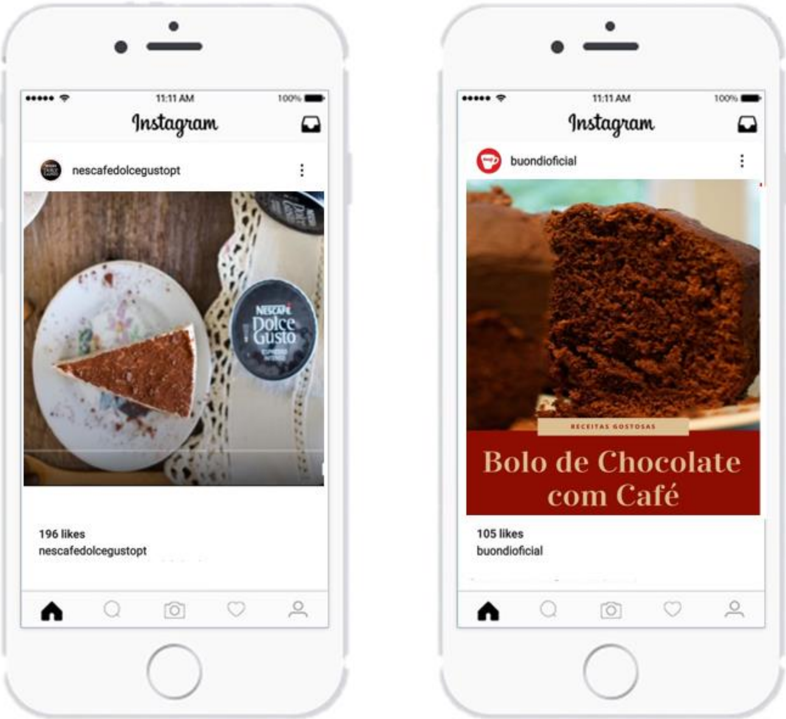
Source: Author based on images from Pinterest.

Appendix C.12: Examples of ways to reuse coffee for gardening



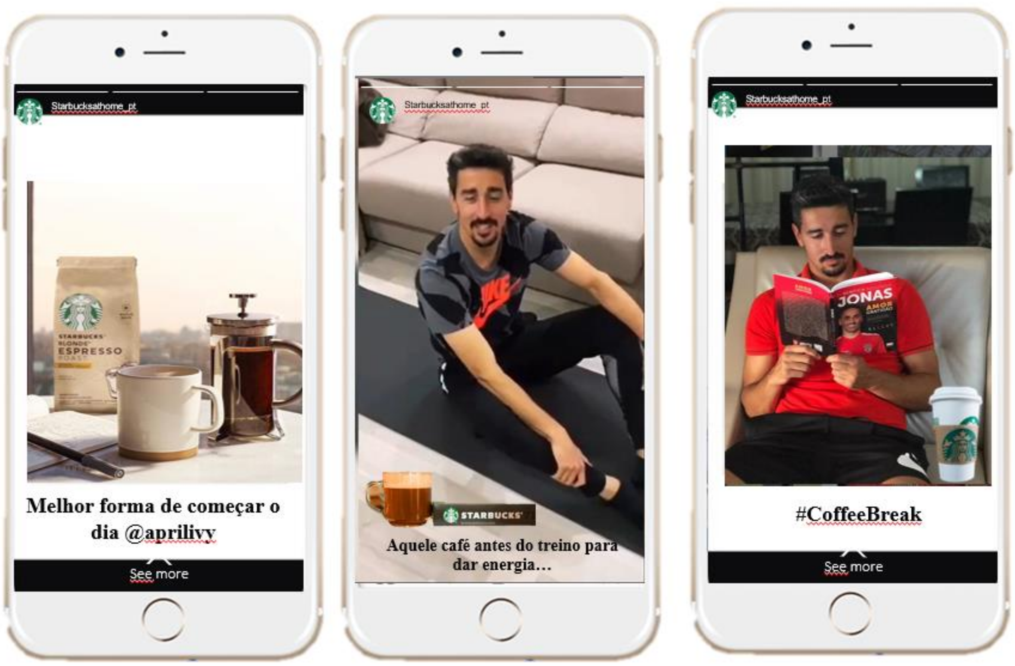
Source: Author based on images from Pinterest.

Appendix C.13: Examples of recipes using coffee capsules



Source: Author based on images from Pinterest.

Appendix C.14: Instagram takeover (example)



Source: Author based on André Almeida Instagram account.

Appendix C.15: Example of a bundle

Source: Author based two images from the Nescafé Dolce Gusto website.

Appendix C.16: Example of a memorial with personalised capsules

Source: Author based on an image from Pinterest.

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