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Key Considerations for Entering the Coffee Shop Market in Lisbon: Exploring Consumer Preferences and Perceptions

Customer Dynamics at *A Padaria Portuguesa*: Insights from Observational Research and Strategic Recommendations

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Abstract

The coffee shop market in Lisbon is highly competitive, characterized by established players and evolving consumer preferences. New entrants must discern critical success factors. This study investigates the determinants of consumer choices through a comprehensive literature review, conjoint analysis, and perceptual mapping, with a focus on outdoor seating, parking, menu diversity, pricing, ambiance, and overall environment. My contribution, titled "Customer Dynamics at Padaria Portuguesa," is based on observational research conducted across three locations, examining local behaviors and preferences. Insights garnered from interviews with the marketing manager provide actionable recommendations to enhance customer engagement and service offerings, thereby strengthening Padaria Portuguesa's brand presence within Lisbon's coffee culture.

Keywords

Coffee Shop Market, Lisbon, Conjoint Analysis, Perceptual Maps, Consumer Preferences, Perceptions, A Padaria Portuguesa

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1. Introduction

1.1. Context

Coffee and Lisbon share a deep and symbiotic relationship that anchors the city’s cultural identity. Recognized as a premier location for coffee consumption and café culture, Lisbon boasts a rich history that dates back to the 18th century, when coffee first arrived on Portuguese shores. From that moment, the city emerged as a bustling hub of café culture, transforming its coffee houses into vibrant social spaces where intellectuals, artists, and politicians converged to exchange ideas and foster creativity.

Iconic establishments such as *A Brasileira* in Chiado and *Café Nicola* in Rossio stand as testaments to this rich legacy, having hosted numerous influential figures from the literary and artistic realms. Over the centuries, coffee culture in Lisbon has not only endured but has thrived, becoming part of the daily lives of both locals and visitors. Whether it’s a quick 'bica' (the Portuguese espresso) at the counter or a leisurely afternoon spent engaging in conversation with friends, the café experience in Lisbon serves as both a reflection of the city’s storied history and a vital component of its contemporary social landscape.

In the 21st century, Lisbon has witnessed a remarkable proliferation of coffee shops, each contributing to the city's vibrant atmosphere. These spaces have transcended their role as mere places to enjoy a beverage; they have evolved into communal hubs where individuals gather to connect, share experiences, and cultivate a sense of belonging. This thesis explores the dynamics of locals' preferences and brand perceptions within Lisbon’s coffee shop market, with a particular focus on understanding the factors that drive customer choices and loyalty. As a consulting team, working with a new coffee shop brand and seeking to enter this competitive market, our research aims to address the challenge of identifying the ideal market positioning for this emerging brand. This study provides insights into how coffee shops can effectively connect with local consumers and build a distinct brand presence in a thriving and diverse coffee culture, helping our clients understand where and how they can secure their position in the market.

1.2. Research Question and Problem Scoping

The central research question guiding this thesis is:

"What are the most important attributes a new coffee shop should consider when entering the Lisbon market?"

This question addresses a critical challenge for any new entrant in Lisbon's coffee shop industry. Coffee has long held a central role in Portuguese society, acting as a social anchor where people gather to meet, work, or unwind. As the capital and most populous city in the country, Lisbon’s coffee culture continues to evolve rapidly, attracting both locals and tourists. The city’s vibrant coffee scene is becoming increasingly diverse, creating a dynamic and competitive market for new establishments.

Understanding the preferences of Lisbon residents is essential for any new brand seeking to establish itself and succeed. In a crowded marketplace, success depends on identifying the key factors that drive consumer decisions - such as atmosphere, coffee quality, and pricing. These elements play a significant role in attracting and retaining loyal customers and understanding them is crucial for a new coffee shop to stand out and thrive.

Finally, the findings will offer practical insights for coffee shop owners and marketers. By identifying the most important attributes for success, coffee shops can tailor their strategies to meet the specific demands of Lisbon's market, enhancing their chances of success in this competitive landscape.

1.3. Methodology

To answer our research question, we included a mixed-methods approach, integrating qualitative and quantitative methods to analyse local consumer preferences in Lisbon's coffee shops. The qualitative phase informed the quantitative research by identifying relevant attributes and points for analysis.

First, we delved deeply into the market of coffee shops through published articles and relevant data. Afterwards, we conducted preliminary interviews with consumers and industry specialists. The literature review, along with these interviews, explored consumer preferences and behaviours, providing key insights into the attributes assessed in the quantitative surveys. Additionally, an interview with Padaria Portuguesa was conducted to understand further their strategy and perception of their own business, especially regarding information that is not publicly available. Our findings will be compared with those of other authors to validate our arguments and provide additional insights.

The quantitative methodology involved two key tools: a perceptual map and a conjoint analysis, each designed for distinct purposes.

To understand the positioning of current market players in Lisbon coffee shop market, we created a perceptual map using SPSS. The data was collected via a survey to gather consumer perceptions on specific attributes, later analysed using SPSS to create perceptual maps. These maps visually represent how consumers perceive different coffee shops relative to one another based on key dimensions.

After entering the survey data into SPSS, a factor analysis was conducted to identify the key components distinguishing perceptions. This analysis included generating descriptive statistics for each variable, a *correlation matrix,* the *KMO and Bartlett's test,* a c*ommunality* table, *the* *total variance explained*, a scree plot, a *component matrix,* a *component plot* graphic, and a *component coefficient matrix* table.

Conducted via Conjointly, the conjoint survey quantified consumer preferences by presenting respondents with combinations of attributes, to understand how consumers value different attributes of a product or service, in our case coffee shops. The conjoint analysis gave us insights regarding the attribute importance, relative preferences for level by attribute, marginal willingness to pay, ranked list of concepts (combinations) and the possibility of conducting a market simulation with the brands of our research.

In addition to conjoint questions, the survey collected participant's demographic information, including gender, nationality, residence, occupation, age, and work/study location, and also weekly visits to understand how frequently respondents go to a coffee shop per week.

2. Literature review

Since the role of this thesis is to understand how different factors influence and play a role in the consumers' coffee-shop preferences in Lisbon, our literature research will focus on contextualising the relevance of the characteristics we aim to analyse throughout this project, namely the ambience, price sensitivity, service quality, consumers' preferences when visiting a coffee shop and the social function of these establishments.

The concept of coffee shops has evolved over time, changing according to changes in society. The increase in remote work has boosted the so-called "coffices", establishments that offer some amenities to make work easier for patrons, such as easily accessible Internet connectivity and comfortable chairs. This merger created an atmosphere where individuals can integrate their work and their other daily activities, such as consuming coffee, tea or other products, relaxing the boundaries between productivity and leisure (Maspul 2023) .

The emergence of a global coffee chain, such as Starbucks, together with the emergence of coffee culture has raised several debates about what actually attracts consumers. As a response to the success of this establishment model, many coffee shops in the Tembalang, region have adopted outdoor coffee shops as a cultural identity, thus demonstrating how much this niche has undergone adaptations over time to serve different audiences and cultures (Farhan Anugrah Rizky 2022) .

2.1. Ambiance and Customer Experience

The study conducted by Bitner (1992), indicates that the ambience of a space contributes to the overall customer experience in coffee shops. Based on this, the author argues that the use of soundscape, lighting colour, and overall aesthetic can alter the customers' experiences in a coffee shop. The environment of a coffee shop, just like many other characteristics being analysed, is an intangible variable where subjectivity is paramount. One might consider a coffee shop is calm and relaxed, where another might consider it noisy or disorganized.

Economic considerations like value for money are critical for consumers, especially in urban environments where there is huge competition. Lee's (2022) study on the economic impact of coffee shops suggests that perceived value often ties to both menu pricing and the diversity of offerings.

Service quality remains a cornerstone of customer satisfaction in coffee shops. Waxman (2008) highlights how attentive staff and quick service contribute to positive interactions, fostering stronger customer loyalty and enhancing the perception of the space as a social and leisure hub. Namkung (2007) further argues that the emotional impact of service quality often outweighs other factors, making these elements critical in perceptual maps where service elements like *staff attentiveness* and *service is quick* are key dimensions.

Market giants, such as Starbucks and Hollys, continue to grow by attracting people who study and work in cafes with their spacious and comfortable spaces. Hollys Coffee adopted strategies aimed at this audience, such as store customization. In university regions, franchises have a greater number of individual seats, whereas in those with greater office occupancy, establishments have large seats and conference rooms to facilitate meetings (Ahn 2019).

Colour is an environmental factor that also influences the decision of coffee shop patrons, as cores that induce pleasurable emotion favour the decision to enter restaurants (Tantanatewin and Inkarojrit 2018). There is evidence that reddish/lighter colours were associated with expectations of sweet coffee, while greenish/darker colour was associated with expectations of sour/bitter/tastier coffee, and that these colours tend to attract more visitors (Motoki 2021).

The relationship between price and quality is very important for coffee shop goers. This audience usually compares prices and product quality, in addition to the fact that it is decisive in the decision-making process of whether to go to a special coffee shop (Opoku 2023). Consumers also consider other factors such as welcoming atmosphere, space design, and customer service when justifying higher prices (Branco, 2018).

Choi (2017) highlights that it is important for companies to provide nutritional information and expiration dates on products, as this reinforces the reliability of the coffee shop. In addition, the author states that the use of relaxing music makes customers feel better.

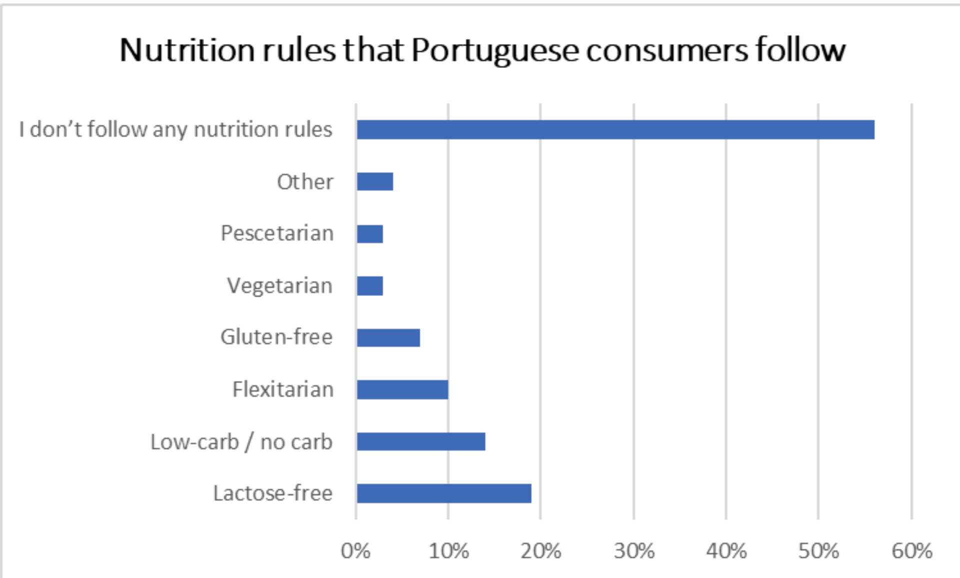

Figure 1 - Nutrition Rules Followed by Portuguese Consumers (source: Statistica Market Insights 2024)

Some characteristics related to Portuguese consumers are striking and should be considered. Most Portuguese, represented by several 70%, say that they constantly try to maintain a healthy diet. As for nutritional rules, the lactose-free diet is the most adopted, although 56% of consumers do not follow dietary restrictions. 71% of the Portuguese say that the main characteristic considered when purchasing a food is how fresh it is, followed by low price (61%) and pleasant taste (60%) (Rau, 2024).

2.2. The Cultural and Social Significance of Coffee Shops

According to the Industrial and Commercial Coffee Association (2024), coffee, seen as an essential component of Portuguese culture, is often used as an excuse for socialising, as the Portuguese typically prefer to enjoy their drink outside of the home.

Beyond individual experiences, coffee shops play a role in shaping cultural and social dynamics. Olderburg (1989) explores how these establishments contribute to urban identity and community building by acting as spaces where diverse groups can interact. These social functions align with characteristics like leisure and social, providing an idea of what a coffee-shop should be in Lisbon.

Coffee shops can also play an important role in bringing tradition and modernity together. According to Maspul (2023), many coffee shops currently adopt elements of Unaizah's cultural heritage in their design, menus or events. These interactions between the past and the present provoke reflections on social norms, gender dynamics, and social inclusion. As a result, the author highlights that the community is encouraged to preserve the cultural values of its region, while helping it to adapt to changes.

In research carried out in Taiwan, Opoku (2023) observed that coffee shop customers prioritize interaction and involvement with their family, friends, co-customers and baristas in the business, which means that this environment can be understood as a space for socialization and connection with other people.

Coffee shops can also be welcoming spaces for retirees, as it is a place where they can go to consume something and talk to attendants or other customers. This routine is sometimes used as a replacement for the work routine (Waxman 2008).

Identification with the place is also influenced by people's backgrounds. Urban coffee shop goers use coffee shops in a more practical way, while rural coffee shop goers tend to identify coffee shops as a place for social gathering and emotional support, reinforcing the third-place theory (Foss 2016).

The cultural enrichment promoted in coffee shops also needs to be highlighted. In Japan, foreign language classes are taught in these spaces, promoting cultural exchange between customers and helping to strengthen the cultural aspect of the coffee experience (Grinshpun 2014).

According to Sohrabi (2015), coffee shops are fundamental in the process of forming political opinion because they serve as "banal arenas of politics". In addition, some coffee shops exercise their social function by developing community activities, such as reading groups, coffee tasting sessions, cider and cheese nights, and even scientific discussion groups (Ferreira 2021).

2.3. Conjoint Analysis

Conjoint Analysis is an effective technique used in market research to understand the preferable characteristics of consumers when evaluating a product or service. The basis of the analysis consists of similar choice scenarios in which consumers point out their preferences and make trade-offs between characteristics such as price, colour, warranty, reliability, and taste (Kuhfeld 2010).

This technique transforms consumer reviews into components attributable to the different levels of the attributes. With this decomposition, it becomes possible to identify the importance of each attribute in the choice decision process. Subsequently, a number called part-worth utility is calculated for each level of the attributes, in which the most chosen levels are related to higher values. Each attribute is evaluated according to the range of partial utility variation for its levels (Kuhfeld 2010).

2.4. Perceptual Maps

Perceptual maps are visual representations of consumers' views on a group of products or brands in the same segment. This representation is of paramount importance for marketers, as it facilitates the comparison of brands and possible points to improve. To create a perceptual map, one must first define the attributes that are important in the decision making of the specific market consumer. The second stage consists of collecting data, which can be collected through consumer surveys, market reports, or through social media analysis, with the aim of identifying how brands in the sector are perceived by customers in relation to these attributes. In the fourth and final stage, professionals begin the analysis of the positioning of each brand, focusing on discovering market opportunities or points for improvement (Lanoue 2024).

3. Preliminary interviews

For the purpose of our analysis, we conducted 24 preliminary interviews with a diverse group of individuals, as well as one with an industry expert. Our sample for the preliminary interviews included people aged from 22 to 77, with different occupations and lifestyles, ensuring a comprehensive perspective on the factors that influence coffee shop selection. The interviewees were selected from the personal connections of the group members.

Table 1 - Number of interviews per age group

Age group	N. of interviews
18-25	7
26-35	7
36-45	5
46-55	1
56+	4

Table 2 - Number of interviews per gender

Gender	N. of interviews
Female	13
Male	11

Table 3 - Number of interviews per occupation

Occupation	N. of interviews
Student	7
Worker	15
Retired	2

Table 4 - Number of interviews per residency

Resident in Lisbon	N. of interviews
Yes	19
No	5

From the interviews, we identified five specific attributes to include in the design of the conjoint survey: indoor or outdoor seating options, brand, variety of the menu, parking availability, and average price. These attributes were chosen based on their relevance and importance as highlighted during the interviews.

Seating

Customers expressed preference for spaces offering a range of seating options. Many interviewees indicated that they appreciated cafes that provided both indoor and outdoor seating choices, allowing flexibility based on weather or personal preferences. For customers who preferred to work or study at coffee shops, ergonomic indoor seating was especially valued. The availability of outdoor seating was particularly appealing to those who valued fresh air and a view, enhancing their enjoyment of the coffee shop experience. Therefore, for the attribute *seating,* we chose two options: only indoor seating, with outdoor seating.

Brand

Interviewees often expressed the importance of a relaxing and welcoming atmosphere. They valued a space that offered comfort, whether for socializing or working, and appreciated good lighting, pleasant décor, and comfortable seating. Some emphasized the importance of having quiet areas for working or studying, while others appreciated a lively atmosphere with background music. To capture this diversity, we used brand as a proxy for ambience and environment in our conjoint analysis. We selected five brands - Copenhagen Coffee Lab, Starbucks, Cafetaria Pingo Doce, Pasteis de Belém, and Padaria Portuguesa - each offering a distinct style of environment. These brands were chosen because they were the most frequently mentioned by interviewees when discussing coffee shops they had visited and how they discovered them (see question 2 in Appendix 1 – Preliminary Interviews questions).

Menu

When it came to menu preferences, a clear inclination for high-quality coffee was evident, particularly in the form of cappuccinos, espressos, and lattes. Additionally, there was strong demand for baked goods such as pastries, croissants, and cakes. Many participants expressed interest in healthier options, including gluten-free choices, indicating a desire for variety and unique, trendy offerings that cater to diverse tastes. Therefore, our analysis includes three options for the attribute *menu*: *gourmet menu*, with specialty coffee drinks and artisan pastries; *full menu*, with coffee drinks, snacks, and full breakfast or brunch options; *basic menu*, with standard coffee drinks (espresso, americano, cappuccino) and simple snacks.

Parking

Parking availability was a crucial factor, especially for those who drove. Interviewees preferred coffee shops that had free or easily accessible parking nearby. Several participants noted that paid parking or a lack of available spots was a deterrent, as it added inconvenience or extra cost to their visit. However, in some areas, parking availability was less of a concern, particularly in locations where customers were more likely to walk or use public transportation. The conjoint survey presents three options: no parking available, free parking, or paid parking.

Price

Price is also important in customer decision-making. While participants generally sought value for money, they often prioritized quality over cost. Excessive pricing was noted as a deterrent, particularly for tourists who specifically mentioned the importance of transparent pricing practices. This insight underscores the necessity for coffee shops to balance quality and affordability to effectively attract a broad customer base. For our analysis, we considered the price of a cappuccino as an indicator for the average price.

These preliminary interviews provide a foundation for understanding customer preferences related to the five attributes that will guide our conjoint analysis.

3.1. Expert Interview

The expert interview with the marketing manager of Padaria Portuguesa (see Appendix 2 – expert interview guide) offered essential insights into the coffee shop industry in Lisbon and the unique positioning of the brand within this competitive market. One of the key points discussed was the brand's differentiation strategy, built around three pillars: the use of organic coffee blends sourced from certified farms, the incorporation of artisanal milling processes to enhance product quality, and innovative circular economy practices. These elements underscored the importance of sustainability and quality as competitive advantages, which guided the inclusion of attributes like menu type and sustainability-related aspects in our analysis. Examples of these initiatives include repurposing coffee grounds to grow mushrooms for menu items and encouraging the use of reusable or eco-friendly packaging.

The discussion also touched on emerging trends in the market, including a growing focus on niche dietary preferences, such as vegan or lactose-free options, and the increasing importance of sustainability practices. The manager underscored how adapting to these trends is crucial for maintaining relevance in a market that has become significantly more competitive over the last decade.

Price perception emerged as a crucial factor in customer decision-making, especially considering rising living costs. The manager noted that, while affordability is important, the goal remains to balance competitive pricing with exceptional quality, a challenge that requires constant adjustments due to fluctuating raw material costs. This perspective sheds light on the balance between cost and value that defines consumer preferences in Lisbon's coffee shops.

Another key theme was the significance of ambiance and customer experience. Padaria Portuguesa prioritizes creating a welcoming atmosphere through carefully designed spaces, including thoughtful lighting, music, and décor, keeping up with design trends. The manager also highlighted how store locations are strategically chosen based on factors such as convenience, foot traffic, and proximity to tourist areas, with tailored offerings to meet the needs of diverse customer segments. For example, in stores that have a lot of tourist traffic, they offer a greater variety of combinations and recipes to please different preferences and they ensure that the staff speaks English.

Social media was identified as an essential tool for marketing and customer engagement, with platforms like Instagram and TikTok playing a dual role in promoting new products and gathering customer feedback. Interactive strategies, such as polls and Q&A sessions, allow the brand to align its offerings with customer expectations while fostering a deeper connection with its audience.

4. Customer Dynamics at A Padaria Portuguesa: Insights from Observational Research and Strategic Recommendations

This section presents the findings from an observational research conducted at three distinct Padaria Portuguesa establishments across the metropolitan area of Lisbon. The investigative focus was on understanding customer behaviours, interactions, and choices within these popular coffee shop venues, thereby providing insights into the dynamics that characterize local preferences and perceptions in Lisbon's coffee culture. Following this observational study, a comprehensive analysis was conducted by integrating expert insights gathered from the interview with the marketing manager at Padaria Portuguesa. This interview served to complement the observational data, offering a managerial perspective on customer engagement and operational strategies. The subsequent analysis of both data sources highlights key touchpoints between observed customer behaviours and the company's strategic approach. Based on this integrated analysis, a set of targeted recommendations is presented to enhance customer engagement, improve service offerings, and strengthen Padaria Portuguesa's position in Lisbon's competitive coffee culture. These recommendations are specifically tailored to address the distinct needs of both local patrons and tourists, ensuring that the brand remains adaptable and responsive to evolving consumer preferences.

4.1. Observational Research

4.1.1. Methodology

The observational research took place over three separate visits to different Padaria Portuguesa locations: one in the bustling Chiado area, another near the historical Graça district, and a third in the more suburban setting of Campo de Ourique. Each venue was selected for its unique demographic and environmental characteristics, enabling a comprehensive understanding of customer dynamics across diverse contexts. During each visit, I spent approximately two hours engaging in passive observation, carefully noting customer behaviours, interactions, and menu and seating selections.

4.1.2. A Closer Look at Key Observations

Customer Type: Distinguishing Locals from Tourists

At each establishment, a discernible pattern emerged regarding customer demographics. In Chiado, a bustling area frequented by tourists, the majority of patrons were visitors, characterized by their willingness to explore local offerings. They were often observed engaging in conversations regarding recommendations and frequently collaborating in groups.

On the contrary, in Graça, a more residential neighborhood, the customer base predominantly comprised locals. These individuals appeared familiar with the menu and often made quick purchases to-go rather than sitting down. The interactions among customers were less frequent, indicating a preference among locals for a more personal and less social coffee experience.

Campo de Ourique presented a balanced mixture of both tourists and locals, suggesting that this neighborhood serves as a hub connecting diverse customer types. Locals seemed to intermingle with tourists, creating an atmosphere of community while still maintaining individual routines.

Customer Stay Duration

The observed customer stay durations varied significantly across the three locations. In the Chiado establishment, which is situated in a high-traffic touristic area, customers tended to stay for a shorter period, averaging 20 to 30 minutes. This trend aligned with a pattern of quick visits, as many patrons appeared to be tourists seeking a fast, convenient coffee and pastry before continuing their exploration of the city. Conversely, the Graça location presented a more relaxed atmosphere, with customers averaging stay times of 45 to 60 minutes. Here, locals seemed to appreciate an opportunity to unwind or engage in leisurely conversations, highlighting a crucial aspect of the community's coffee culture. The Campo de Ourique site provided similar findings to Graça, where customers typically remained for longer durations, utilizing the space for social gatherings or extended work sessions.

Menu Choices and Patterns

The observations of menu choices across the three Padaria Portuguesa locations revealed significant differences in customer behavior, influenced by various factors such as time of the day, clientele demographics, cultural significance, and broader societal trends.

At the Chiado establishment, the majority of customers, especially tourists, opted for express coffee options paired with a pastel de nata, a classic Portuguese pastry. Tourists, in particular, tended to make larger, more varied orders that included a broader range of local treats, such as savoury sandwiches, artisanal coffees, and other traditional pastries. This inclination for extensive orders reflects a desire to experience a variety of local flavours, often in a family-style, communal dining approach that fosters a more social atmosphere.

The Graça location, primarily frequented by locals, displayed a different dynamic. Customers here generally favoured smaller, more pragmatic purchases, such as a single pastry with a coffee. This preference suggests a more efficient and time-conscious approach to dining, which reflects the fast-paced lifestyle of city residents. Furthermore, there was a noticeable shift toward health-conscious choices, as locals increasingly opted for lighter pastries or whole-grain options. This aligns with contemporary health trends, where customers are becoming more mindful of nutritional value in their food selections.

The Campo de Ourique venue showed a mix of behaviours, influenced by its diverse demographic composition, which included both locals and tourists. While some customers opted for small, practical orders, others engaged in larger, shareable meals, similar to the patterns seen in Chiado. Additionally, there was a growing trend toward sustainability, with some customers choosing eco-friendlier options or locally-sourced ingredients. This shift reflects broader societal movements towards ethical consumption and sustainable practices, further diversifying the types of orders made at this location.

Types of Interactions

The nature of customer interactions clearly varied between the establishments. The Chiado establishment was characterized by group dynamics, with friendly travelers congregating, sharing stories, and indulging in lively discussions over coffee and traditional pastries. At the Graça venue, solo customers were prevalent, indicating a trend of individual engagement with the environment, often seen working on laptops or engrossed in reading. Interestingly, the Campo de Ourique venue featured a blend of both solo work and group interactions, as the space offered ample seating arrangements conducive to both collective and individual pursuits. These observations underscore the adaptability of Padaria Portuguesa as a social hub, catering to a diverse array of customer preferences and contexts.

Customer Flow and Seating Preferences

The observations regarding seating preferences were insightful and revealed how the different Padaria Portuguesa's cater to various social dynamics. Each Padaria Portuguesa, including those in Chiado, Graça, and Campo de Ourique, provides outdoor seating with both large and small tables, allowing customers to choose their ideal environment. The Padaria Portuguesa in Chiado, with its larger window opening to the outside, offers more seating options close to the street. This layout creates a stronger connection to the outside world, enhancing the opportunity for people-watching, which seems to be a favourite activity for many. Here, the layout of the establishment facilitated communal seating, which seemed to cater to social interaction. Tourists were drawn to the larger communal tables, where they could converse and meet fellow travelers, taking full advantage of the lively street view. This alignment of space and social behaviour reflects the area's vibrant, cosmopolitan vibe.

In contrast, the Padaria Portuguesa in Graça had a quieter, more intimate atmosphere. Locals generally occupied the smaller tables, revealing a preference for solitude or brief interactions. The more subdued environment here aligned with the relaxed pace of life in the neighbourhood. While the outdoor seating area provided plenty of options, the general ambiance suggested that locals enjoy a more personal and low-key experience.

Campo de Ourique stood out for its larger size and greater variety of seating options. It offered ample space for both smaller, solitary customers and larger groups, providing flexibility in seating choices. The layout seemed to encourage social interactions, making it an ideal spot for both tourists seeking shared experiences and locals enjoying a welcoming, community-oriented space. All three locations offer a mix of chair and sofa seating options, catering to a broad range of customer preferences for comfort.

Social Media Engagement

Engagement with social media was notably prevalent among tourists in Chiado, with many observed photographing their food before consumption; the aesthetic of vibrant pastries and artisanal bread lent itself to this behaviour. In contrast, locals in Graça exhibited minimal activity on social media during their visits. This observation aligns with the premise that Padaria

Portuguesa, while functional and utilitarian, lacks distinct aesthetic elements that might encourage local patrons to take photographs for sharing online.

Campo de Ourique displayed a mixed pattern, with some tourists eagerly documenting their meals while locals continued to engage with their gatherings using fewer mobile devices. This suggests a disparity in how aesthetics influence customer behaviour in a setting perceived as less visually appealing.

Response to Promotions

Promotional strategies appeared to influence customer behaviours variably across the establishments. In Chiado, signage advertising discounts and special menu items attracted significant attention from tourists, who displayed enthusiasm about taking advantage of affordable offerings. The impact of marketing promotions seemed less pronounced among locals in Graça, who valued consistency and familiarity over promotional strategies, suggesting a more ingrained loyalty to the brand itself.

In Campo de Ourique, a nuanced response to promotions was observed. Both locals and tourists engaged with the promotions presented, indicating a potential openness to exploring new offerings without compromising their existing preferences.

4.1.3. Analysis and Outcomes

This observational research at Padaria Portuguesa has provided valuable insights into the customer dynamics and preferences that shape the experience within the diverse settings of Lisbon’s coffee culture. By examining three distinct locations—Chiado, Graça, and Campo de Ourique—we identified notable variations in customer behaviours, interactions, menu choices, and response to promotions that reflect the unique characteristics of each neighbourhood.

The clear differences in customer stay durations highlight the impact of location on consumer habits, with tourists in Chiado favouring quick visits for traditional pastries, while locals in Graça and Campo de Ourique embraced a more leisurely approach to coffee consumption, often utilizing the space for socialization and work. The observation that Chiado attracted a greater proportion of tourists seeking quick and shareable experiences contrasted with locals in Graça who preferred efficiency and familiarity points to the necessity for Padaria Portuguesa to tailor its service and marketing strategies to cater to the distinct needs of these diverse customer bases.

Moreover, the findings concerning menu choices further illustrate the interplay between context and customer preferences. Tourists gravitated towards an assortment of items that enhanced their experience of Lisbon’s culinary offerings, whereas locals exhibited a propensity for simpler, more traditional choices that align with their daily routines. This distinction emphasizes the importance of understanding the motivations behind different customer profiles to optimize menu design and marketing efforts accordingly.

The seating preferences and social media engagement behaviours observed reinforce the establishment's role as a social hub, adaptable to the varied interactions sought by its customers. While tourists engaged in communal experiences and actively documented their visits on social media, locals preferred more solitary or intimate settings, reflecting a more personal connection to their local establishment.

Finally, the contrasting responses to promotions across the locations suggest that Padaria Portuguesa's marketing strategies should leverage local loyalty while appealing to the exploratory nature of tourists. In Chiado, effective promotional signage could enhance tourist engagement, whereas in Graça, emphasizing the consistency and quality of offerings may better sustain local clientele.

Overall, this research underscores the necessity for Padaria Portuguesa to recognize and embrace the distinctive sociocultural dynamics of each location, enabling a more refined approach to customer engagement that honours both the rich tradition of Portuguese coffee culture and the evolving preferences of its diverse clients. By enhancing the customer experience through targeted strategies that consider demographic, cultural, and behavioural distinctions, Padaria Portuguesa can strengthen its position as a beloved destination within Lisbon's vibrant coffee scene.

4.2. Integration of Observational Findings and Interview Insights

The goal of this analysis is to deepen our understanding of customer dynamics at Padaria Portuguesa by combining qualitative insights gathered from the interview we led with a marketing manager from the company and quantitative data from the observational study conducted across three different locations in Lisbon. We aim to compare and analyse shared perspectives as well as contradictory views and validate our interview findings with the data obtained from the observational experiment. By comparing these two data sources, we aim to validate findings, elucidate relationships between customer behaviour and operational strategies, and identify any discrepancies that may exist. Such an integrative approach enables a more comprehensive exploration of how Padaria Portuguesa navigates the complexities of its customer base, particularly in terms of differing preferences between locals and tourists, and reflects on the effectiveness of marketing strategies in capturing and retaining the loyalty of each demographic category.

4.2.1. Touch Points

Several touch points emerge when comparing the observational research findings with the insights gathered from the marketing manager's interview. These connections illuminate how specific operational elements foster customer engagement and satisfaction while also revealing instances where observational outcomes diverge from managerial perceptions.

1. Physical Environment and Interaction Dynamics

The marketing manager emphasized the importance of the physical environment in shaping customer experiences, specifically highlighting the brand's recent rebranding efforts that focused on creating a welcoming atmosphere with minimalist design elements. This aligns with the observational findings that noted distinct seating preferences among customers. In the Chiado establishment, tourists favoured communal seating arrangements conducive to quick conversations and social interactions. This design likely supports the intention to create a vibrant social hub, as suggested by the marketing interview.

Conversely, the observational research revealed that locals in Graça tended to prefer smaller tables, often opting for a quieter, more intimate experience. Though the marketing manager indicated that the design is aimed at fostering comfort and engagement, the behavioural divergence observed suggests that the effectiveness of this strategy may vary based on customer type and context. Local patrons may prioritize privacy and solitude over communal engagement, implying that while the space is designed for social interaction, it does not equally cater to the nuanced needs of different demographic segments.

2. Customer Experience and Brand Loyalty

The interview highlighted the significance of a smiling, friendly service, and clean, well-kept stores as key factors influencing customer satisfaction. Observational data validated this understanding, particularly in terms of the efficient service at the establishments, which correlated with higher satisfaction levels among customers. For tourists in Chiado, a fast-paced environment served their desire for quick service, aligning with their behaviour of placing larger orders for shareable items, thus enhancing their overall experience. In contrast, locals seemed more concerned with the quality and consistency of the products rather than rapid service. Tourists' inclination toward promotional signage and discounts presented a potential divergence: while the marketing manager noted a focus on brand loyalty and the quality of offerings, the observational study found that price promotions significantly attracted tourists, underscoring the complicated interplay of pricing perception and customer loyalty. Given that tourists are unlikely to become regular, loyal customers, Padaria Portuguesa effectively capitalizes on its attractive pricing strategies to appeal to this demographic. At the same time, the company places significant emphasis on maintaining high-quality products and excellent service, which cater to the needs of local customers. This approach not only enhances the experience for tourists but also positions the brand to potentially convert locals into loyal, long-term patrons.

3. Menu Choices and Health Trends

Observations of menu choices revealed that while tourists gravitated toward larger, varied orders to experience Lisbon's culinary offerings, locals predominantly favoured simpler options, reflecting their regular consumption habits. This finding resonates with the marketing manager's acknowledgment of niche consumption and health-conscious trends, which have prompted the introduction of lactose-free and vegan alternatives. However, a discrepancy arises in the understanding of health trends among locals: while the marketing manager noted an increasing focus on health-oriented products, observational data indicated a strong preference for traditional pastries and coffee, particularly among local patrons, suggesting that health consciousness may not be as pronounced within this demographic as proposed.

4.2.2. Takeaways

By comparing observational findings with insights from a marketing manager, this analysis elucidates a multifaceted understanding of customer behaviour at Padaria Portuguesa. The integration of empirical observation with qualitative insights reveals significant touch points, illustrating how the brand's environment, customer service, and response to market trends strategically shape customer interactions. Additionally, the examination highlights nuanced dynamics between locals and tourists that challenge the simplistic categorization of customer motivations, advising the brand to continuously adapt its operational strategies in response to the evolving preferences of its diverse clientele. Thus, while many elements align effectively, the meaningful exploration of discrepancies enhances the overall comprehension of Padaria Portuguesa's customer engagement strategies and operational effectiveness within Lisbon's competitive coffee culture.

4.3. Recommendations for Padaria Portuguesa

Based on the findings from the observational research and insights from the interview with the marketing manager, the following targeted recommendations are suggested to enhance customer engagement and satisfaction at Padaria Portuguesa. These recommendations aim to address specific attributes that can further distinguish the brand and optimize its offerings for both local patrons and tourists.

1. **Tourist-Centric Tasting Menus**: To appeal to the increasing number of tourists wishing to sample traditional Portuguese pastries, Padaria Portuguesa should consider developing a "Tourist Tasting Menu." This menu could feature a curated selection of assorted pastries, such as Pastéis de Nata, Travesseiros, and Bifanas, allowing visitors to experience a variety of flavours in one order. By packaging these offerings in a visually

appealing way, Padaria Portuguesa can encourage shared experiences, fostering social interaction among tourists while elevating their overall dining experience.

2. **Localized Health-Conscious Options:** While existing health-conscious alternatives are available, it is vital for Padaria Portuguesa to further refine its menu based on local consumer preferences. Developing menu items that balance traditional Portuguese flavours with contemporary health trends—such as whole-grain pastries or reduced-sugar versions of classic offerings—could cater to a demographic increasingly interested in healthy eating. Conducting periodic surveys to understand specific dietary preferences among local patrons can provide guidance on which products to introduce.
3. **Enhanced Signage and Digital Menus:** Given the observed responsiveness of tourists to promotional messaging, Padaria Portuguesa should invest in improved signage and digital menus that highlight both daily specials and pastry offerings. Utilizing bright, engaging visuals alongside descriptions of signature dishes can effectively capture attention in high-traffic areas such as Chiado. Additionally, implementing an interactive digital menu that provides images and detailed descriptions of menu items can assist customers in making informed choices, particularly appealing to those unfamiliar with Portuguese cuisine.
4. **Community Engagement Events:** To strengthen community ties and promote a sense of belonging, Padaria Portuguesa should organize regular events, such as "Local Flavour Nights," where local artisans or chefs are invited to showcase their culinary skills. These events could blend the cultural aspects of food with community participation, encouraging locals to gather at the establishment. Promoting these events through social media and community boards can enhance visibility and draw in both locals and tourists.
5. **Improved Social Media Strategies:** Given the differences in social media engagement between tourists and locals, Padaria Portuguesa should refine its online marketing

strategy to capitalize on the social media habits of tourists. This could include launching a dedicated campaign focused on user-generated content, encouraging customers to share their experiences and photos of menus using a specific hashtag. Implementing deals that incentivize consumers to share their meals online can enhance brand visibility and foster a sense of community engagement.

By implementing these targeted recommendations, Padaria Portuguesa can further enhance customer satisfaction, bridge the gap between local and tourist experiences, and solidify its position within Lisbon's dynamic coffee culture. Continually adapting services and offerings to meet the diverse needs of its clientele will ensure that Padaria Portuguesa remains a preferred destination for both locals and visitors in Lisbon.

5. Consumer Perceptions

5.1. Consumer Perceptions and the Purpose of the Perceptual Map

In this section of the work project, we delve into the analysis of consumer perceptions of coffee shops in Lisbon, from residents of Lisbon's metropolitan area. To gain valuable insights into how customers perceive different coffee shop brands, a perceptual map questionnaire was designed and distributed via WhatsApp, Instagram, and LinkedIn. The primary aim of this survey was to identify the attributes that consumers associate with various coffee shops and understand their position within the competitive landscape.

By utilizing perceptual mapping, the goal is to understand the relationships between different coffee shops based on customer perceptions of key attributes. The survey explores various dimensions, such as value for money, service quality, environment, menu diversity and associated purpose, which are crucial for businesses seeking to differentiate themselves and target the right consumer segments. Understanding where each coffee shop stands relative to others provides valuable insight into customer preferences, enabling a clearer understanding of each brand's position in the market.

The survey collected data from 177 participants, all of whom were aged 18 or older and reside in the Lisbon metropolitan area. This specific demographic was targeted to ensure the relevance and accuracy of the findings. The responses from this sample provide a detailed picture of consumer perceptions of five coffee shops in Lisbon, offering insights into businesses looking to refine their offerings and marketing strategies.

5.2. Selection of coffee shop brands and influence of preliminary interviews on survey design

The selection of five coffee shops for detailed analysis was made based on their representation of distinct types of coffee shop experiences in Lisbon and follows the choice of the brands for the conjoint analysis that we previously discussed in the chapter *Preliminary Interviews*.

Below is a summary and a brief description of the five selected brands:

1. **Cafetaria Pingo Doce (CPD)**: representing supermarket coffee shops, this brand offers a more accessible and convenient option for consumers looking for quick, affordable coffee in a supermarket setting.
2. **Copenhagen Coffee Lab (CCL)**: a specialty coffee shop, known for its focus on high-quality coffee and a more premium experience, catering to coffee enthusiasts who appreciate the artistry of specialty brews and artisanal bread and pastries.
3. **Pastéis de Belém (PB)**: a traditional Portuguese coffee shop, iconic for its connection to Portuguese culinary culture and offering a classic experience centered around traditional pastries like pastéis de belém, baked inside the same establishment. Furthermore, it also offers diverse beverages, including coffee drinks, and other pastries and snacks.
4. **Starbucks (SB)**: a modern coffee shop chain, recognized worldwide for its consistent brand experience and catering to both social and professional settings. Starbucks represents a globalized, standard approach to coffee retail.
5. **Padaria Portuguesa (PP)**: combines a typical Portuguese traditional pastries and snacks (and beverages) with modern coffee shop services in a chain format. Catering to a broad spectrum of consumers who value both practicality and quality in their coffee shop experience.

From the preliminary interviews that we already discussed, we learned that seating options, type of environment, menu variety, parking availability, and price were central to consumer decision-making. These findings helped us determine the basis of the perceptual maps survey. However, to ensure that we captured a comprehensive set of consumer perceptions, we expanded our focus in the questionnaire to include the following factors:

1. **Value for money**: consumers emphasized the importance of getting good value for the price paid, especially in a city where coffee shop prices can vary widely.
2. **Menu diversity**: a diverse menu that caters to different tastes and dietary needs was noted as an important attribute. Customers value coffee shops that offer variety and flexibility, catering to a range of preferences, including healthier and gluten-free options.
3. **Dietary options available**: given the growing demand for inclusivity in food offerings, particularly regarding dietary restrictions, the availability of options such as vegetarian, vegan, and gluten-free was highlighted as a key consideration.
4. **Speed of service**: the speed with which orders are taken and served emerged as a crucial factor, particularly for customers who visit coffee shops during busy work or commuting hours.
5. **Attentiveness of the staff**: friendly and responsive staff were frequently cited as contributing to a positive experience. Customer satisfaction often hinged on the service quality and attentiveness of the coffee shop's employees.
6. **Coziness of the environment**: many respondents mentioned that the ambiance and overall comfort of the space contributed to their experience. Whether the space was cozy and inviting or overly cold and unwelcoming had a significant impact on customer satisfaction.
7. **Usage of space**: consumers were also asked about the primary function of the space—whether they used the coffee shop for leisure, productivity (such as working or studying),

or socializing. This factor helps to contextualize the environment in which customers engage with the coffee shop experience.

5.3. Data Analysis – SPSS

The purpose of building perceptual maps is to understand how consumers perceive each coffee shop. After collecting 177 responses, we uploaded the data into SPSS and conducted a factor analysis. In this analysis, we extracted factors based on their *eigenvalues*, which measure how much variance each factor or component captures in the dataset (IBM 2024). Factors with *eigenvalues* greater than 1 are considered significant, as they explain more variance than a single variable.

During the first attempt, the first component had an *eigenvalue* of 4.240, indicating that it captures a significant portion of the variance, and no other component had an eigenvalue above 1. This component alone accounts for a substantial amount of the dataset's variability, while the remaining components explain relatively little variance.

Since only one component is not enough to create a perceptual map, we performed a second factor analysis by forcing an extraction of 2 factors. One of the outputs of factor analysis included a descriptive analysis with the *mean* of each variable, the standard error and number of responses for each variable. There is no significant difference between the mean of each variable. The lowest mean, attributed to *The ambiance feels cozy*, is 3.55, whereas the highest mean is 3.84 for *Service is quick*. However, *Productivity* exhibits the highest standard deviation, indicating significant variability in perceptions among respondents across the dataset. In contrast, the perception of *the staff is attentive* has the lowest standard deviation, reflecting greater consistency in respondents' perceptions of this attribute.

Table 5 – Descriptive Statistics (SPSS)

	Mean	Std. Deviation	Analysis N
The ambiance feels cozy	3.55	1.223	885
Value for money	3.65	1.177	885
Menu Diversity	3.63	1.134	885
Dietary options available (e.g., vegetarian, vegan, gluten-free)	3.56	1.137	885
The staff is attentive.	3.71	1.079	885
Service is quick.	3.84	1.074	885
Productivity	3.36	1.427	885
Leisure	3.71	1.215	885
Social	3.77	1.208	885

In the *Correlation Matrix* (Table 6), below, it is visible a high correlation (above 0.5) between *leisure* and *social* (0.517), between *dietary options* and *menu diversity* (0.515) and between *social* and *coziness* (0.501). Furthermore, all correlations between every variable are positive.

Table 6 – Correlation matrix (SPSS)

		The ambiance feels cozy	Value for money	Menu Diversity	Dietary options available (e.g., vegetarian, vegan, gluten-free)	The staff is attentive.	Service is quick.	Productivity	Leisure	Social
Correlation	The ambiance feels cozy	1.000	.323	.419	.432	.485	.351	.466	.472	.501
	Value for money	.323	1.000	.468	.361	.419	.403	.286	.415	.285
	Menu Diversity	.419	.468	1.000	.515	.409	.371	.374	.343	.368
	Dietary options available (e.g., vegetarian, vegan, gluten-free)	.432	.361	.515	1.000	.461	.381	.486	.328	.327
	The staff is attentive.	.485	.419	.409	.461	1.000	.477	.400	.440	.454
	Service is quick.	.351	.403	.371	.381	.477	1.000	.342	.357	.355
	Productivity	.466	.286	.374	.486	.400	.342	1.000	.392	.357
	Leisure	.472	.415	.343	.328	.440	.357	.392	1.000	.517
	Social	.501	.285	.368	.327	.454	.355	.357	.517	1.000

The *KMO and Bartlett's Test* table provides statistical measures to assess the suitability of our data for factor analysis. The *Kaiser-Meyer-Olkin* (KMO) *Measure of Sampling Adequacy* evaluates the proportion of variance in the variables that may be attributed to underlying factors

(IBM 2024). A higher KMO value indicates greater suitability for factor analysis. In this analysis, the KMO value exceeds 0.8, confirming that factor analysis is appropriate for our data.

The *Bartlett's Test of Sphericity* examines whether the correlation matrix is an identity matrix, which would imply that the variables are unrelated and unsuitable for structure detection (IBM 2024). A small significance level (p-value) indicates that the data has sufficient correlations for factor analysis. In our results, the significance level is <0.001, rejecting the null hypothesis of an identity matrix and confirming significant relationships among variables, thereby supporting the use of factor analysis (IBM 2024).

Table 7 – KMO and Bartlett's Test (SPSS)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.893
Bartlett's Test of Sphericity	Approx. Chi-Square	2652.460
	df	36
	Sig.	<.001

Furthermore, through this process we also obtained the total variance explained from a Principal Component Analysis (PCA). *Component 1* has an eigenvalue of 4.240, explaining 47.107% of the variance in the dataset. *Component 2* has an *eigenvalue* of 0.865, explaining an additional 9.871% of the variance. The cumulative percentage shows that the first two components together explain 56.978% of the total variance, as shown in the table *Total Variance Explained* (Table 8). By extracting these two components there is still 43.022% of information lost. The *Kaiser Criterion* suggests retaining components with eigenvalues greater than 1 (IMB 2024). Here, only *Component 1* meets this criterion, so only this one should be extracted. However, as explained before for a more complete analysis, we extracted 2 components. These were used to build perceptual maps. An illustration of the scree plot that demonstrates the eigenvalue per component number can be seen in Appendix 8.

Table 8 – Total Variance Explained (SPSS)

Component	Extraction Sums of Squared Loadings Total	% of Variance	Cumulative %
1	4.240	47.107	47.107
2	.888	9.871	56.978

Extraction Method: Principal Component Analysis.

By extracting two components, SPSS generated a two-dimensional graph with Component 1 represented on the X-axis and Component 2 on the Y-axis, plotting the variable coordinates accordingly. The *component matrix* table displays the relationships between the original variables and the extracted components or factors (Appendix 9). The value displayed in the table indicates how strongly each variable is correlated with each component.

In the *component plot* graph (Figure 11), all variables are positioned on the positive, right-hand side of the Y-axis, indicating a strong association with *Component 1*. This result aligns with expectations, as *Component 1* explains the majority of the variability, as shown in the *Total Variance Explained* table. However, certain variables, including *Productivity*, *"The staff is attentive, The ambiance feels cozy*, *Leisure*, and *Social*, fall below the X-axis, indicating a lack of association with *Component 2*. In contrast, variables such as *Value for Money, Menu Diversity*, *Dietary Options Available* and *Service is Quick* are positioned above the X-axis, suggesting an association with both *Component 1* and *Component 2*. These relationships are illustrated in Figure 11.

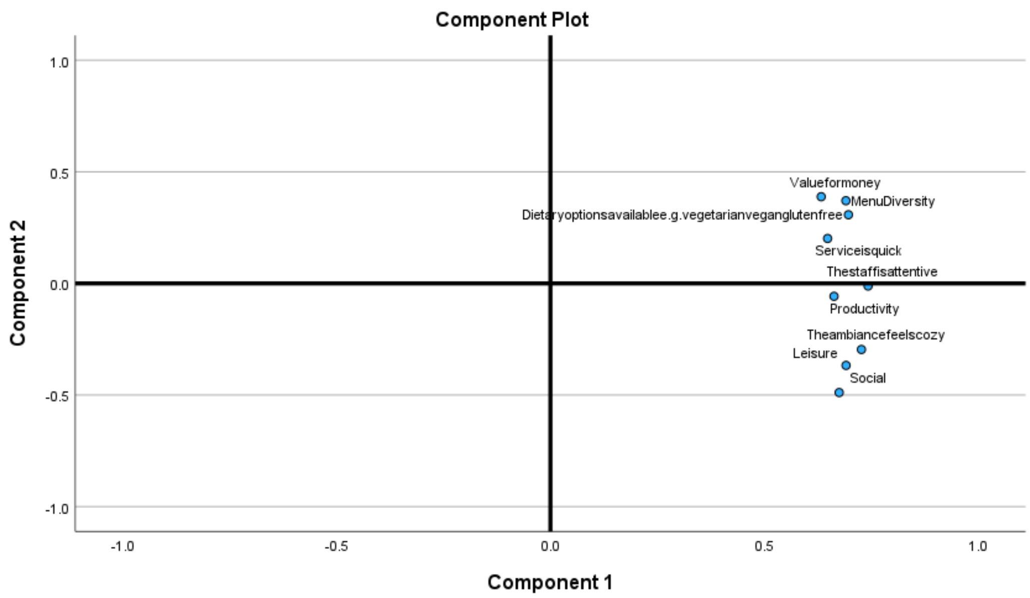

Figure 2 - Component plot generated by SPSS

Additionally, we analyzed the *Component Score Coefficient Matrix* table (Appendix 10), which highlights the contribution of each variable to the components extracted during the PCA. For *Component 1*, the variable with the highest contribution is 0.175 (*The staff is attentive*), indicating that it plays a significant role in defining this component. Notably, all other variables also contribute positively to *Component 1* with score coefficients between 0.100 and 0.200, reinforcing its overall cohesion and alignment with key consumer preferences. The variable that contributes the least to the component is *value for money*.

In contrast, Component 2 exhibits a mix of positive and negative contributions. Variables such as *social*, *leisure*, *productivity*, *coziness* and *the staff is attentive* with the respective score coefficient's of -0.550, -0.414, -0.065, -0.333, and -0.013 show negative contributions, suggesting that these attributes detract from the overall score of this component (Appendix 10). The perceptions that significantly contribute negatively are those related to social aspects, leisure, and coziness. However, variables such as *value for money*, *menu diversity*, and *quick service* contribute significantly and positively to this component.

In summary, *Component 1*, which, for the reasons above we named *Customer satisfaction and experience* captures overall customer satisfaction and quality of experience, including attentiveness of staff, ambiance, menu variety, and dietary inclusivity. These are likely to be the primary drivers of differentiation among coffee shops in Lisbon. *Component 2,* which we named *Value and practicality* emphasizes value for money and inclusiveness, where positive contributions come from affordability and variety, but negative associations include aspects like leisure and social activities. This suggests a trade-off between perceived affordability and more premium leisure/social experiences.

Furthermore, SPSS also allocated a factor's coordinates for each one of the data entries (888 in total), positioning each perception of each respondent for each coffee shop in the component plot. Since these create exhaustive points in the graphic, through *excel* we realized a descriptive statistical analysis for the factors of each coffee shop (Appendix 3 to 7). We retrieved the median (50th percentile) of each one of these to plot in the graphic. The mean was not used due to the standard deviation being considerably high compared to the mean, as seen in the table below. This high variability indicates that participants perceive each coffee shop very differently.

Table 9 - Mean, median and standard deviation of each factor per coffee shop

Brand	PP		SB		PB		CCL		CPD	
	FAC1	*FAC2*	*FAC1*	*FAC2*	*FAC1*	*FAC2*	*FAC1*	*FAC2*	*FAC1*	*FAC2*
Mean	0,15	0,06	0,01	-0,34	-0,08	-0,28	0,14	-0,13	-0,23	0,69
Median	0,11	-0,02	0,01	-0,24	-0,24	-0,20	0,17	-0,06	-0,39	0,41
Std. Dev	0,90	0,85	1,06	0,89	0,98	0,84	0,92	0,78	1,09	1,22

Although the component graphics were provided by SPSS, the medians of these coffee shops factors were allocated manually through *PowerPoint* in the component plot as shown in Figure 12.

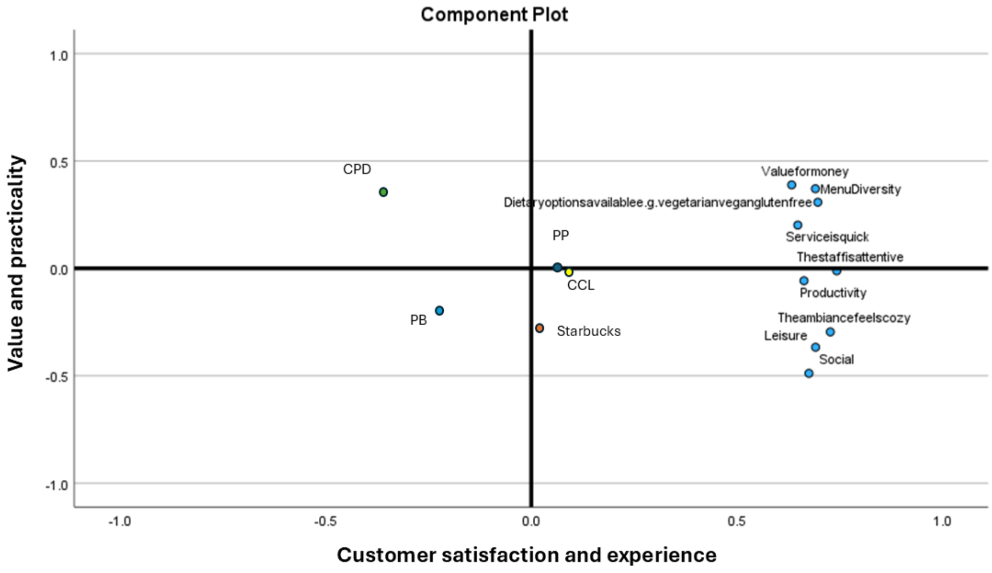

Figure 3 - Perceptual map generated by SPSS

Cafetaria Pingo Doce is strongly associated with *Value and practicality*, compared to the other brands, likely excelling in perceived affordability, menu variety, and dietary inclusivity (Figure 12). Furthermore, consumers don´t associate this coffee shop as a social or leisure place, rather it is positioned as a more practical and functional coffee shop. The low median for *FAC1* (-0.39) further supports this interpretation (Table 9), suggesting that CPD does not perform well in areas like ambiance or quality of service.

Padaria Portuguesa and Copenhagen Coffee Lab seem to be the coffee shops that are the most associated with *Customer satisfaction and experience*, suggesting they are perceived as offering high-quality experience, attentive service, and appealing ambiance, compared to the other coffee shops. Furthermore, their *FAC2* median is close to null, which means component 2 contributes little to their differentiation.

Starbucks' median *FAC1* is slightly positive (0.01), indicating it is associated with quality and ambiance but not as strongly as PP and CCL. The high standard deviation of *FAC1* (1.06) suggests that consumer perceptions of Starbucks' quality and service vary widely. Its negative median *FAC2* (-0.24) suggests that Starbucks is not strongly associated with affordability or menu diversity.

Furthermore, we also investigated the *Communalities* table (Appendix 11). Extraction communalities are estimates of the variance in each variable accounted for by the components (IBM 2024). The variable with higher communality is the perceptual of *social*, followed by *coziness, menu diversity* and *leisure.* These variables indicate a communality higher than 0.600 but lower than 0.700 and are represented by the components the best. While for *productivity* (0.443) and *service is quick* (0.461) the components represent these variables the worst, compared to the other ones. Therefore, the components capture a higher variance of social perception, followed by coziness, and menu diversity.

Upon evaluating the *Component Score Covariance Matrix* (Table 10), we observed that there is no correlation between the two components, which is consistent with the nature of the Principal Component Analysis (PCA) method.

Table 10 – Component Score Covariance Matrix (SPSS)

Component	1	2
1	1.000	.000
2	.000	1.000

Extraction Method: Principal Component Analysis.
Component Scores.

6. Consumer Preferences

To identify the specific attributes consumers value most in coffee shops and to guide the planning of a new coffee shop, we designed a conjoint survey using Conjointly, a software for analyzing the preferred attributes. The survey was shared with our connections via social media like WhatsApp, Instagram, and LinkedIn, targeting locals from the metropolitan area of Lisbon.

For the conjoint analysis, the selected attributes were coffee shop brand, cappuccino price, parking availability, type of menu, and outdoor seating availability, building on insights gathered in the preliminary interviews discussed in the earlier chapter. In this paragraph, we will explain the levels selected for the five attributes and the reasoning behind each choice.

We chose cappuccino to represent the price attribute because, during consumer interviews, we observed a wide variety of coffee drink preferences. Using cappuccino as a reference allows us to estimate how much people are generally willing to pay for a coffee drink. To determine the price levels for the survey, we analysed cappuccino prices from the menus of the five coffee shops, as shown in the table below.

Table 11 - Cappuccino's price per coffee shop

Coffee shop	Cappuccino's price
CCL	€3.80
PP	€2.90
PB	€2.80
SB	€2.90 (Tall size)
CPD	-

We selected the highest (€3.80) and lowest (€2.80) cappuccino prices as the initial price levels, which differ by €1. To create additional levels with equal intervals, we calculated the midpoint between the highest and lowest prices, resulting in a middle level of €3.30. Since Cafetaria Pingo Doce does not sell cappuccino, we assumed it would offer the lowest price based on its generally lower beverage prices compared to other coffee shops in this study. To maintain consistent intervals, we added another price level of €2.30, which is €0.50 below €2.80. This ensured all price levels had a uniform difference of €0.50.

Regarding the parking attribute, we defined three levels to capture the varying availability of parking options. The first one is the *no parking* option, the second one is *free parking*, and the third one is *paid parking*. With this attribute, we aim to understand how consumer preferences vary when presented with different parking options. We hypothesize that consumers are more likely to prefer a coffee shop with free parking nearby compared to one with no parking or paid parking. Additionally, we will consider that frequent car users are likely to place greater importance on this attribute than non-car users.

Lisbon's weather has a big impact on the preference for consumers choosing to be in an outdoor setting, rather than indoors. To assess the impact of outdoor seating availability on consumer choices, we defined two levels for this attribute: outdoor seating available and indoor seating only.

Finally, since the primary reason consumers visit a coffee shop is to enjoy food or beverages, we included a menu variety as an attribute. The first level, *basic menu*, offers a limited selection, such as standard coffee drinks and simple snacks. The second level, *full menu,* includes a broader range of options, such as coffee drinks, snacks, and full breakfast or brunch. The third level, *Gourmet menu,* features specialty coffee drinks and artisan pastries.

A summary of the attributes and their levels can be found on the table below.

Table 12 - Summary of attributes and levels for the conjoint analysis

Attribute	Levels
1. Coffee shop brand	1. Padaria Portuguesa
	2. Starbucks
	3. Cafetaria Pingo Doce
	4. Copenhagen Coffee Lab
	5. Pastéis de Belém
2. Cappuccino Price	1. 3.80€
	2. 3.30€
	3. 2.80€
	4. 2.30€
3. Parking	1. No parking
	2. Free parking
	3. Paid parking
4. Seating	1. With outside seating
	2. Only inside seating
5. Menu	1. Basic menu: standard coffee drinks (expresso, americano, cappuccino) and simple snacks
	2. Full menu: coffee drinks, snacks and full breakfast or brunch
	3. Gourmet menu: specialty coffee drinks and artisan pastries

When we launched the survey, Conjointly recommended collecting 200 responses for a reliable report. Although we received a total of 251 responses, only 188 were relevant, as they met the criteria of residing within the metropolitan area of Lisbon. Consequently, we focused on this segment and extracted the results corresponding to respondents from this area.

Key outputs include attribute importance, preferences for levels, marginal willingness to pay, ranked list of concepts and goodness of it. According to Conjointly, the first output refers to the relative importance of different attributes, preferences for levels evaluate the preferred levels within each attribute and MWTP shows the additional amount consumers are willing to pay for a specific attribute improvement, compared to a baseline which is one of the attributes. To assess model accuracy, it was also evaluated the goodness of it.

The goodness of fit was 63.9% which represents a medium fit (43 to 65%). Conjointly uses *McFadden's pseudo*- R^2 to calculate it. According to Conjointly, if the *pseudo*- R^2 value was over 65% it would indicate that respondents have a clear preference for features, and if it was under 45% it would suggest that respondents' choices were more arbitrary. Our results indicated that respondents don´t have a clear preference for features but they aren´t also arbitrary. With a relatively high medium fit (almost 65%), most likely, the majority of respondents have clear preferences, but there is still a considerable number of participants that have arbitrary preferences.

6.1. Relative importance of attributes and levels

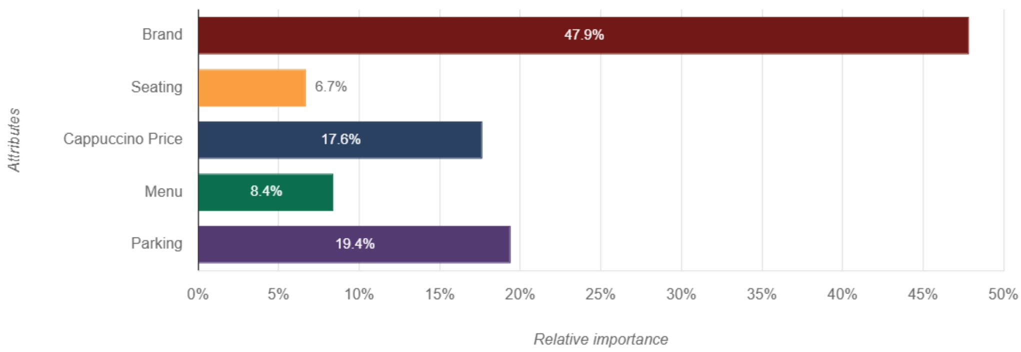

Figure 4- Relative importance of attributes (Conjointly)

For the general responses of locals of the metropolitan area residents of Lisbon, brand seems to be the most important attribute with a 47.9% relative importance to the rest of the attributes (figure 13). This value means that the brand is the strongest attribute to influence their behaviour. Following this is parking with 19,4% and cappuccino price with 17.7% of relative importance. In the bottom menu and seating have the lowest attribute importance.

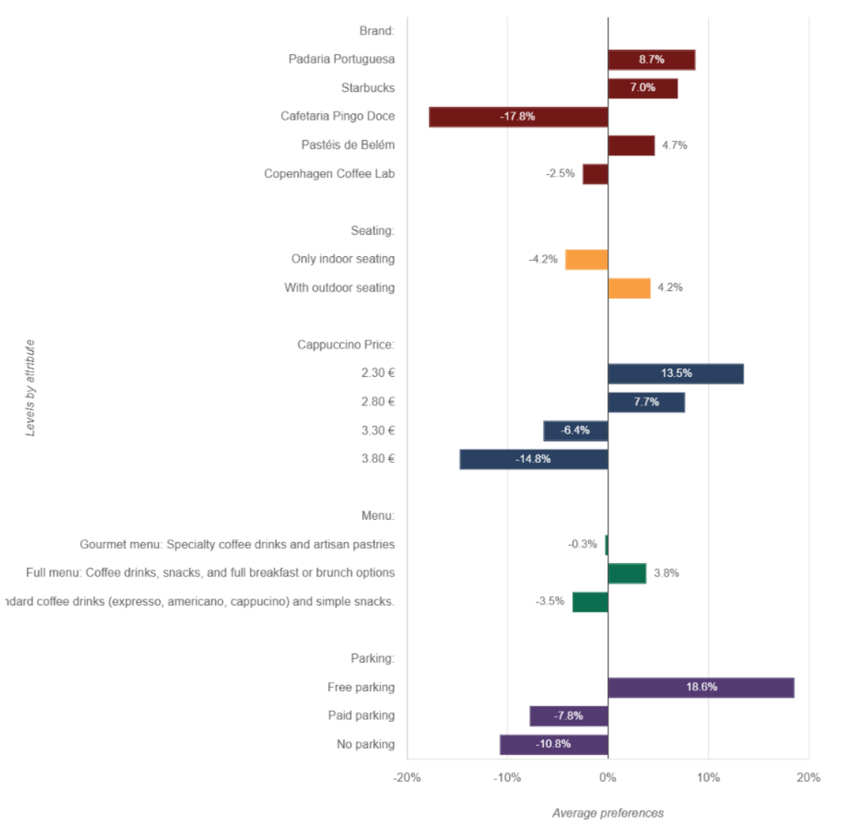

Figure 5 - Relative preferences for levels by attribute (Conjointly)

In the relative preferences for levels, Padaria Portuguesa is the most preferred brand (8.7%). Starbucks and Pastéis de Belém also hold a positive preference, while Cafetaria Pingo Doce and CCL are overall negatives preferences, compared to the other brands (Figure 14). The least preferred brand is CPD, with a significative negative preference of -17.8% compared to the other brands.

For seating preferences, outdoor seating (4.2%) is favoured over indoor-only seating (-4.2%), reflecting consumer interest in having the option to enjoy their coffee outdoors. This does not necessarily indicate that consumers always prefer sitting outside, but they value the flexibility that outdoor seating provides. The preference for outdoor seating could reflect consumer behaviour influenced by the ambiance or regional climate, like Lisbon frequently hold a favourable weather. Coffee shops in Lisbon that emphasize pleasant outdoor spaces might be more competitive, especially during warmer months. These results might also be influenced by this seasonal effect.

Furthermore, for the cappuccino price, there is a higher preference for lower prices. While there is still a positive relative preference for a price of €2.30 and €2.80, consumers have a negative relative preference for prices of €3.30 and €3.80, with the last having a negatively strong relative preference of -14% while the price of €2.30 has a relative preference of 13.5% (Figure 14).

When looking at menu preferences, a *full menu* (3.8%) is the most appealing option compared to a *gourmet menu* (-0.3%) or a *basic menu* (-3.5%). This suggests that consumers prioritize variety and a more comprehensive offering over artisan or niche products. While artisan items may appeal to a subset of consumers, the broader market favours the availability of diverse options like snacks and brunch. The strong preference for a *full menu* highlights the importance of practicality over exclusivity. Consumers likely value having access to a wider range of options that cater to everyday needs rather than niche, artisan offerings, which may not justify higher costs.

Parking availability plays a critical role in consumer preferences. *free parking* (18.6%) is highly preferred to *paid parking* (-7.8%) and *No parking* (-10.8%). This finding underscores the importance of accessibility and convenience in consumer decision-making, suggesting that limited parking options could lead consumers to choose other coffee shops with better amenities.

While the relative preferences for levels are important to understand consumers, most importantly is to understand which of the attributes are going to influence the most the consumers to choose a coffee shop, instead of others. For instance, changing the level for parking will have a bigger impact than choosing a level for menu because that attribute has a higher relative importance for consumers.

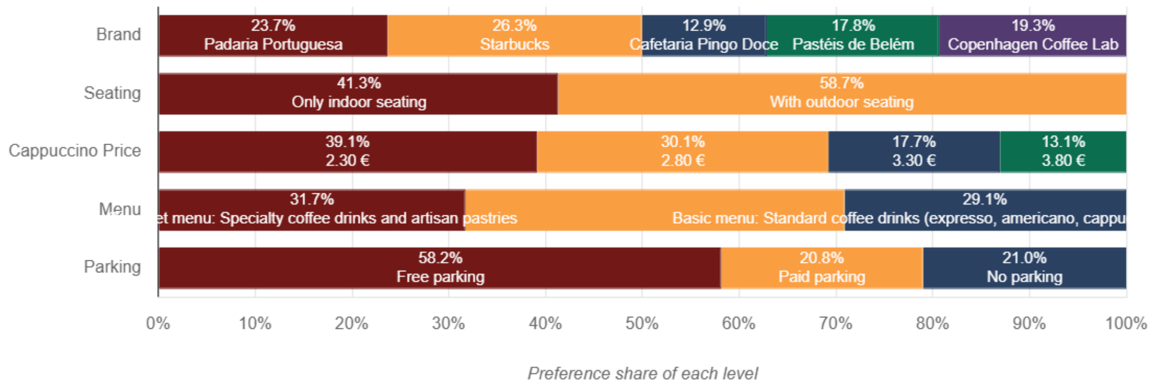

Figure 6 - Distribution of preferences for levels (Conjointly)

According to Conjointly, distribution of preferences for levels (Figure 15) answers the question "Assuming that each consumer has a preference for different levels, what is the distribution of preferences for different levels (within each attribute) across consumers?".

Looking at the distribution of preferences for levels, Starbucks is the most preferred brand (26.3% of total preference) among respondents, suggesting its strong global presence and standardized offering resonate well with respondents, and 23.7% of the total preference goes to Padaria Portuguesa. While Copenhagen Coffee Lab and Pastéis de Belém are moderately preferred, Cafetaria Portuguesa is the least preferred brand.

Resonating with the relative preference for levels, *outdoor seating* has the majority preference among respondents. However, *only indoor seating* is still preferred by 41.3% of the respondents, which is still a significant preference.

Furthermore, in Figure 15, still resonating with the relative preference for levels, more respondents prefer lower prices rather than higher. 39.1% of the respondents prefer a price of €2.30 and 30.1% prefer €2.80. However, when the price starts increasing to €3.30 preferences decrease considerably (17.7%). Only 13.1% of the total preference goes to cappuccino price of €3.80.

6.2. Marginal Willingness To Pay

The Marginal Willingness to Pay (MWTP) results reveal critical insights into consumer preferences for cappuccinos at coffee shops, reflecting how much more or less consumers are willing to pay for certain attributes relative to the baseline, Padaria Portuguesa. According to Conjointly, MWTP quantifies the monetary value consumers assign to upgrading or downgrading specific features. A negative MWTP indicates that consumers are less willing to pay compared to the baseline, while a positive MWTP reflects a preference and a willingness to pay more.

All the brands in the analysis have negative MWTP values relative to Padaria Portuguesa, highlighting its position as the most preferred coffee shop in the study. The customers would pay less for a cappuccino in the other coffee shops, compared to Padaria Portuguesa.

For Starbucks, with a MWTP of -€0.58, consumers are moderately less willing to pay for cappuccinos from Starbucks compared to the baseline. This penalty suggests that while Starbucks remains a globally recognized brand, it may not align with local consumer expectations in terms of value or quality in this context. Factors such as higher perceived pricing or lack of differentiation could contribute to this moderate penalty.

In the case of Cafetaria Pingo Doce, with the largest negative MWTP, consumers assign a significant penalty to this brand. This result suggests that CPD is perceived as offering lower-quality cappuccinos or a less appealing coffee shop experience compared to Padaria Portuguesa.

Pastéis de Belém also has a negative MWTP, the penalty is relatively small, indicating that it is seen as a reasonable alternative to Padaria Portuguesa. Its lower penalty reflects stronger perceived value compared to brands like Starbucks and Cafetaria Pingo Doce.

CCL has the smallest negative MWTP, suggesting that it is almost on pair with Padaria Portuguesa. The negative MWTP values for all brands relative to the baseline highlight the strong position of Padaria Portuguesa, which sets a standard that other brands need to address through targeted improvements.

In a coffee shop *with outdoor seating*, consumers are willing to pay a premium of €0.15 compared to the ones with *only indoor seating*. This reflects the added value of ambiance and comfort provided by outdoor spaces, particularly in regions where outdoor seating enhances the overall experience of enjoying a cappuccino. *Only indoor seating* is the default option, indoor seating serves as the reference point.

A *full menu* that includes breakfast or brunch options carries a small positive MWTP, showing that consumers are willing to pay €0.15 more for a cappuccino if the coffee shop has a higher variety of goods compared to a coffee shop with *gourmet menu*. For *basic menu*, a limited menu with only basic coffee options incurs a slight penalty, consumers would pay less €0.03 for a cappuccino with a limited items variety compared to a coffee shop with broader variety. This suggests that consumers value variety and gourmet offerings, though the penalty is not severe.

Free parking is highly valued and serves as the reference point in this analysis. In terms of *paid parking* with a MWTP of -€0.95, consumers heavily penalize coffee shops that charge for parking, reflecting the inconvenience and additional costs associated with this feature. *No parking* (-€0.81), similarly, the absence of parking is significantly penalized, though slightly less than *paid parking*. This indicates that convenient parking, preferably free, is a critical consideration for consumers when choosing a coffee shop, as they would be willing to pay less for a cappuccino in those coffee shops, if they must pay for parking or if they don't even provide parking around. This attribute is especially important for car users.

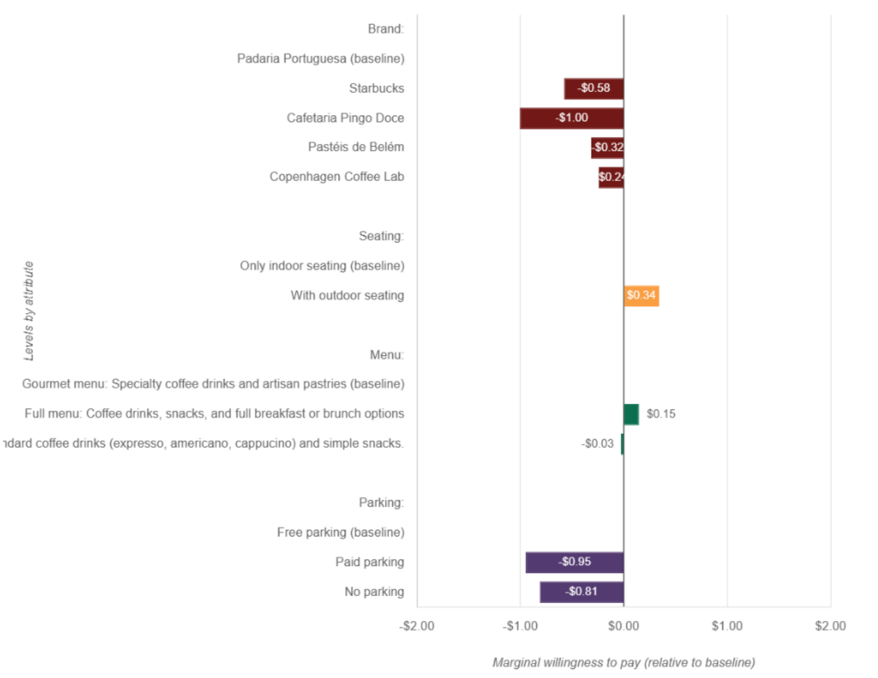

Figure 7 - Marginal willingness to pay per level by attribute (Conjointly)

6.3. Ranked list of concepts

Following on the natural flow of this analysis, we have decided to compile a ranked list of concepts, in which we catalogue the most relevant preferences combinations. Starting with the most popular combination of attributes, we clearly see it the following way.

At the top of the list, Padaria Portuguesa that has outdoor seating, whose cappuccino costs €2.30, the cheapest price made available in the survey options. Included in this first combination, Padaria Portuguesa has free parking and its menu is diverse, without falling into the gourmet category. This is the attribute combination most highly ranked, with a value of 22.1 points of value to consumers.

This combination of attributes reveals that the majority of the respondents do prefer Padaria Portuguesa over other kinds of coffee-shops. Since most of the surveys' participants were Portuguese, we can state that the locals enjoy attending somewhat affordable coffee-shops that are, at the same time, cozy and pleasant to be in.

We observed quite high price sensitivity overall in this ranked list of concepts. In the first 10 lines of the summary in the Table 13, we can see how the €2.30 cappuccino price shows up eight times. Right after it, the €2.80 cappuccino (second most cheap option available) fills up the other two lines of the ranked list of concepts.

Looking carefully into the compiled table, there are two other attributes that gathered a lucid consensus: Lisbon coffee-shop customers will always prefer an establishment with outdoor seating and free parking over another café that only has indoor spaces and no space to park.

Throughout the ranking, there is only a single relevant mention in the compiled list regarding indoor seating preference, which appears in position 10, when combined with a full menu in Padaria Portuguesa, with the cheapest cappuccino price and free parking.

Looking at brands' rankings, we can see that the most frequent brand in the ranking is by far Padaria Portuguesa (showing up in position 1; 4; 6; 7 and 10 of the ranked list of concepts) followed by Starbucks, that shows up three times (in position 2; 5 and 8) and lastly, Pastéis de Belém, that appeared twice in the list (in position 3 and 9).

A full menu seems to be the most appealing option for Lisbon's coffee-shop consumers, who have demonstrated to prefer this option over gourmet and basic menus, overall. The podium of the ranked list of concepts is exclusively made of combinations involving a full menu.

Bearing in mind that affordable prices, outdoor seating and free parking are practically mandatory for Lisbon consumers, the two factors that make the most changes are by far brand and menu, with a clear trend towards national coffee shops and full menus.

Table 13 - Top 10 list of concepts generated by Conjointly

Brand	Seating	Cappuccino Price	Menu	Parking	Rank	Value to customers
Padaria Portuguesa	With outdoor seating	€2.30	Full menu	Free parking	1	22,13606
Starbucks	With outdoor seating	€2.30	Full menu	Free parking	2	21,3536
Pastéis de Belém	With outdoor seating	€2.30	Full menu	Free parking	3	20,30634
Padaria Portuguesa	With outdoor seating	€2.30	Gourmet menu	Free parking	4	20,27325
Starbucks	With outdoor seating	€2.30	Gourmet menu	Free parking	5	19,49079
Padaria Portuguesa	With outdoor seating	€2.80	Full menu	Free parking	6	19,48403
Padaria Portuguesa	With outdoor seating	€2.30	Basic menu	Free parking	7	18,79828
Starbucks	With outdoor seating	€2.80	Full menu	Free parking	8	18,70157
Pastéis de Belém	With outdoor seating	€2.30	Gourmet menu	Free parking	9	18,44353
Padaria Portuguesa	Only indoor seating	€2.30	Full menu	Free parking	10	18,29366

6.4. Demographical preferences

This section explores variations in level preferences across demographic categories, offering critical insights into consumer behaviour differences by age (Table 14), gender, nationality, and occupation—essential for informed market entry strategies. The new coffee shop can understand who to target based on the chosen attributes.

Table 14 - Number of respondents per age group

Age	Number of respondents (Lisbon)
18-25	87

26-35	73
36-45	12
46-55	12
55+	4

The analysis of preferences across different age groups highlights key variations in how cappuccino attributes are valued. For brands, the younger group (18-25 age group) show a moderate preference for Padaria Portuguesa and Pasteis de Belem, with ratings of relative preference of 12.6% and 5.2%, respectively (Appendix 12). Cafetaria Pingo Doce, however, faces significant penalties across all age groups, with the strongest penalty among those over 55, with an average relative preference of -27.5% (Appendix 16). All respondents prefer any other coffee shop to CPD, except for the 36-45 age group, although this relative preference is still negative. The older demographic (over 55) also shows a strong preference for Pastéis de Belém, with an average relative preference of 36.0%, reflecting its appeal as a traditional favorite compared to other coffee shops. Middle-aged groups, the respondents of the 36-45 and 46-55 age group continue to favour Pastéis de Belém, with average relative preference of 11.8% and 7.6%, respectively, to Cafetaria Pingo Doce, Copenhagen Coffee Lab and Starbucks (Appendix 14 and 15). Padaria Portuguesa has the highest relative preference for the 18-25, 36-45 and 46-55 age groups.

For seating preferences, outdoor seating is consistently valued across all age groups. Indoor seating incurs a small penalty, with average relative preference ranging from -3% to -4% between age groups, reflecting a consistent preference for outdoor ambiance (see Appendix 12, 13, 15 and 16).

When examining price sensitivity, all groups show a strong preference for lower price points, particularly €2.30, which is favoured most by younger groups to higher prices, with an average relative preference of- 13.5% for 26- to 35-year-olds and 14.7% for 36- to 45-year-olds, as seen in Appendix 13,14. Conversely, the highest price point (€3.80) is the least preferred across all ages, with the 46-55 age group assigning the steepest relative penalty (Appendix 15). Furthermore, it is noticeable across ages groups until 55 years old that there is an increase of price sensitivity with age group increase (Appendix 12, 13, 14, 15).

For the menu, preferences for a full menu offering breakfast or brunch options are consistent across age groups. Both gourmet and standard menus receive slight penalties or remain neutral, indicating that menu diversity is relatively more preferred.

Parking is highly valued, especially free parking, which guarantees the strongest preference among the oldest age group, with an average relative preference of 24.6%. The absence of parking is penalized most heavily by 26-35 and 36-45 age groups, while younger group (18-25) penalize it less, assigning an average relative preference of -7.1% (Appendix, 12, 13 and 14). Paid parking incurs consistent penalties across all demographics, with slightly less severe penalties among middle-aged groups.

Overall, the frequency of coffee shop visits varies significantly across age groups. Younger respondents aged 18–25 tend to visit coffee shops less frequently, with a majority visiting once or less per week. In contrast, the 26–35 age group shows a higher frequency of visits, with most individuals going more than twice per week (Appendix 17,18). Respondents aged 36–45 display a more balanced distribution, with a substantial portion visiting between 2 and 4 times weekly, while a smaller segment visits daily (Appendix 19). Finally, those aged 46–55 demonstrate a preference for lower visit frequencies, with half of the respondents visiting two times or less per week (Appendix 20). These patterns suggest that age plays a notable role in influencing coffee shop visitation habits, with younger and older demographics leaning toward less frequent visits compared to middle-aged groups.

In the metropolitan area of Lisbon, 69 responses are from respondents whose gender is male, 119 are female and 2 were non-binary. Since the non-binary number of respondents were too low, we only considered for this analysis male and female respondents.

The analysis of average preferences for cappuccino purchase attributes reveals key differences between male gender and female gender. For brands, the male gender shows a notably stronger preference for Starbucks, with an average relative preference of 10.0%, compared to only 1.5% for females (Appendix 21, 22). Conversely, females demonstrate a higher relative preference for Pastéis de Belém, at 7.5%, compared to 2.9% for males. Both genders penalize Cafetaria Pingo Doce, but males assign a larger penalty (-18.9%) than females (-15.3%). Copenhagen Coffee Lab shows a slight negative preference for both groups, with males penalizing it slightly less (-1.7%) compared to females (-3.9%).

In terms of seating, outdoor seating is preferred by both genders, though females value it slightly more, with a preference of 5.1% compared to 3.6% for males (Appendix 21, 22). Indoor seating is negatively preferred by both, but the penalty is slightly stronger among females (-5.1%) compared to males (-3.6%).

Price sensitivity is consistent across genders, with both strongly favouring the lowest price (€2.30) and heavily penalizing the highest price (€3.80). Males slightly favour the lowest price point more strongly, at 12.9%, compared to 14.0% for females, while females penalize the highest price marginally more (-14.9%) than males (-14.3%).

For menu options, both genders prefer a full menu that includes breakfast or brunch, but females show a slightly stronger preference (4.0%) compared to males (3.6%). Both groups slightly penalize a standard menu, with males at -4.0% and females at -2.7% (Appendix 21,22)

Parking availability is crucial for both genders, with free parking being the most valued attribute (Appendix 21,22). Males slightly favour free parking more, showcasing an average relative preference of 18.1%, compared to females (18.5%). However, females penalize the absence of parking (-10.2%) and paid parking (-8.4%) more heavily than males, who assign penalties of -10.9% and -7.3%, respectively.

Thus, males exhibit a stronger preference for Starbucks and are less sensitive to the absence of parking, while females favour Pastéis de Belém more and show a slightly higher appreciation for outdoor seating and full menus. These gender-based differences provide actionable insights for tailoring branding, pricing, and feature offerings in coffee shops to meet the unique preferences of each group.

Among women, 47% visit a coffee shop two times or less per week, with 23.5% visiting less than once per week (Appendix 23). A smaller proportion visit more frequently, with 15.1% visiting three times, 16% four times, 9.2% five times, and 10.9% visiting daily. In comparison, men show a more dispersed distribution of visits (Appendix 24). While 20.3% visit less than once per week and 10.1% visit once per week, a significant 23.2% visit twice per week. Frequent visitation is also more prevalent among men, with 10.1% visiting three times, 7.2% four times, 14.5% five times, and 11.6% visiting daily.

As expected from a survey conducted in the metropolitan area of Lisbon, Portugal, most respondents (62.23%) identified themselves as Portuguese. The second most represented nationality group was English (22%), followed by a category labelled *Others*, which was created to account for less frequent responses. Starting off with the Portuguese category, we can see that the most important attribute in a coffee shop is the brand (at 51.1%), followed but the cappuccino price (at 18.7%), as seen in Appendix 29. On the other hand, the two most important factors for the second most relevant nationality group, the British, are brand (48%) and right after it, parking

(24,1%), in terms of average relative preference, that is (Appendix 30). Portuguese patrons show a balanced preference for both local and international brands, with Padaria Portuguesa (28.4%) and Starbucks (24.6%) being the most popular (Appendix 31), followed by Pastéis de Belém (16.9%). In contrast, English patrons heavily favour Starbucks (48.3%), with a much smaller preference for local brands like Padaria Portuguesa (14.3%) and Cafetaria Pingo Doce (12.7%), as seen in Appendix 32. This indicates a stronger alignment with global brand recognition among English customers (Appendix 26).

Both groups express a clear preference for outdoor seating, reflecting an appreciation for Lisbon's pleasant climate (Appendix 25,26). However, the preference is slightly stronger among Portuguese patrons (58.8%) compared to English patrons (55.0%), as seen in Appendix 31 and Appendix 32, among the brand level, the is a stronger preference for this feature in the Portuguese segment. Indoor seating is more accepted by English customers (45.0%) than Portuguese (41.2%).

Price sensitivity is evident in both groups, but it is slightly more pronounced among Portuguese patrons. They mostly prefer the lowest price point of €2.30 (40.6%), while English patrons distribute their preferences more evenly across €2.30 (33.2%) and €2.80 (31.4%), showing a slightly higher tolerance for mid-range pricing. Both groups show minimal interest in higher price points (€3.30 and €3.80).

Specialty coffee drinks and artisan pastries are equally appreciated by both Portuguese (31.8%) and English patrons (33.1%), indicating a shared taste for quality and craft in menu offerings (Appendix 31,32).

Free parking is a significant factor for both groups but is particularly critical for English patrons, with 67.8% prioritizing it compared to 54.5% of Portuguese patrons (Appendix 31,32). Interestingly, Portuguese customers show a higher acceptance of no parking options (23.7%)

compared to English patrons (15.7%), highlighting a potential difference in urban mobility habits.

Furthermore, there is a notable difference in coffee shop visit frequency between English and Portuguese respondents. The results clearly show that English respondents visit coffee shops more frequently on a weekly basis compared to Portuguese respondents. Among the Portuguese, 32.3% reported visiting a coffee shop less than once per week, whereas none of the English respondents indicated visiting less than once per week (Appendix 27,28).

Our survey highlights a significant trend among students who make up 21% of respondents, followed by business and management professionals (12%) and freelancers (8%).

Freelancers (Appendix 39) show distinct preferences when it comes to choosing coffee shops. Among the available brands, Starbucks stands out as the most preferred, capturing 37% of their preference. Copenhagen Coffee Lab follows with 21.6%, while Cafetaria Pingo Doce and Padaria Portuguesa trail behind with 16.1% and 10%, respectively. Regarding seating options, freelancers exhibit a strong inclination toward outdoor seating, which is favored by 61.7% of respondents, compared to 38.3% who prefer only indoor seating.

Price sensitivity is evident in their choice of cappuccino prices. The most popular price point is €2.30, which guarantees 35.5% of the preference, followed closely by €2.80 with 30.7%. Higher price points, such as €3.30 and €3.80, are less appealing, at 19.5% and 14.3%, respectively.

The menu is also an important consideration, with 30.9% preferring options that include specialty coffee drinks and artisan pastries.

Lastly, parking plays a significant role, with free parking emerging as a key factor, preferred by 59.5% of freelancers. Paid parking (18.5%) and no parking (22%) are notably less desirable (Appendix 39).

Going into a comparison of the most representative occupation categories, student and management workers, we can from the start, draw some insightful conclusions: both students and management workers have a clear preference towards Padaria Portuguesa, with preferences of 16,4% and 19,7%, respectively (Appendix 37,38). While management workers show some interest in attending international coffee shops alike Starbucks, whose preference was 4% (Appendix 33), students reveal not to enjoy that much, with a relative preference of –6,8% (Appendix 34). Students are also less sensitive to the existence of free parking, with a relative importance of 15,3%, compared to 16,8% for the management workers.

In terms of coffee shop visits, a clear trend emerges across different occupational segments. For the student and business and management segments, the number of respondents decreases as the frequency of weekly visits increases (Appendix 40,41). In contrast, the office and administrative segment demonstrate a significantly higher frequency of coffee shop visits (Appendix 42). Within this segment, 25% of respondents visit a coffee shop twice per week, while a notable 62.7% visit three or more times per week, and only 12.5% visit less than once per week. In the freelancer segments there is a similar distribution of weekly visits. This highlights that individuals in the office and administrative segment are more likely to visit coffee shops frequently compared to those in the student or business and management categories. Furthermore, the freelancers' segments also have a high frequency of visits predominantly *4 times per week* and *every day* (Appendix 43).

7. Conclusion

7.1. Discussion

Brand emerged as the most important attribute, accounting for 47.9% of relative importance in consumer preferences. This aligns with Han’s (2018) findings on the critical role of brand awareness in building customer loyalty. Padaria Portuguesa’s strong preference highlights the cultural significance of local brands in Portugal, as discussed by the Industrial and Commercial Coffee Association (2024). This is particularly evident in the older demographic, who favour traditional brands like Pastéis de Belém, reflecting the interplay between cultural identity and consumer behaviour (Zukin 1995; Oldenburg 1999).

Menu variety, while less critical than brand or price, still plays a role in shaping preferences. The preference for a full menu over gourmet or basic options aligns with Morrison’s (2018) observation that modern consumers value diversity and inclusivity in offerings. This suggests that while artisanal items appeal to niche markets, broader menu options cater to everyday needs and enhance perceived value. Among the brands analysed, Padaria Portuguesa and Copenhagen Coffee Lab (CCL) are perceived, through perceptual maps, as the strongest in terms of menu variety.

Waxman (2006) emphasizes that attentive staff contribute to positive customer interactions, fostering stronger loyalty and enhancing the perception of space as a social and leisure hub. This appears to be true for CCL and Padaria Portuguesa, with a high perception of attentive staff, this enhances their competitiveness. Starbucks has a positive perception of attentive staff, although not as strong as the other two coffee shops mentioned.

The ambience of coffee shops has a significant influence on customer´s perceptions and satisfaction (Wasman, 2006). This factor contributes to both productivity and leisure, which is why in the perceptual maps they go hand-to-hand in *Customer satisfaction and experience* positioning. Padaria Portuguesa and CCL both have a high association with coziness and leisure and productivity.

Lee (2022) study on the economic impact of coffee shops suggests that perceived value often ties to both menu pricing and the diversity of offerings. Padaria Portuguesa reflects this both attributes by providing a menu diversity through the *full menu* attribute and offering a cappuccino price with a positive relative importance in Conjointly.

The relationship between price vs quality is very important for coffee shop goers. Pricing is a crucial decision-making factor of whether or not to go to a special coffee shop (Kwame Opoku 2023). This is mirrored in the strong preference for lower cappuccino prices in the conjoint analysis. Consumers favour €2.30 and €2.80 price points, while penalizing prices above €3.30. The MWTP results confirm this sensitivity, with all brands exhibiting negative MWTP values for higher prices relative to the baseline (Padaria Portuguesa).

However, Padaria Portuguesa's ability to maintain strong brand loyalty despite slightly higher prices reflects Han's (2018) argument that perceived value and brand recognition can offset price sensitivity. Conversely, Cafetaria Pingo Doce's low preference and steep negative MWTP indicate a lack of perceived value, suggesting that price alone is insufficient to attract consumers if quality and ambiance are perceived as lacking.

Service quality is a cornerstone of customer satisfaction, as emphasized by Waxman (2006) and & Namkung (2009). In our findings, attributes like *Service is quick* and *The staff is attentive* significantly contribute to *Customer satisfaction and experience* component reinforcing the idea that personalized interactions and efficient service foster loyalty and enhance the overall coffee shop experience. This aligns with Jang and Namkung's (2009) assertion that emotional connections with service quality outweigh other factors in shaping consumer perceptions.

Coffee shops as social hubs resonate deeply with the findings of Zukin (1995) and Oldenburg (1999). In Lisbon, the preference for outdoor seating and the emphasis on ambiance reflect the role of coffee shops as “third places” that foster community and connection. This is particularly evident in the preferences of freelancers, who favour multifunctional spaces like Copenhagen Coffee Lab, aligning with Maspul’s (2023) concept of “coffices.” The preference for cozy and functional environments among this group underscores the importance of creating spaces that cater to both work and leisure.

The strong preference for Padaria Portuguesa also reflects the importance of cultural authenticity, as noted by the Industrial and Commercial Coffee Association (2024). Portuguese consumers’ balanced preference for local and international brands highlights their appreciation for both tradition and modernity, while English respondents’ strong preference for Starbucks reflects global brand recognition and standardized offerings.

7.2. Managerial Implications

This study provides insights for a new coffee shop planning to enter the Lisbon market. The findings identify the most important attributes that influence consumer preferences and perceptions in this industry, offering practical guidance for developing an effective market entry strategy. Understanding these key factors will help a new coffee shop differentiate itself and better meet the needs of Lisbon’s coffee consumers.

Brand emerged as the most important attribute in our analysis, both in terms of preference and perception, emphasizing the need for future managers to prioritize building a strong, recognizable brand. Establishing brand equity will not only foster trust but also positively influence consumer perceptions and loyalty, which are critical for achieving long-term success.

Outdoor seating is a highly valued feature, particularly in Lisbon’s favourable climate. A new coffee shop should prioritize creating appealing outdoor spaces to cater to the local preference for enjoying coffee outside, especially during warmer months. However, it is also essential to offer indoor seating to accommodate a broader range of customer preferences year-round.

Parking availability, especially free parking, also plays a significant role in consumer choice. New entrants should consider the importance of convenience and accessibility by offering free or easy-to-find parking, potentially through partnerships with nearby facilities. In a market where parking options are often limited, addressing this need could give a new coffee shop a distinctly competitive edge.

Menu variety is also crucial, with a clear preference for a full menu offering a range of food and beverage options. A new coffee shop should focus on providing a broad selection of items, such as coffee drinks, snacks, and light meals, to cater to different consumer preferences and maximize appeal.

Pricing is an important factor, with most customers preferring lower cappuccino prices. For new entrants without established brand recognition, a competitive pricing strategy that balances affordability with quality is essential for attracting price-sensitive customers. Coffee shops with strong brand equity, however, may have more flexibility to charge slightly higher prices, as loyal customers are less price sensitive. Understanding price elasticity is key: while price-sensitive coffee shops may need to adopt promotions or flexible pricing strategies, brands with inelastic demand can maintain higher pricing without significantly impacting demand.

Insights from consumer perceptions map further highlight opportunities for positioning a new coffee shop. Perceptual mapping revealed two key dimensions influencing consumer perceptions: Customer Satisfaction and Experience (attentive staff, cozy ambiance, menu diversity, and dietary inclusivity) and Value and Practicality (affordability, menu variety, value for money). A new coffee shop can succeed by bridging this trade-off, offering both premium experiences and practical value to capture a broad customer base. New entrants should aim to minimize perception variability by delivering cohesive and reliable customer experience. Attributes such as social and leisure functions, as well as ambiance, emerged as key differentiators, while quick service and productivity exhibited lower importance. These insights reinforce the need to prioritize customer-centric attributes, such as comfort, menu variety, and affordability, while ensuring a well-balanced offering that meets diverse consumer needs.

Finally, targeted marketing based on consumer demographics will help refine promotional efforts. The price sensitivity is higher in older age groups compared to younger consumers. By tailoring strategies to these preferences and focusing on a strong brand perception, outdoor seating, parking, menu variety, pricing, and customer experience, a new coffee shop will be well-positioned for success in Lisbon’s coffee shop market.

"What are the most important attributes a new coffee shop should consider when entering the Lisbon market?"

In addressing our research question, the most important attributes a new coffee shop should prioritize when entering the Lisbon market are as follows: first, establishing a distinctive brand identity that sets it apart from competitors; second, ensuring parking availability in a strategically chosen location with a focus on accessibility; and finally, setting a pricing strategy that balances these factors while aligning with customer price sensitivity.

7.3. Implications for future research

Alike any research that starts with limited resources and data, the investigation pursued in this thesis presents clear limitations that were considered along the journey and therefore consequent implications for future research.

Starting off with the conjoint analysis limitations, we were conscious surveys were limited in the sense that they focused solely on a single item, the cappuccino. We acknowledge that coffee-shop menus are way longer than just a single item being sold, and therefore the preferences portrayed by the respondents could have been different depending on the item chosen or, of course, if we had selected multiple products to be evaluated. For instance, if we decided that we wanted to define pastel de nata as the product being appreciated, we would have a clear trend towards Pastéis de Belém, and so on, with various specialty orders from other coffee houses.

The perceptual maps revealed a significant loss of information due to the selection of only two components for analysis. Future research should explore this information loss further, as it may explain the unclear positioning of Pastéis de Belém and Starbucks in the current perceptual maps.

The outdoor seating, a factor that was mentioned by a great majority of respondents, is a clear victim of seasonality. Depending on the time of the year and mostly on the weather, the answers to this variable will change drastically. The preliminary interviews, where we first identified outdoor seating as a top preference, was conduct in the beginning of September, in Lisbon, where temperatures easily reach 30ºC during the day. There is a possibility that if those interviews were conducted during winter season, where going to an esplanade isn't as appealing, the results wouldn't mention as much the relevance of outdoor seating.

Even if we had considered other items in our conjoint analysis, we would still lose some depth regarding taste of the food and beverages as well as a quite central attribute: location.

We do recognize that in a further investigation, location would be the next attribute to be studied. It is undeniable that closeness to work and home or proximity to one's points of interest, will shape our preferences, not mentioning the role our geographical routines play in choosing where to go have a coffee or a drink.

Although it wasn’t a hot topic during the preliminary interviews, we do know, based on direct observation and recent literature, sustainability is changing the coffee-shop industry in Lisbon. It will be paramount to understand, in the future, how consumers react to deliberately sustainable coffee shops and if this alters consumers' preferences.

Lastly, we did not study the influence of sensorial attributes related to branding, such as colour or aroma. It will add a new layer of research to understand the correlation between colour and aroma, and increase food and beverage consumption, due to higher preferences in coffee-houses. As was previously mentioned, there are other ambiance attributes that were left out of our analysis, namely those regarding space and function (layout, equipment or furnishing), and signs, symbols and artefacts (signage, personal artefacts, style of *décor*). Although being highly subjective, these factors are said to have a considerable influence on the coffee-shop preferences and how these businesses are perceived. Lastly, future research on these topics would have to include some investigation on the role of auditory ambience, with a focus on the usage of background noise, music, and the acoustics of the space collectively.

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9. Appendix

Section 1: Preliminary interviews

Appendix 1 - Preliminary interview questions

Sections	Questions
1. Demographics	Age
	Gender
	Professional situation
	Resident / tourist
2. Coffee shops visit experience	1. How often do you visit coffee shops?
	2. Which coffee shops in Lisbon have you visited, and how did you find out about them?
3. Attributes	3. What do you value the most when choosing a particular coffee shop?
	4. What are your preferred coffee and food items, including any dietary preferences or restrictions?
	5. What do you look for in a coffee shop's atmosphere?
	6. How important are social interactions in your coffee shop experience?
	7. Do you often use coffee shops for work or studying, and what factors make a coffee shop conducive to productivity?
4. Preferences	8. Which is the coffee shop that you prefer the most? Why?
5. Points to improve	9. Is there any characteristic that you would like to be added to coffee shops?
	10. Is there anything in a coffee shop that leads you to avoid it?

Appendix 2 - Expert interview guide

Sections	Questions
1. Industry Overview and Market Position	1. How does Padaria Portuguesa differentiate itself from other coffeeshops in Lisbon?
	2. What trends have you observed in the Lisbon coffeeshop market over the past few years?
	3. How does tourism impact your business?
2. Consumer Preferences and Behavior	4. What are the most important factors that influence your customers' choice of visiting Padaria Portuguesa?
	5. How do demographics such as age, income, or cultural background influence the preferences of your customers?
	6. How important is the role of price perception in your customers' decision-making?
	7. Do you offer seasonal or special menu options?
3. Social Media and Trends	8. How does social media influence your marketing strategies?
	9. How does digital marketing influences customer preferences?
4. Customer Experience and Service	10. How do you approach the customer experience in your coffeeshops?
	11. Do you offer or plan to offer sustainable options, such as ecological packaging or organic products?
5. Physical Environment and Location	12. How do you choose the locations for your coffeeshops?
	13. What role does the physical environment (e.g., design, comfort, lighting) play in your customers' overall satisfaction?

Section 2: Perceptual maps

Appendix 3 - Descriptive statistics of Padaria Portuguesa factors

FAC1		*FAC2*	
Mean	0,152857	Mean	0,057051
Standard Error	0,067918	Standard Error	0,063901
Median	0,110399	Median	-0,02248
Mode	1,668856	Mode	0,200752
Standard Deviation	0,903595	Standard Deviation	0,850151
Sample Variance	0,816483	Sample Variance	0,722757
Kurtosis	-0,7575	Kurtosis	1,347426
Skewness	-0,09259	Skewness	0,62695
Range	3,955784	Range	5,606966
Minimum	-2,28693	Minimum	-2,37932
Maximum	1,668856	Maximum	3,227651
Sum	27,05563	Sum	10,09798
Count	177	Count	177
Confidence Level(95,0%)	0,134039	Confidence Level(95,0%)	0,126111

Appendix 4 - Descriptive statistics of Starbucks factors

FAC1		*FAC2*	
Mean	0,012355	Mean	-0,34006
Standard Error	0,079364	Standard Error	0,066673
Median	0,007339	Median	-0,24088
Mode	1,668856	Mode	0,200752
Standard Deviation	1,055874	Standard Deviation	0,88702
Sample Variance	1,114869	Sample Variance	0,786804
Kurtosis	-0,73052	Kurtosis	0,336604
Skewness	-0,13518	Skewness	-0,18488
Range	4,659002	Range	4,767908
Minimum	-2,99015	Minimum	-2,63223
Maximum	1,668856	Maximum	2,135674
Sum	2,186765	Sum	-60,1914
Count	177	Count	177
Confidence Level(95,0%)	0,156628	Confidence Level(95,0%)	0,13158

Appendix 5 - Descriptive statistics of Pastéis de Belém factors

FAC1		*FAC2*	
Mean	-0,08364	Mean	-0,27723
Standard Error	0,073334	Standard Error	0,063034
Median	-0,23708	Median	-0,2039
Mode	1,668856	Mode	0,200752
Standard Deviation	0,975651	Standard Deviation	0,838608
Sample Variance	0,951895	Sample Variance	0,703263
Kurtosis	-0,89139	Kurtosis	0,682283
Skewness	0,214285	Skewness	-0,19143
Range	3,839594	Range	5,087233
Minimum	-2,17074	Minimum	-2,90576
Maximum	1,668856	Maximum	2,181478
Sum	-14,8039	Sum	-49,0689
Count	177	Count	177
Confidence Level(95,0%)	0,144728	Confidence Level(95,0%)	0,124399

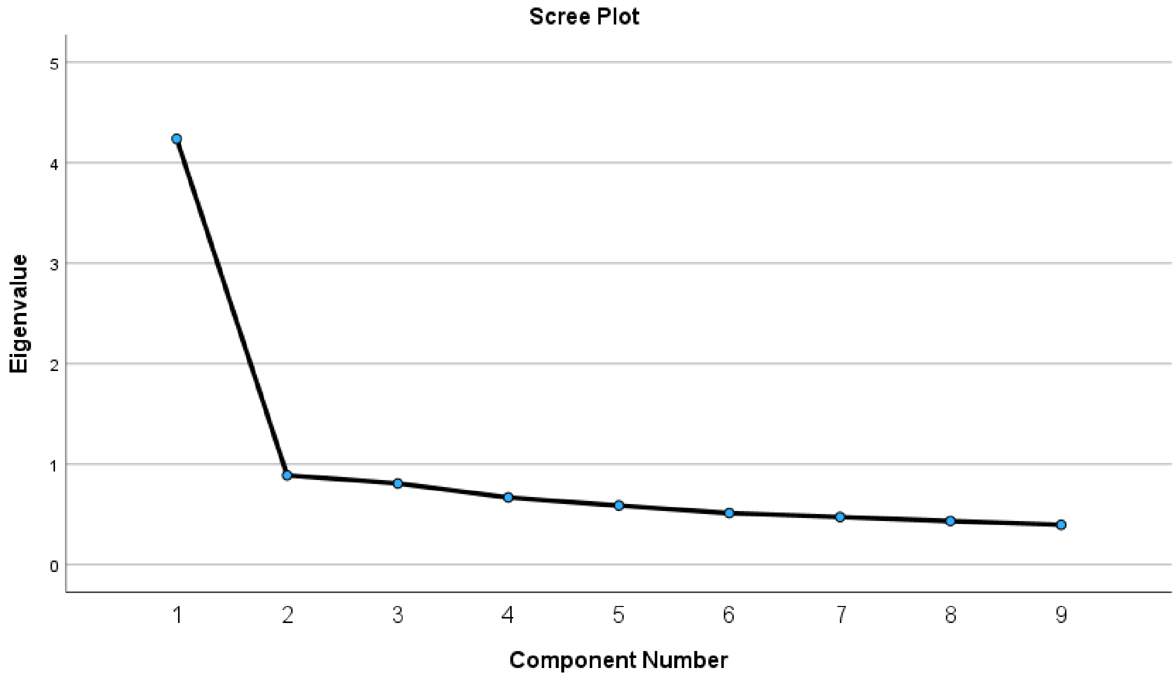
Appendix 6 - Descriptive statistics of Copenhagen Coffee Lab factors

FAC1		*FAC2*	
Mean	0,144905	Mean	-0,13447
Standard Error	0,069136	Standard Error	0,058767
Median	0,166849	Median	-0,05552
Mode	-0,80305	Mode	-0,05552
Standard Deviation	0,919798	Standard Deviation	0,781845
Sample Variance	0,846028	Sample Variance	0,611282
Kurtosis	-0,02764	Kurtosis	1,622764
Skewness	-0,34265	Skewness	0,201021
Range	4,943809	Range	5,015738
Minimum	-3,27495	Minimum	-2,30864
Maximum	1,668856	Maximum	2,707099
Sum	25,64812	Sum	-23,8017
Count	177	Count	177
Confidence Level(95,0%)	0,136443	Confidence Level(95,0%)	0,115979

Appendix 7 - Descriptive statistics of Cafetaria Pingo Doce factors

FAC1		*FAC2*	
Mean	-0,22648	Mean	0,694712
Standard Error	0,081997	Standard Error	0,092002
Median	-0,39221	Median	0,410944
Mode	1,668856	Mode	0,200752
Standard Deviation	1,090901	Standard Deviation	1,224011
Sample Variance	1,190065	Sample Variance	1,498204
Kurtosis	-0,85349	Kurtosis	0,398358
Skewness	0,044586	Skewness	0,551855
Range	4,386185	Range	7,005954
Minimum	-2,71733	Minimum	-2,5353
Maximum	1,668856	Maximum	4,47065
Sum	-40,0866	Sum	122,9641
Count	177	Count	177
Confidence Level(95,0%)	0,161824	Confidence Level(95,0%)	0,18157

Appendix 8 - Factor analysis Scree plot



Appendix 9 - Factor analysis Component Matrix

Component Matrix[a]

	Component	
	1	2
The staff is attentive.	.743	-.012
The ambiance feels cozy	.727	-.296
Dietary options available (e.g., vegetarian, vegan, gluten-free)	.697	.308
Leisure	.691	-.367
Menu Diversity	.691	.370
Social	.675	-.489
Productivity	.663	-.058
Service is quick.	.648	.201
Value for money	.633	.388

Extraction Method: Principal Component Analysis.
a. 2 components extracted.

Appendix 10 - Component Score Coefficient Matrix Table

Component Score Coefficient Matrix

	Component	
	1	2
The ambiance feels cozy	.172	-.333
Value for money	.149	.437
Menu Diversity	.163	.417
Dietary options available (e.g., vegetarian, vegan, gluten-free)	.164	.346
The staff is attentive.	.175	-.013
Service is quick.	.153	.226
Productivity	.156	-.065
Leisure	.163	-.414
Social	.159	-.550

Extraction Method: Principal Component Analysis.
Component Scores.

Appendix 11 - Factor analysis Communalities Table

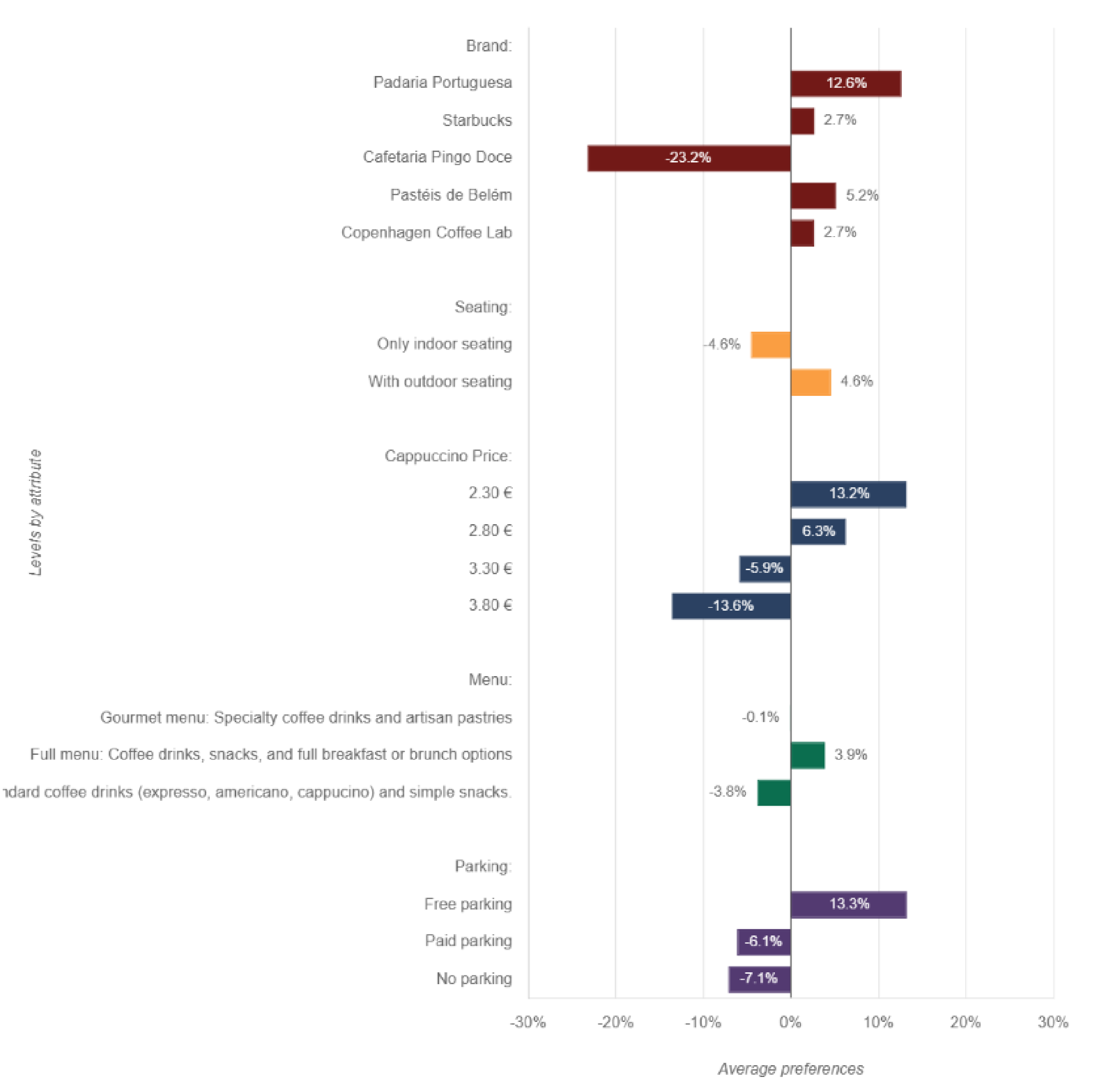
Communalities

	Extraction
The ambiance feels cozy	.617
Value for money	.552
Menu Diversity	.615
Dietary options available (e.g., vegetarian, vegan, gluten-free)	.580
The staff is attentive.	.552
Service is quick.	.461
Productivity	.443
Leisure	.613
Social	.695

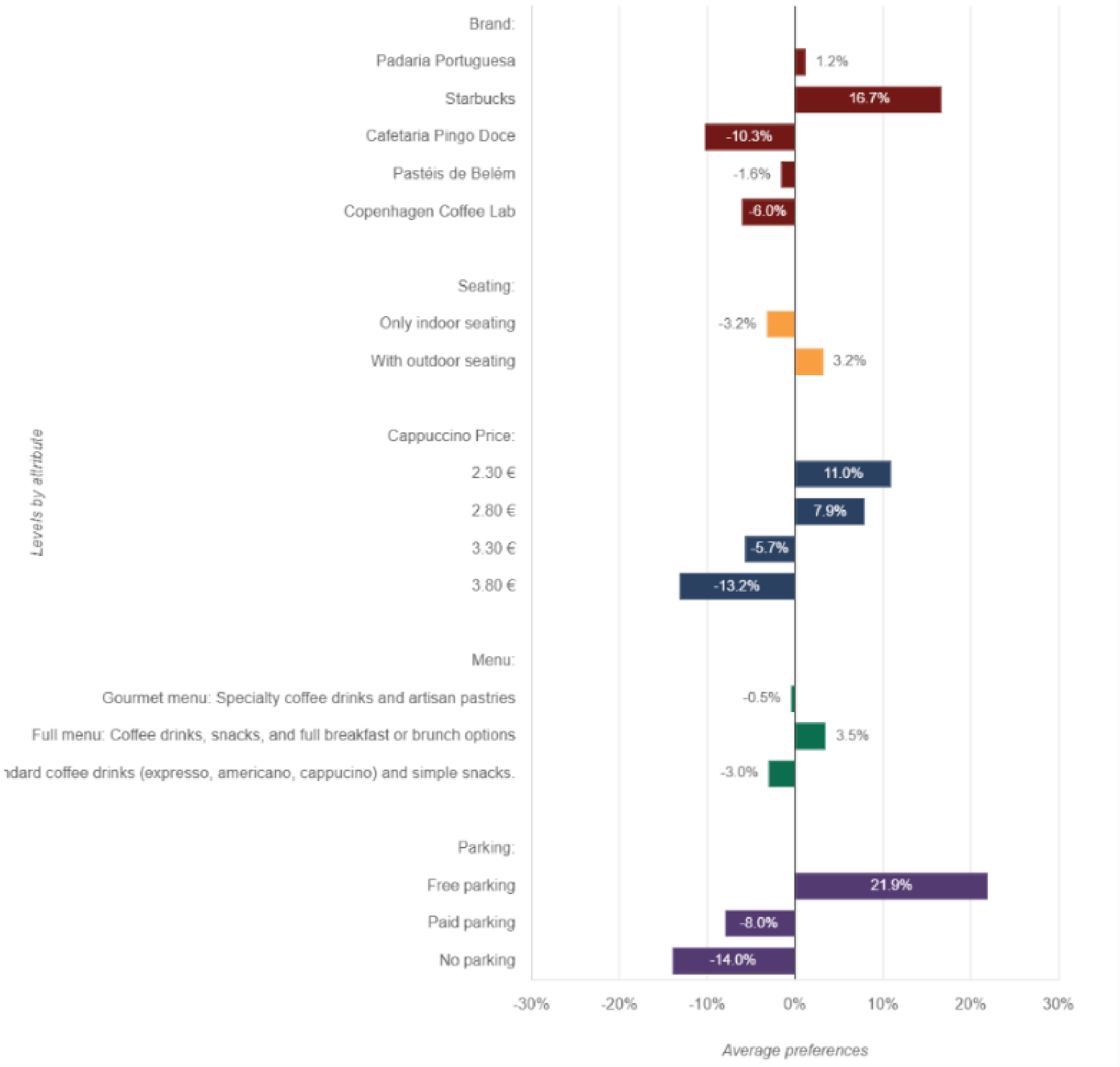
Extraction Method: Principal Component Analysis.

Section 3: demographical preferences

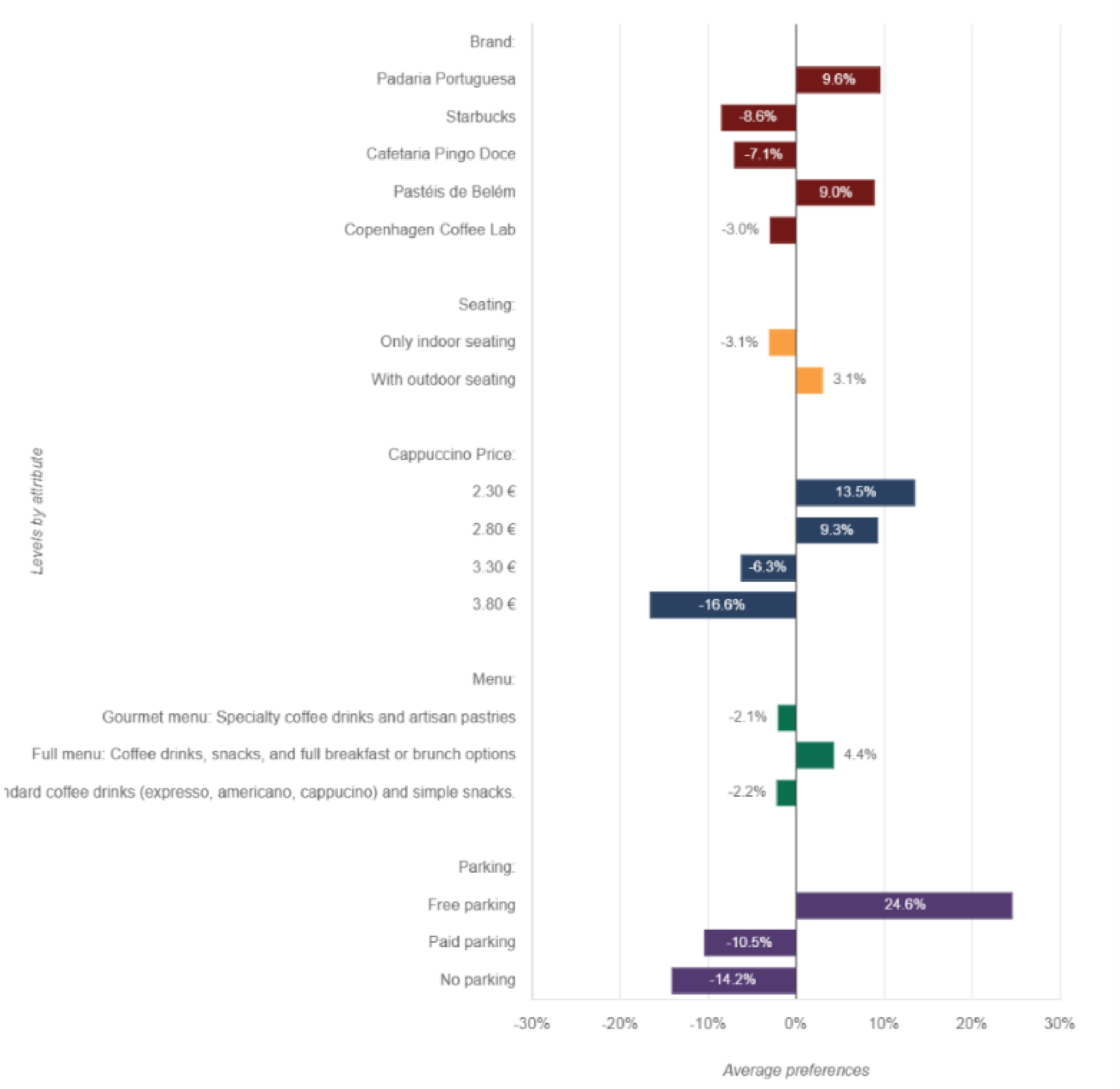
Appendix 12 - Average preferences for levels by attributes (18-25 age group)



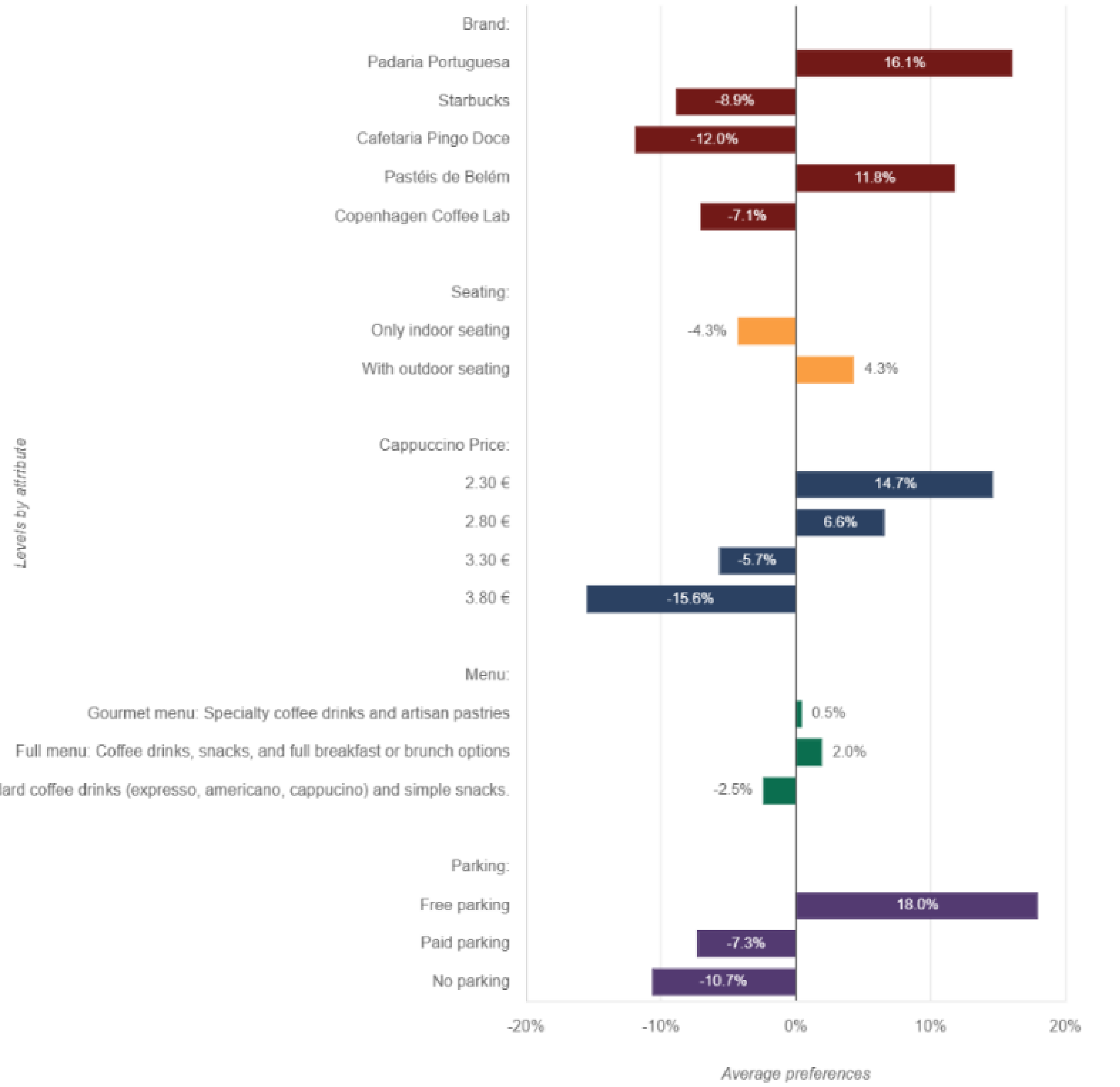
Appendix 13 - Average preferences for levels by attributes (26-35 age group)



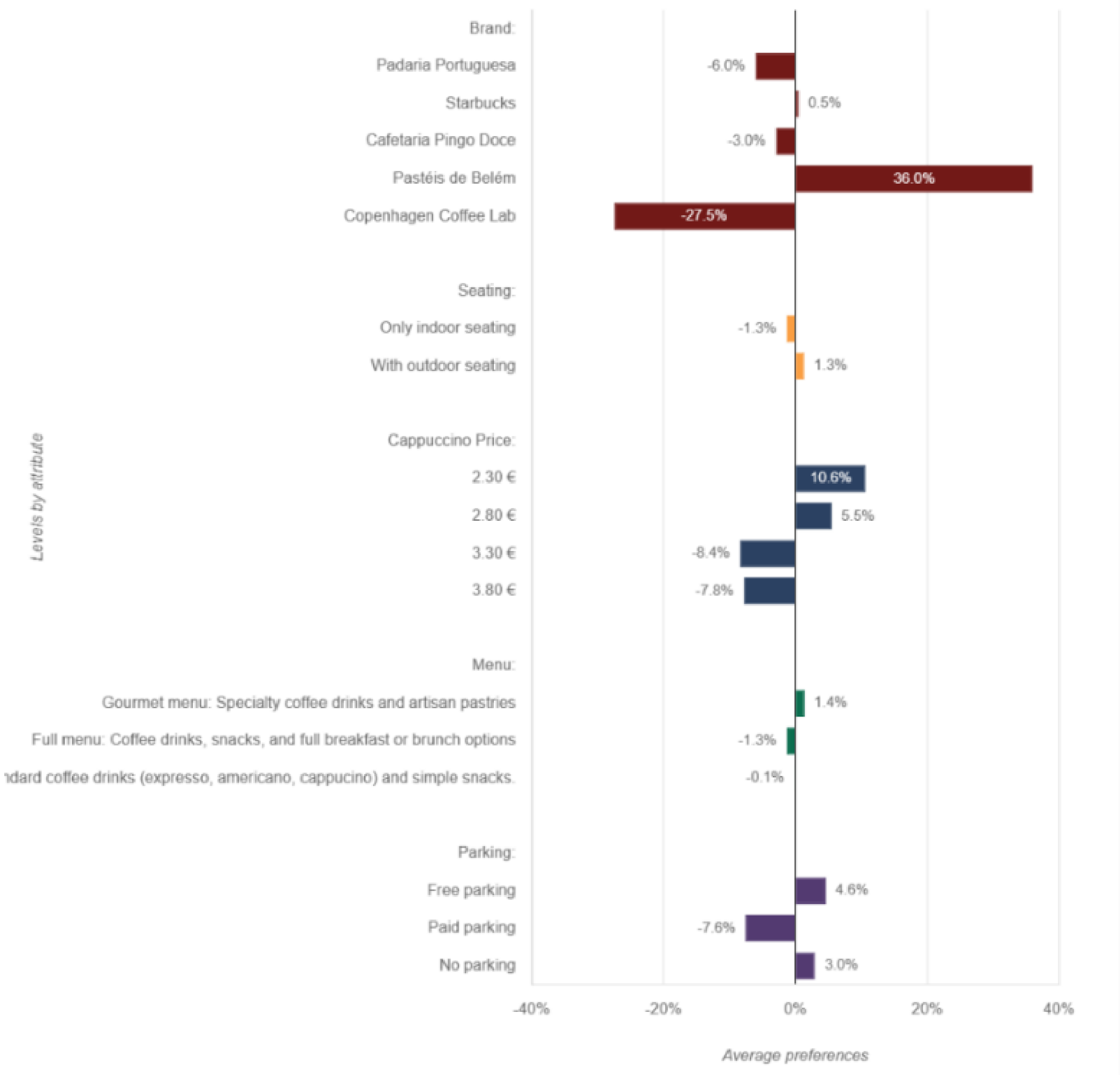
Appendix 14 - Average preferences for levels by attributes (36-45 age group)



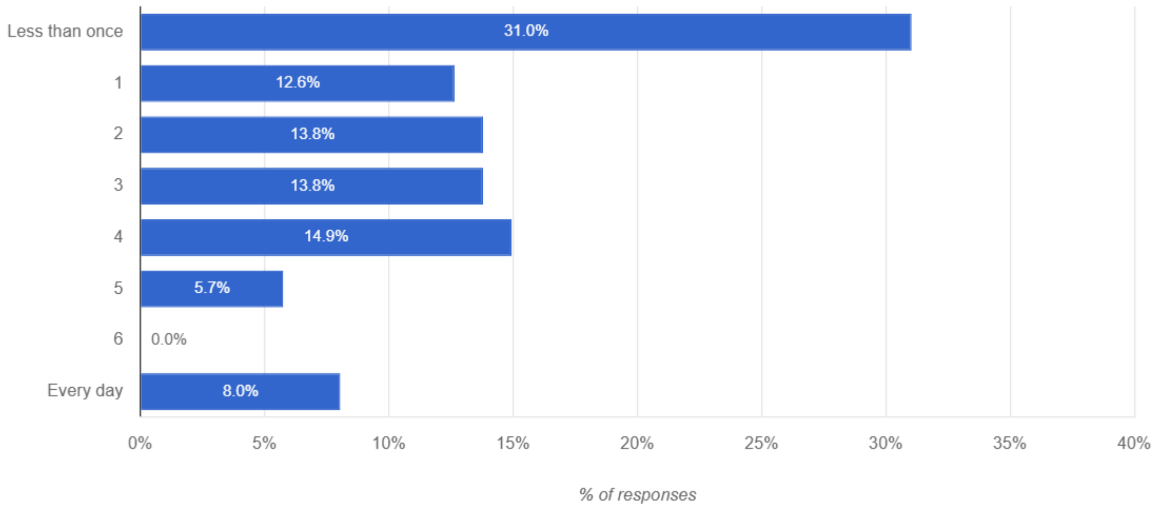
Appendix 15 - Average preferences for levels by attributes (46-55 age group)



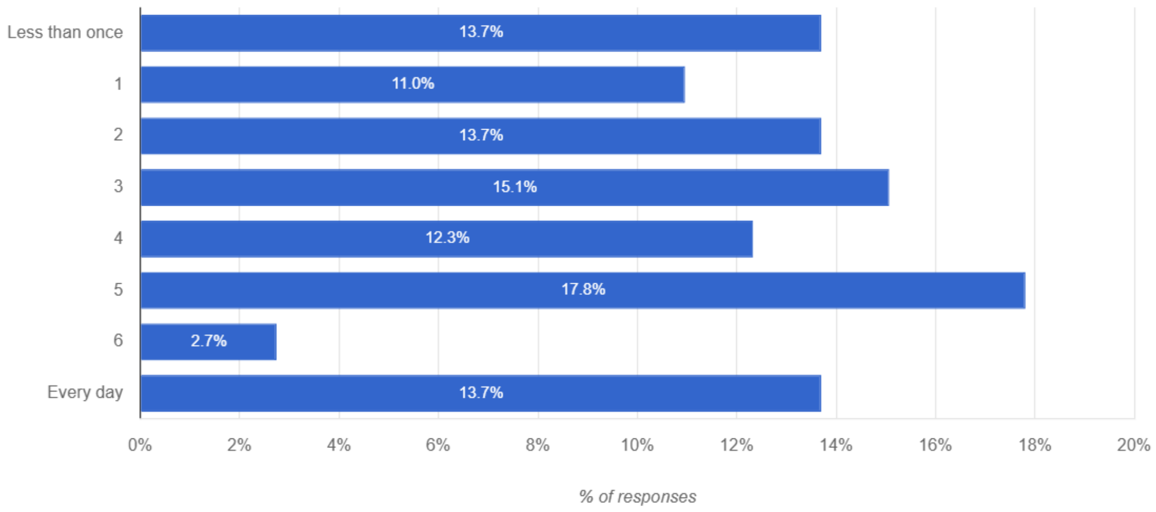
Appendix 16 - Average preferences for levels by attributes (over 55 age group)



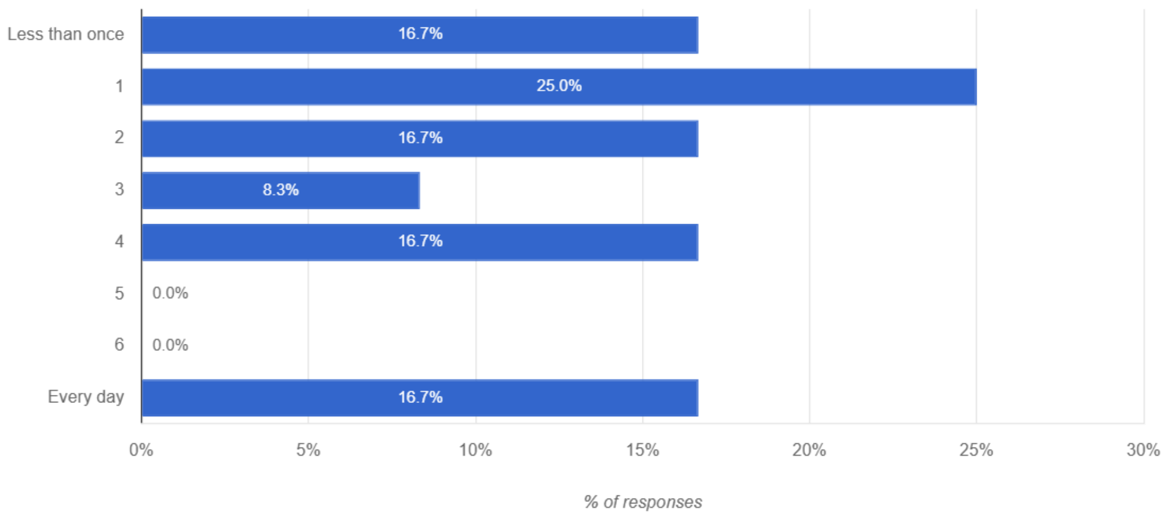
Appendix 17 - Weekly visits (18-25 age group)



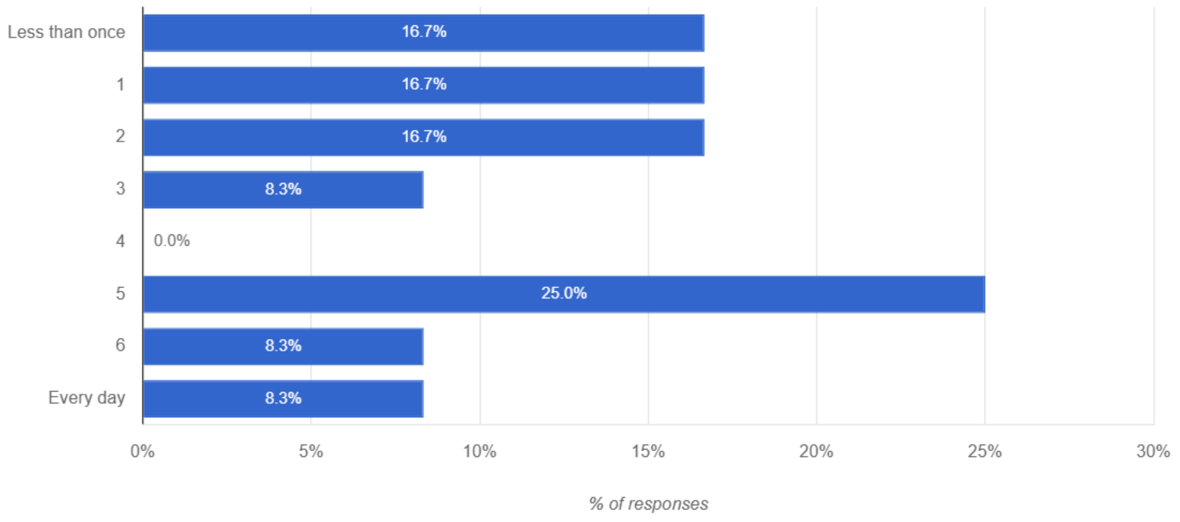
Appendix 18 - Weekly visits (26-35 age group)



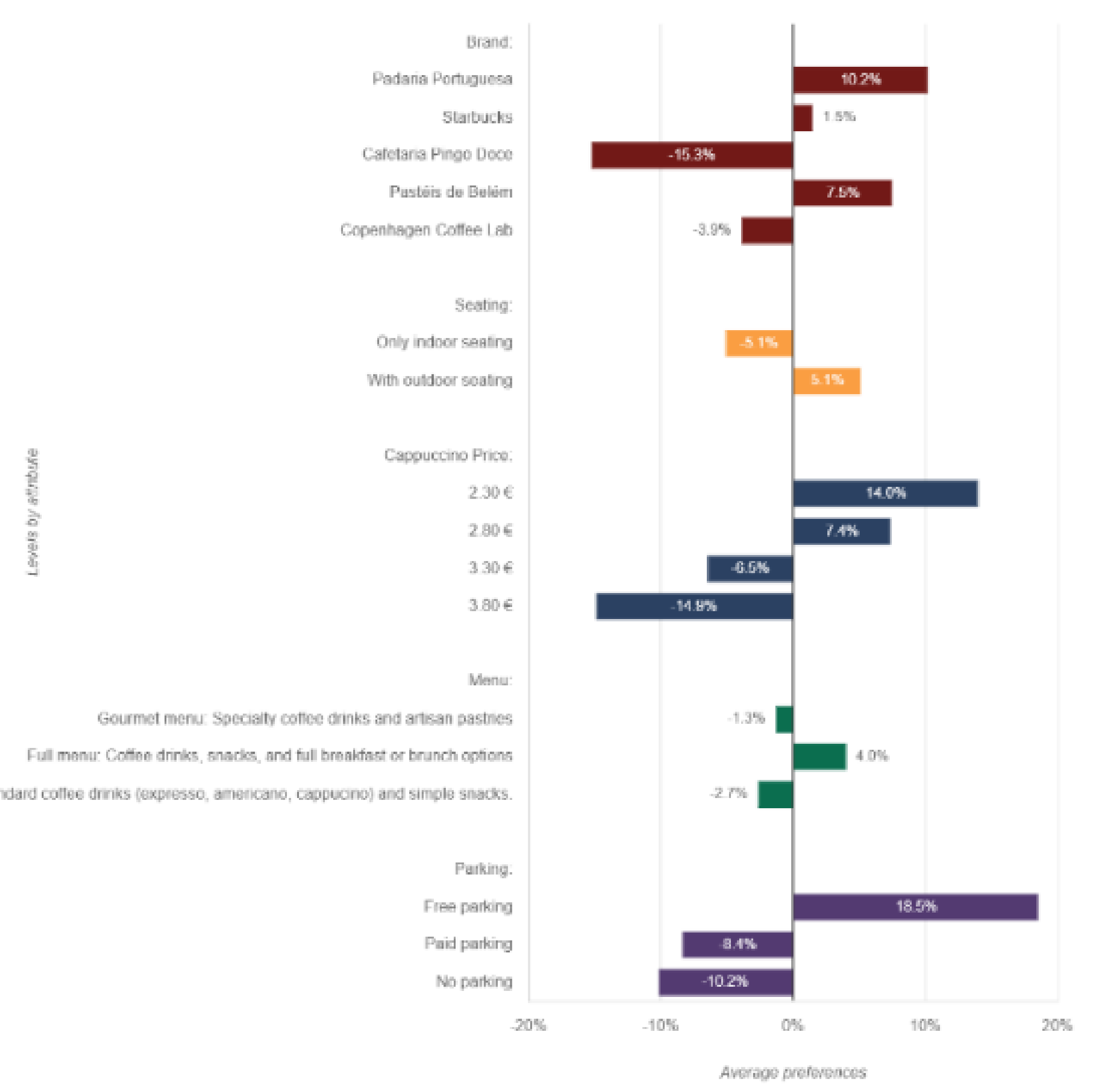
Appendix 19 - Weekly visits (36-45 age group)



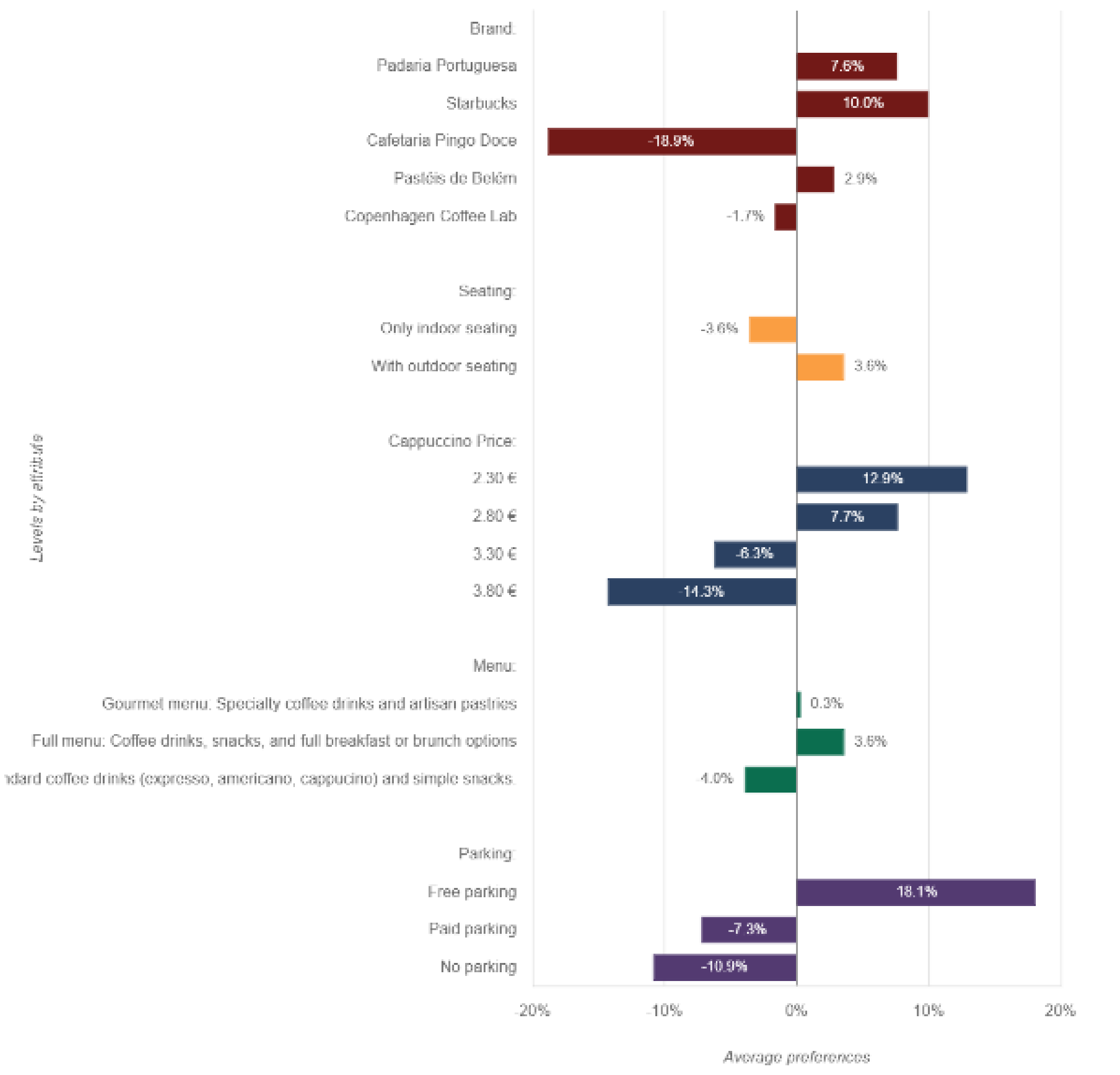
Appendix 20 - Weekly visits (46-55 age group)



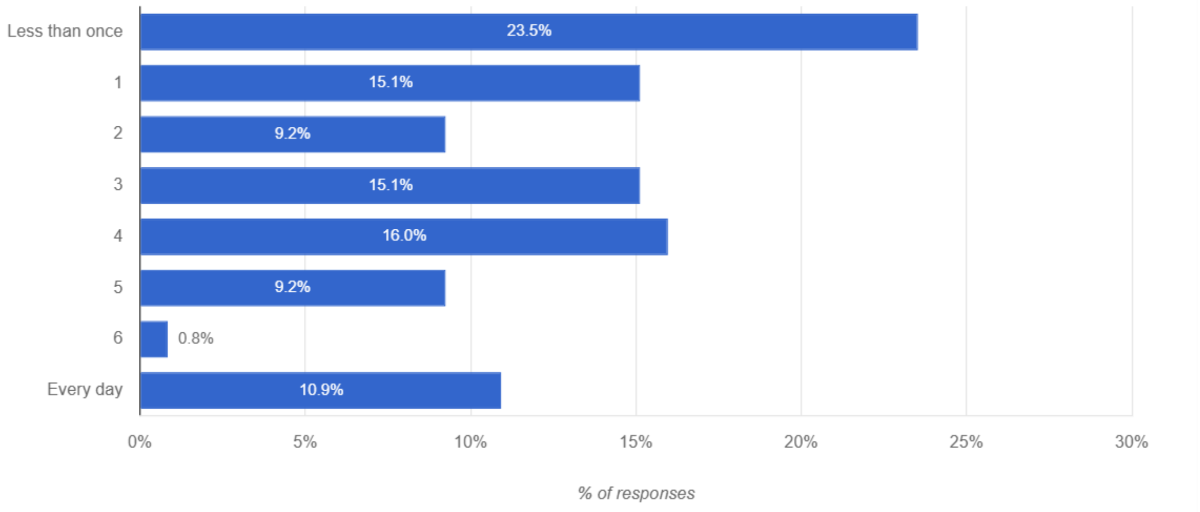
Appendix 21 - Average preferences for levels (resident in Lisbon; male)



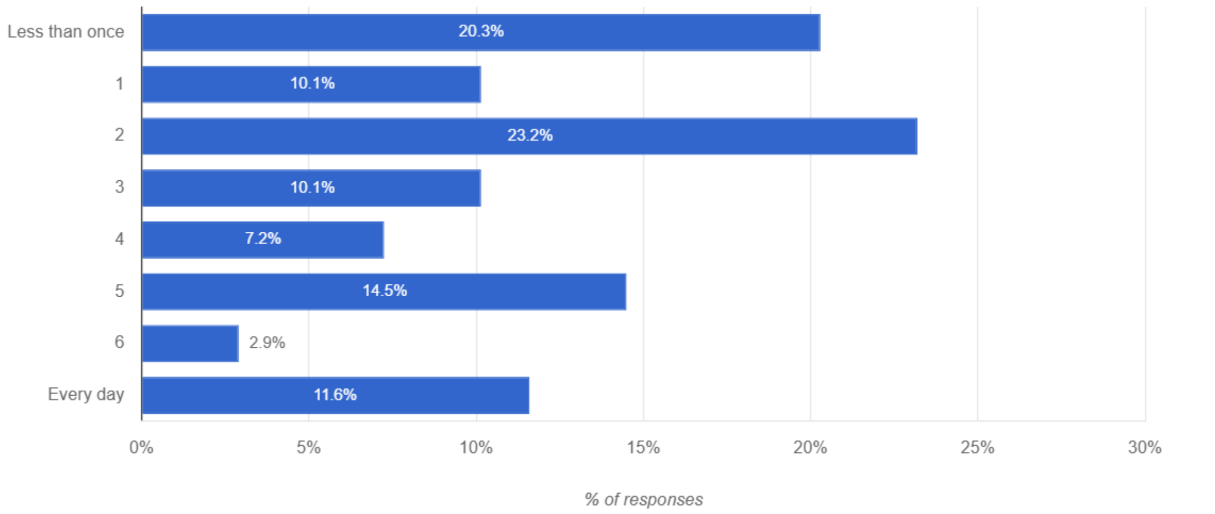
Appendix 22 - Average preferences for levels (resident in Lisbon; female)



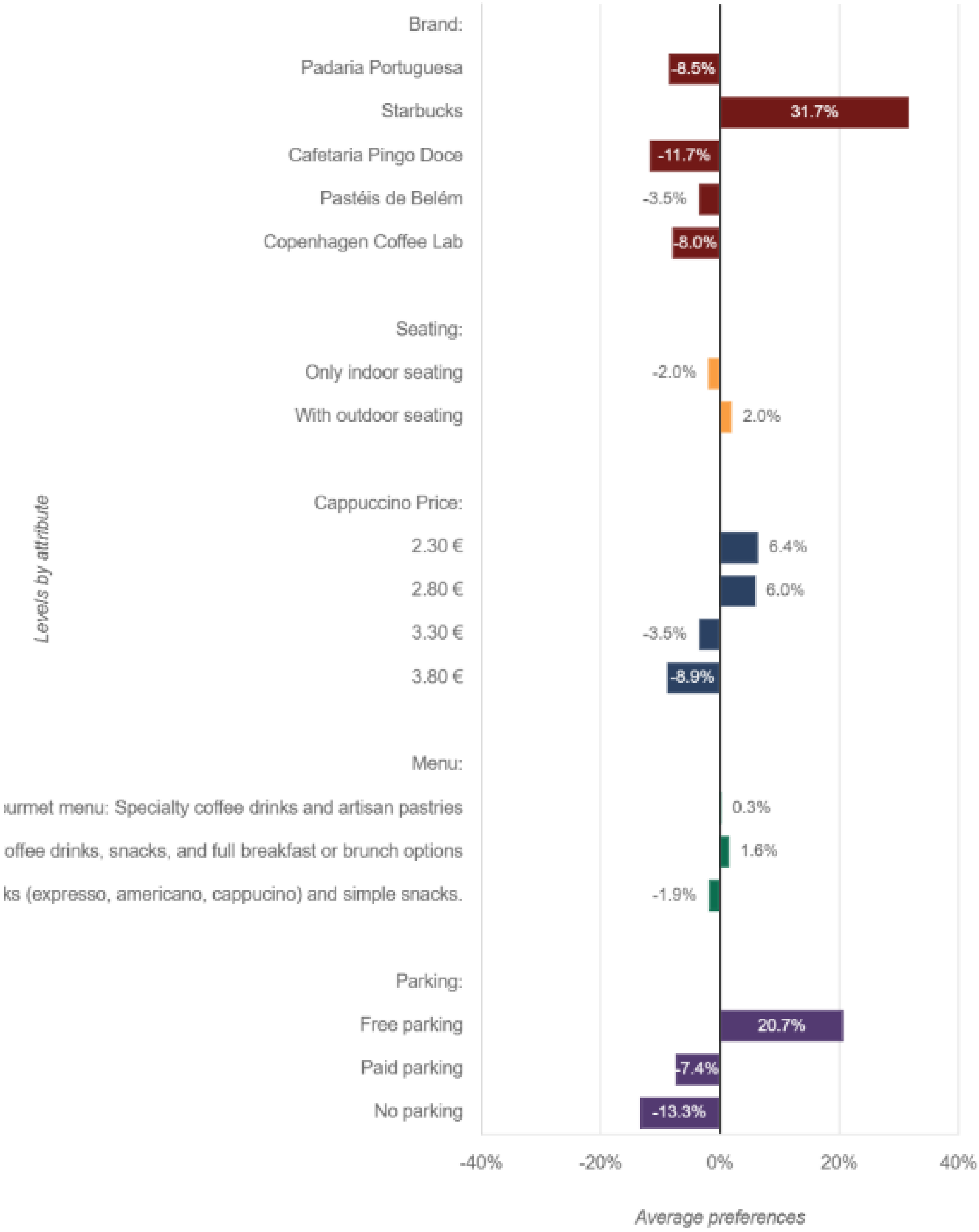
Appendix 23 - Weekly visits (female)



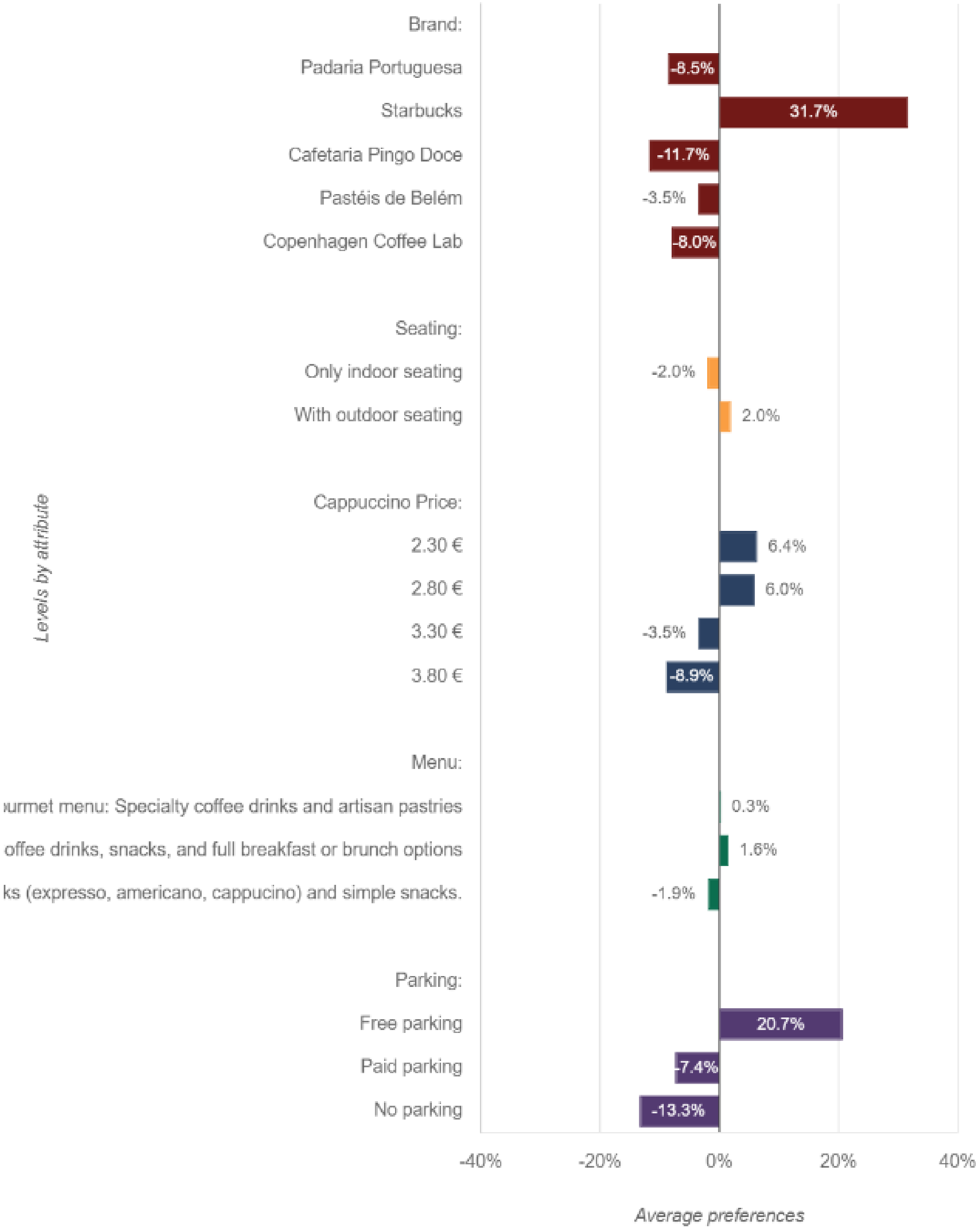
Appendix 24 - Weekly visits (male)



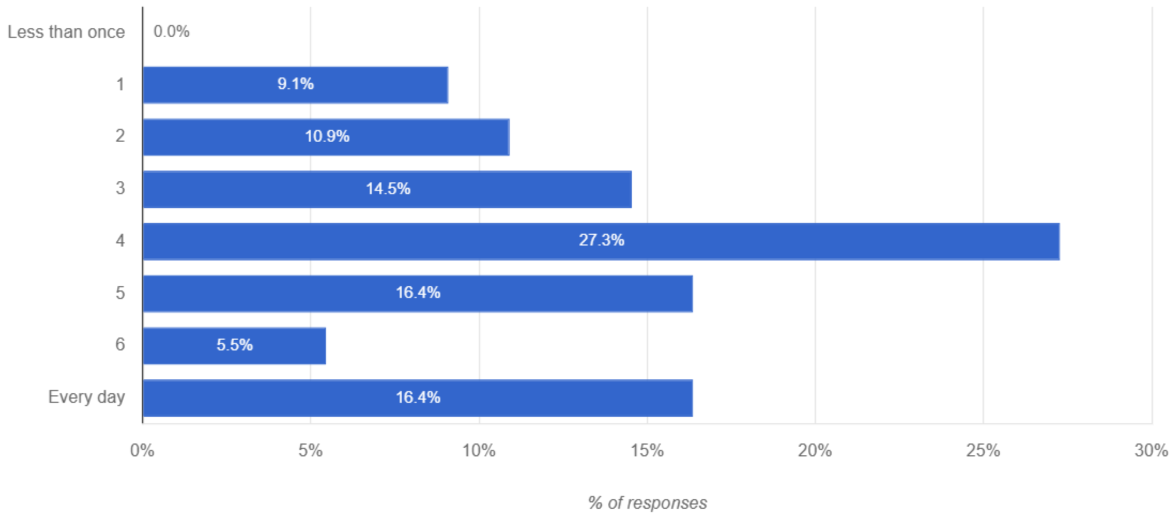
Appendix 25 - Average preferences for levels by attributes (Portuguese)



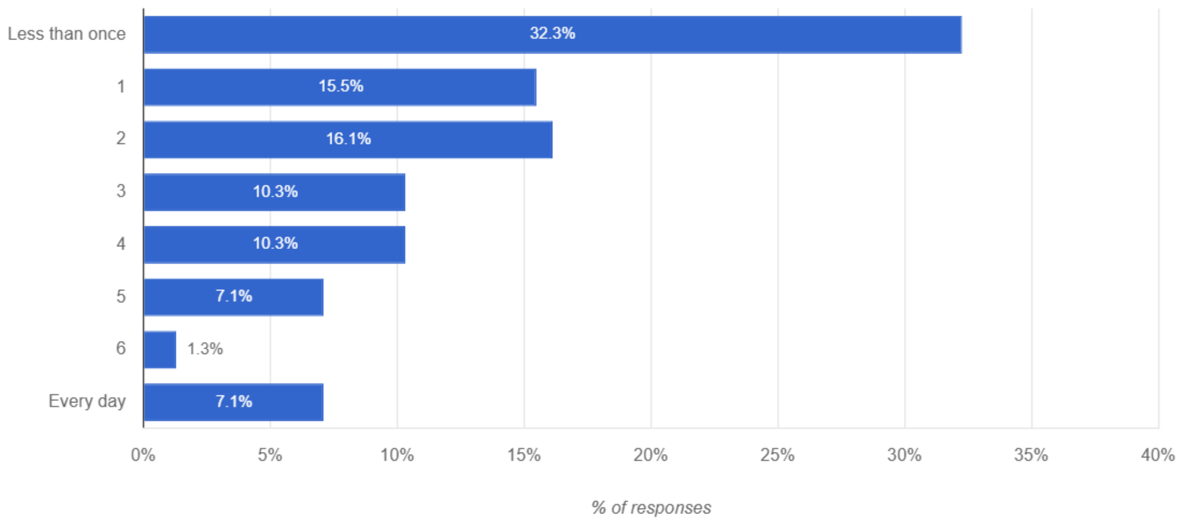
Appendix 26 - Average preferences for levels by attributes (English)



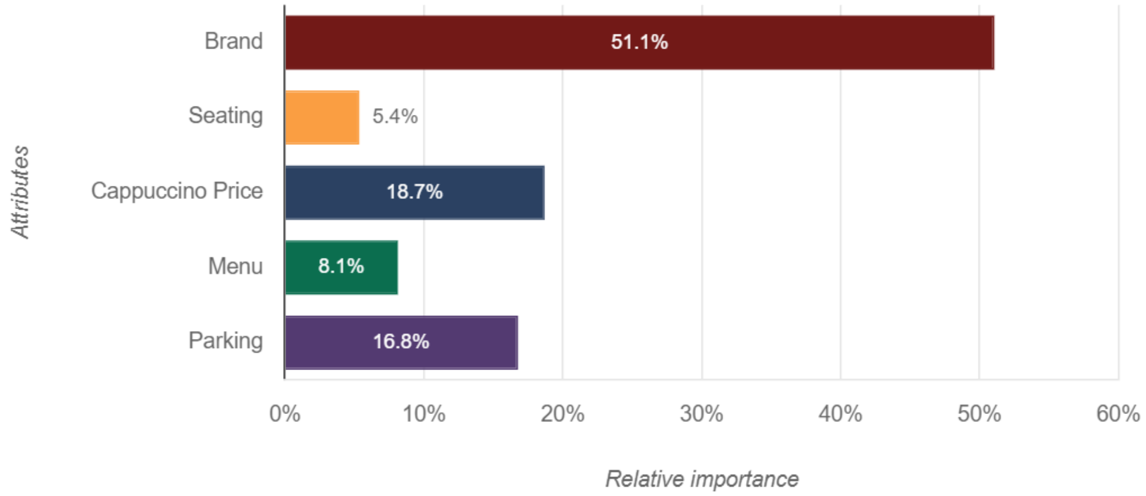
Appendix 27 - Weekly visits (English)



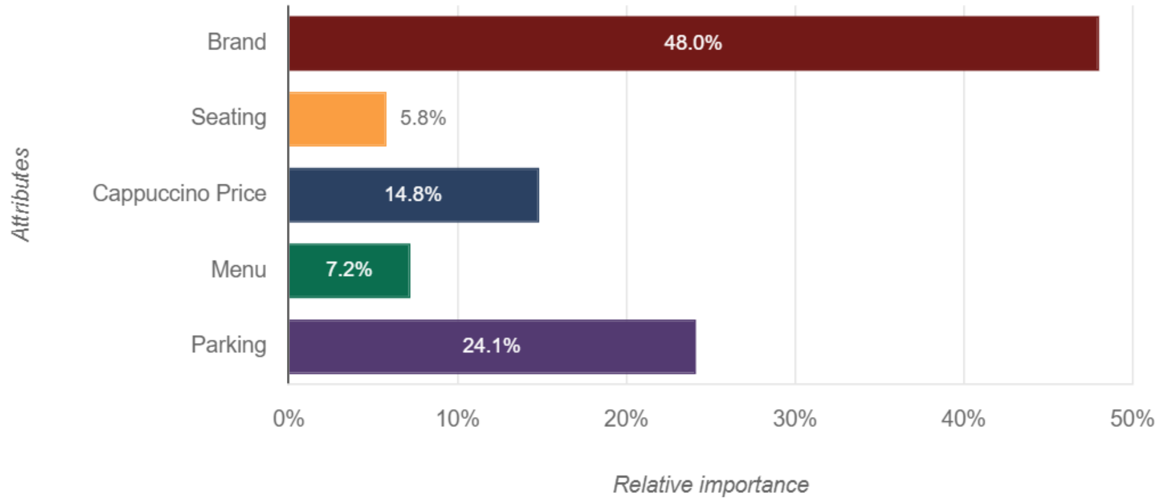
Appendix 28 - Weekly visits (Portuguese)



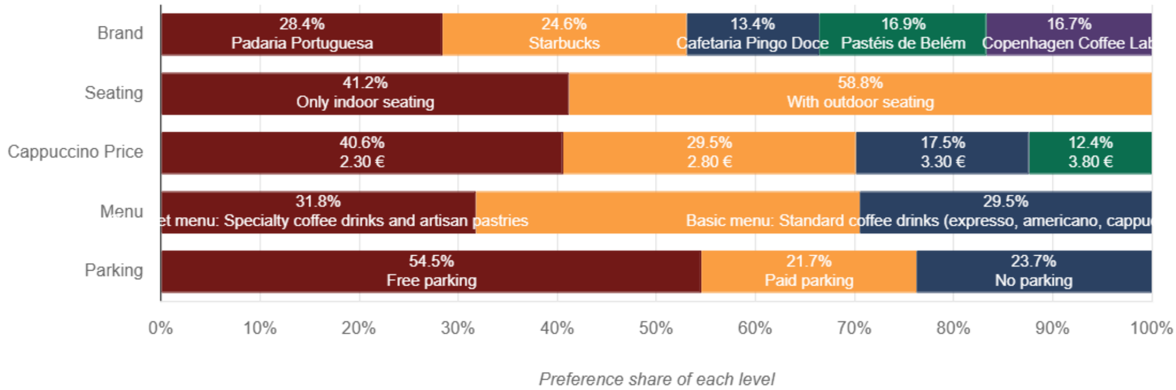
Appendix 29 - Relative importance of attributes (Portuguese)



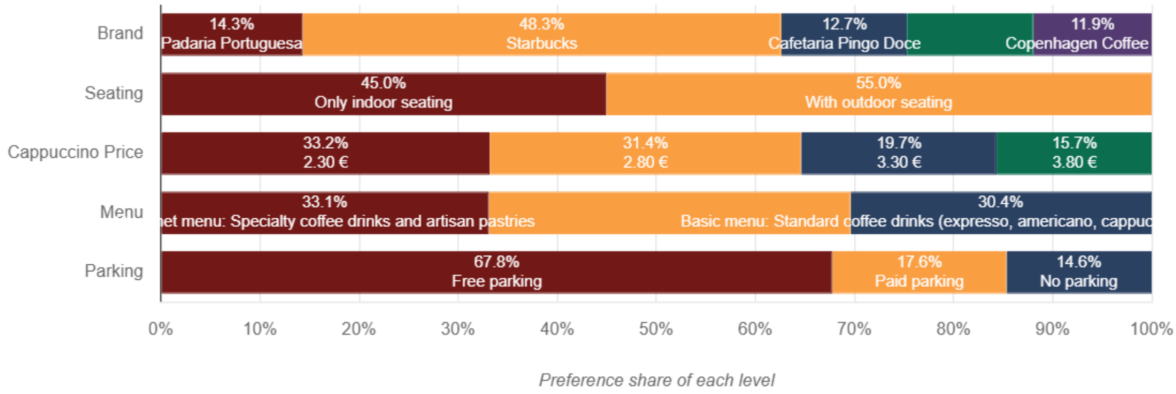
Appendix 30 - Relative importance of attributes (English)



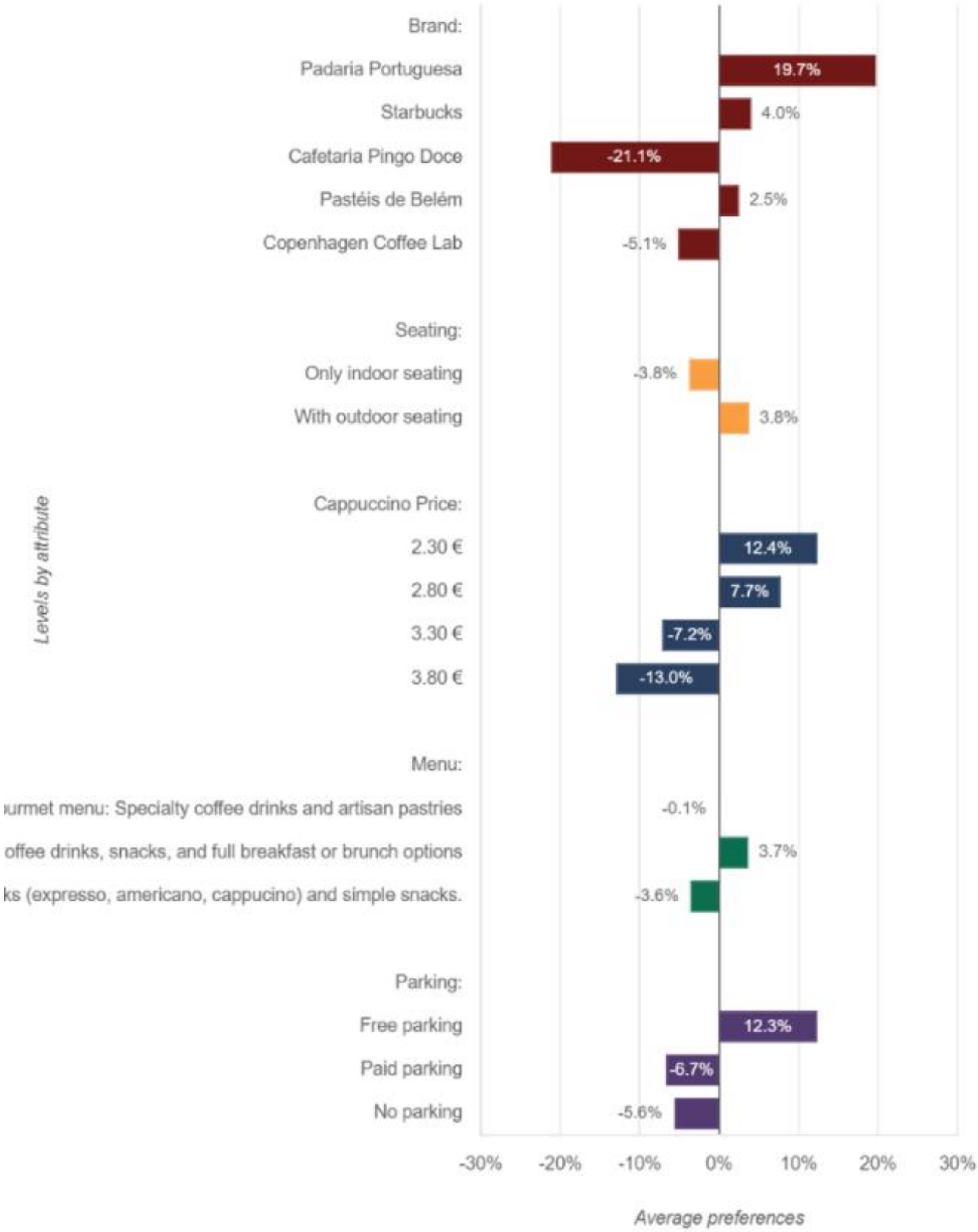
Appendix 31 - Distribution preferences for levels (portuguese respondentes sgment)



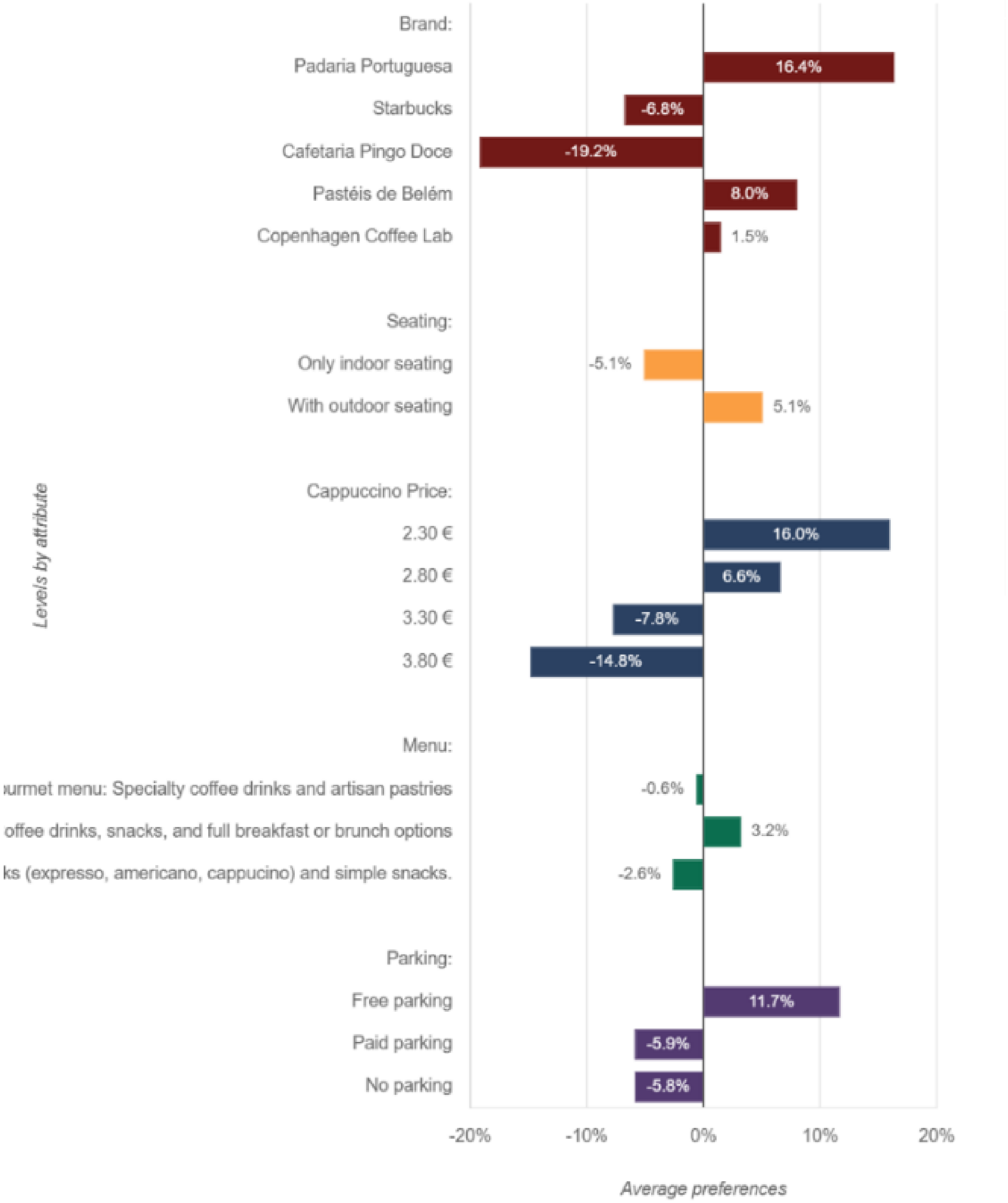
Appendix 32 - Distribution of preferences for levels (Ensligh segment)



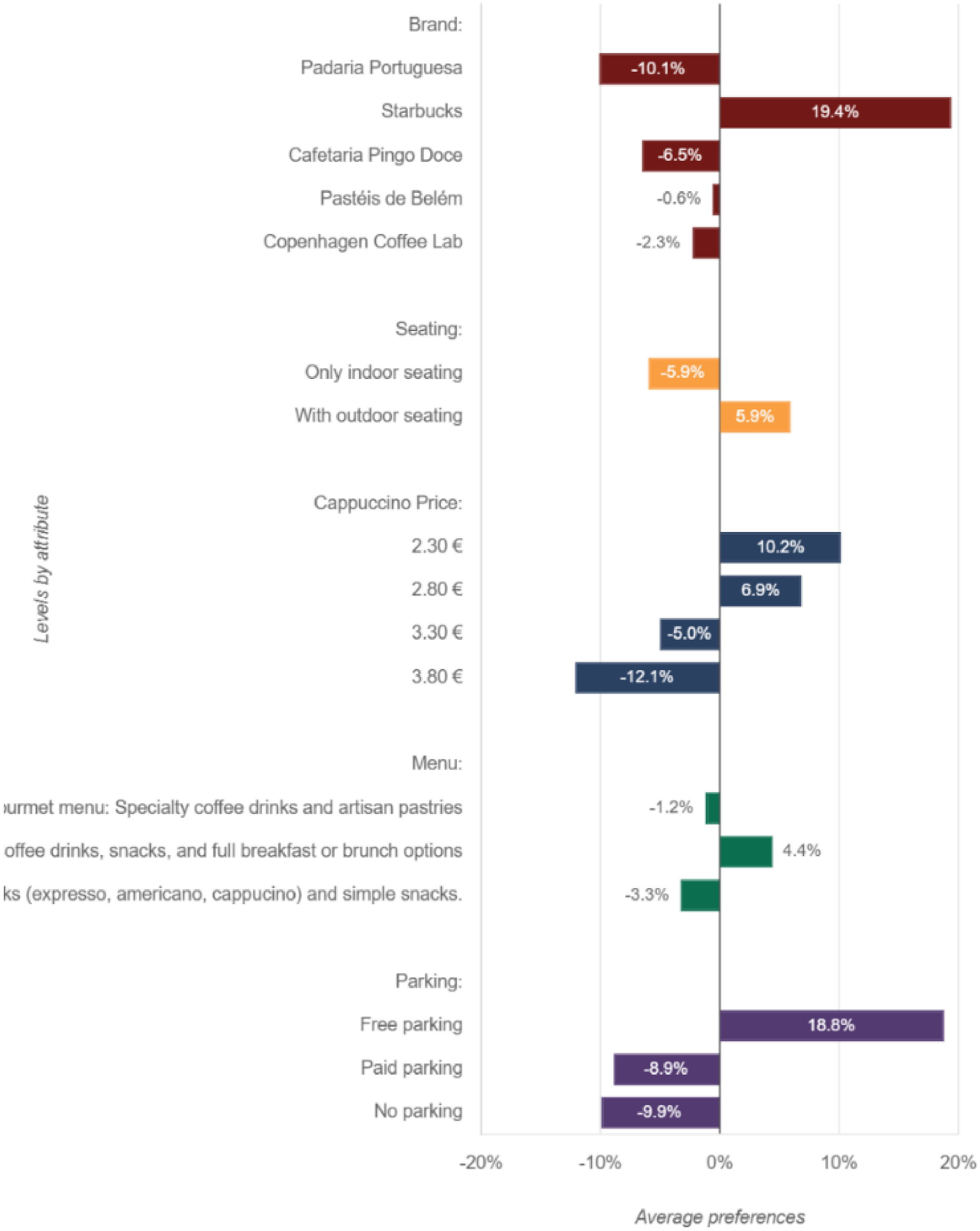
Appendix 33 - Average preferences for levels by attributes (workers: business and management)



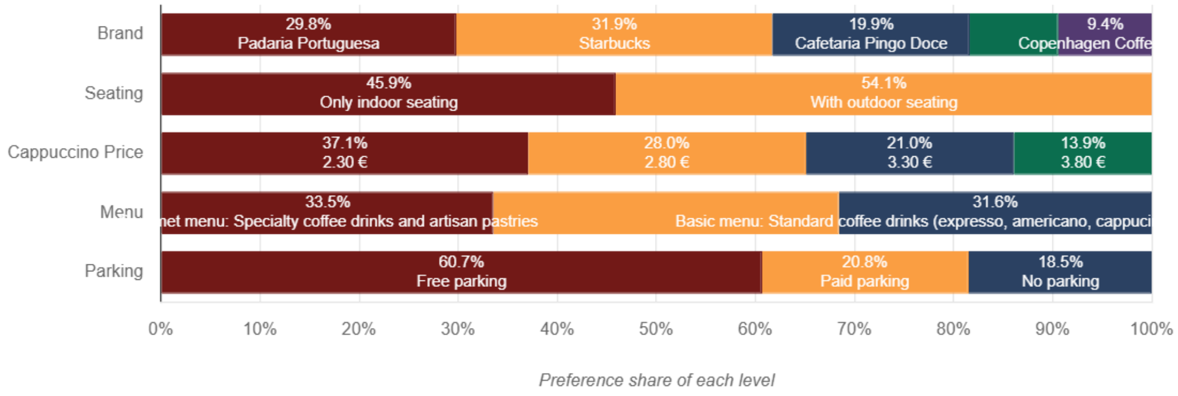
Appendix 34 - Average preferences for levels by attributes (students)



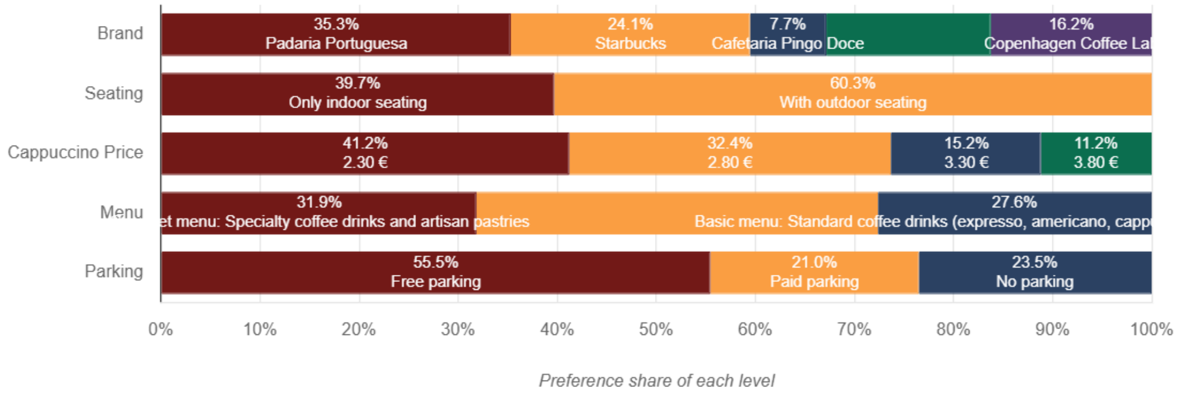
Appendix 35 - Average preferences for levels by attributes (workers: freelancers)



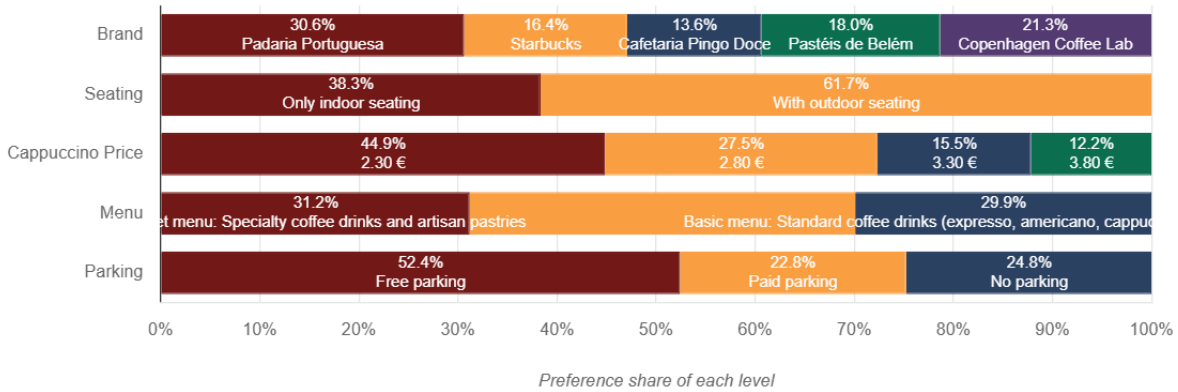
Appendix 36 - Distribution of preferences for levels (office and administrative segment)



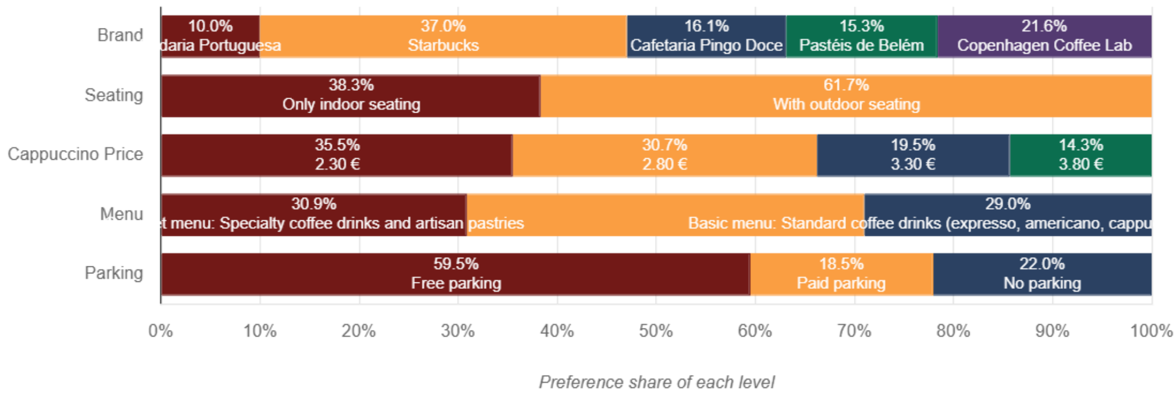
Appendix 37 - Distribution of preferences for levels (workers: business and management)



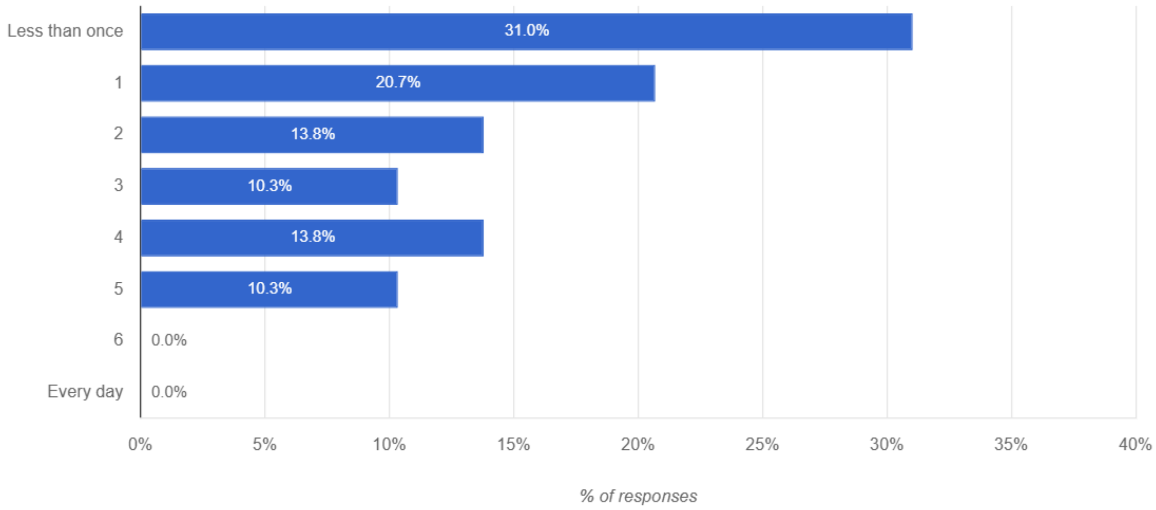
Appendix 38 - Distribution of preferences for levels (students)



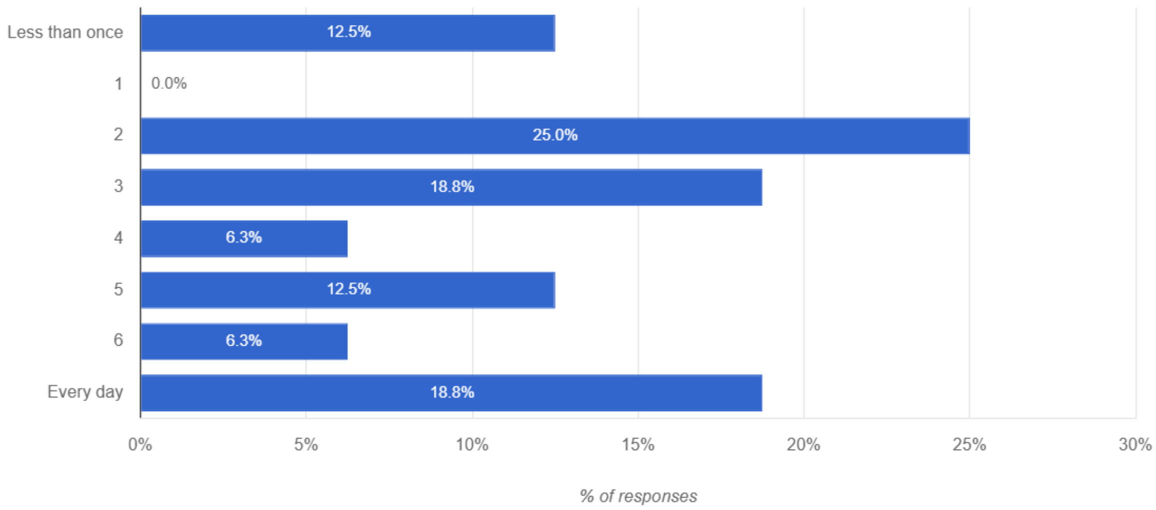
Appendix 39 - Distribution of preferences for levels (workers: freelancers)



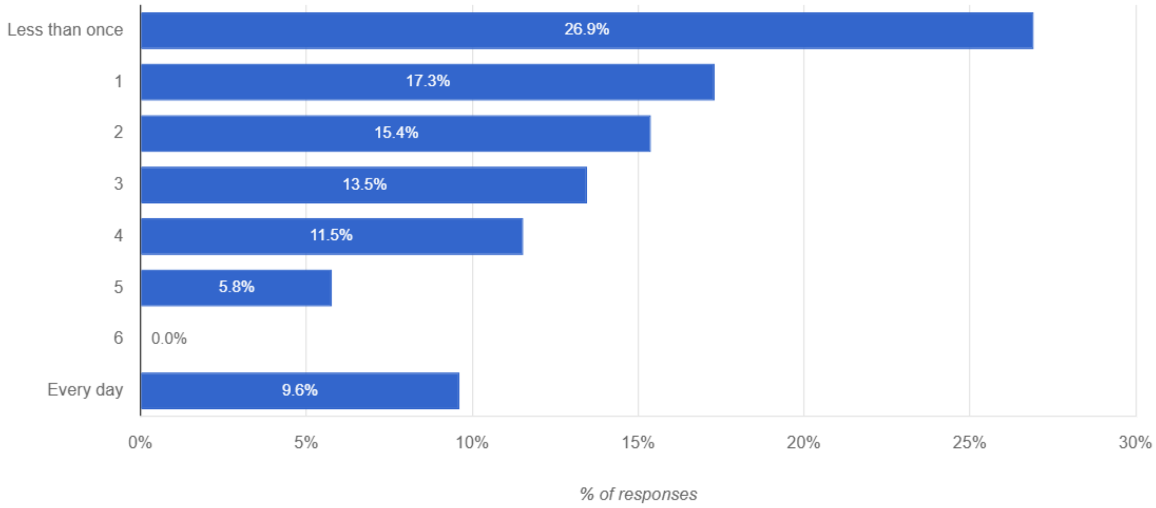
Appendix 40 - Weekly visits (workers: business and management)



Appendix 41 - Weekly visits (workers: office and administrative)



Appendix 42 - Weekly visits (students)



Appendix 43 - Weekly visits (workers: freelancers)