MASTER
MASTER IN MANAGEMENT

MASTER'S FINAL WORK
PROJECT

MARKETING PLAN: NESTLÉ - BUSINESS UNIT NESPRESSO

MARIA CAROLINA DO VALE FOLHAS DA SILVA FERNANDES

JANUARY - 2025

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SUPERVISION:

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GLOSSARY

BU - Unidade de Negócio (Business Unit)

CHF - Franco Suíço (Swiss Franc)

DSMP- Planejamento Estratégico de Marketing Dinâmico (Dynamic Strategic Marketing Planning)

GDP - Produto Interno Bruto (Gross Domestic Product)

ICO - Organização Internacional do Café (International Coffee Organization)

INE – Instituto Nacional de Estatística (National Statistics Institute)

SDG – Objetivos de Desenvolvimento Sustentável (Sustainable Development Goals)

SMART - Específico, Mensurável, Alcançável, Relevante e Temporal (Specific, Measurable, Achievable, Relevant and Time-bond)

SWOT - Pontos Fortes, Pontos Fracos, Oportunidades e Ameaças (Strengths, Weaknesses, Opportunities, and Threats)

ABSTRACT

The present Mater's Final Work project was created with the aim of developing a Marketing Plan that would go in line with the objetive of improving Nespresso's performance in the increasingly dynamic coffee sector and strengthening its relationship with its customers, taking into account the constantly evolving environment and the ever-changing demands and behavior of its customers. In order to do this it was necessary to identify and addressing the main factors that contribute to the growth of coffee brands, including the role of sustainability which has become increasingly important over the years, especially for companies with such influence as Nespresso.

In order to acquire the necessary information for the development of this marketing plan, the case study method was chosen for its ability to provide an in-depth understanding of complex issues and explore variables that impact Nespresso's growth. A mixed-method approach integrating qualitative and quantitative research, such as interviews with the head of the marketing department and an online questionnaire, was also carried out in order to better understand the company's current needs and the behavior of the coffee consumer and the Nespresso customer.

As a result, it was possible to develop strategies based on the key factors that influence consumer behavior and that would also meet the needs of the company and the new sustainability requirements.

Keywords: Marketing Plan, Sustainability, Drivers of Growth, Consumer Behavior, Marketing-Mix Strategies

RESUMO

O presente projeto de Trabalho Final de Mestrado foi criado com o objetivo de desenvolver um Plano de Marketing que fosse ao encontro do objetivo de melhorar o desempenho da Nespresso no sector do café, cada vez mais dinâmico, e reforçar a sua relação com os seus clientes, tendo em conta o ambiente em constante evolução e as exigências e comportamentos dos seus clientes. Para tal, foi necessário identificar e abordar os principais fatores que contribuem para o crescimento das marcas de café, incluindo o papel da sustentabilidade, que tem vindo a assumir uma importância crescente ao longo dos anos, especialmente para empresas com tanta influência como a Nespresso.

De forma a adquirir a informação necessária para o desenvolvimento deste plano de marketing, foi escolhido o método de estudo de caso pela sua capacidade de proporcionar uma compreensão aprofundada de questões complexas e explorar as variáveis que afetam o crescimento da Nespresso. Foi também realizada uma abordagem de método misto, integrando investigação qualitativa e quantitativa, como entrevistas com o chefe do departamento de marketing e um questionário online, de modo a compreender melhor as necessidades atuais da empresa e o comportamento do consumidor de café e do cliente Nespresso.

Como resultado, foi possível desenvolver estratégias baseadas nos principais fatores que influenciam o comportamento do consumidor e que também vão ao encontro das necessidades da empresa e dos novos requisitos de sustentabilidade.

Palavras-chave: Plano de Marketing, Sustentabilidade, Fatores de Crescimento, Comportamento do Consumidor, Estratégias de Marketing-Mix

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1. INTRODUCTION

1.1. Background and Relevance of Marketing Planning

According to Wood (2017), marketing planning is "the structured process that leads to a coordinated set of marketing decisions and actions, for a specific organization and during a specific period" (p. 4). This process must include an analysis of the company's current internal and external situation covering markets and customers. It must create a clear marketing direction, objectives, strategies, and programs for target customer segments. This process should also rely on customer service and internal marketing programs and manage marketing activities through implementation, evaluation, and control. (Wood, 2017, p. 4)

Marketing planning yields a number of advantages. The idea of developing a structured plan is to guide its marketing efforts in an environment where changes can occur quickly and without warning. Marketing planning establishes the logic for allocating marketing resources, helps to examine the competition, and guides the company on staying focused on its customers and understanding how it can deliver greater value to them. It also makes it possible to systematically evaluate the different marketing possibilities and helps decision-makers deal with the who, what, when, where, how and how much of the organization's marketing. (Wood, 2017, pp. 4-5)

Westwood (2019) defends that marketing planning should be continuous and not an annual exercise as the marketing environment can change at any time. The course of action that results from marketing planning is recorded in a marketing plan. These plans are important in enabling companies to identify marketing opportunities by utilizing their resources more efficiently, promoting a more favorable environment between teams, and reinforcing the organization's identity, drawing the company closer to its objectives (Westwood, 2019).

According to Kotler et al. (2005), successful marketing implementation occurs when a company manages to effectively align action programs, corporate structure, decision-making and reward systems, corporate culture, and human resources.

Hence, this project focuses on the development of a marketing plan within the realm of the Coffee sector and one of its main players, the Nestlé Group.

1.2. The Research Setting: The Nestlé Group and Nestlé Nespresso

In Portugal,the coffee market grew by 8.2% in 2023, amounting to a volume of 660 million euros. This growth is pointed out by the Informa D&B study as the result of increases in coffee prices and private consumption in the last year. In the same year "exports of roasted and soluble coffee reached 123 million euros, representing growth of 2.5% over the previous year" (Informa D&B) However, imports also increased to 254 million euros. (Forbes Portugal, 2024).

According to a TGI study by Marktest (2024), in Continental Portugal, consumption outside the home fell during the COVID-19 pandemic, as expected, yet has been recovering in recent years. However, the trend towards consumption at home persists, preventing numbers from returning to the levels seen before the pandemic. In 2019, 59% of residents in Continental Portugal, aged between 15 and 74, reported drinking coffee out of home, while in 2023, this figure went to 51%. This shift highlights challenges and opportunities for major coffee brands, such as the Nestlé Group.

According to Nestlé Nespresso official website, the Nestlé Group emerged in 1905 with the merger of a company previously created by Henri Nestlé and the Anglo-Swiss Condensed Milk company. Since then, the company has grown globally, overcoming wars and economic crises. Over the years, Nestlé has diversified its operations, entering new markets such as the coffee one and has grown to become one of the largest food and beverage companies in the world.

Nestlé Nespresso SA was founded over 30 years ago with the idea of enabling anyone to customize their ideal cup of espresso. This business unit started by launching the first espresso machine (the C-100) and four exclusive blends of portioned coffee: Capriccio, Cosi, Bolero (now Volluto) and Decaffeinato. Since then, Nespresso has been present in 81 countries and has revolutionized the way millions of people enjoy coffee. Nespresso has a unique selling system that distinguishes the brand from the rest. Nespresso adopts a direct-to-consumer system (D2C) in which customers cannot purchase its products through intermediaries, but only through direct purchase from the brand in its boutiques, online platforms, and subscriptions as this business model consists of selling products directly to customers, thus avoiding any third-party retailers, wholesalers or middlemen. (Nespresso, n.d.)

This Nespresso business unit continues to grow, always focusing on quality, luxury, and exclusivity, but aware of the importance of sustainability for the environment around it. In fact, Nespresso is a business unit that highlights a lot of sustainability programs, investing in projects such as the Nespresso AAA Sustainable Quality Program, and promoting the recycling of capsules. (Nespresso, n.d.)

1.3. Purpose of the Project

This project aims to create a Marketing Plan for Nestlé's BU Nespresso for the year 2025. This plan was designed to increase brand awareness, improve the relationship with its customers and to captivate younger generations while considering the main growth drivers for coffee brands and amplifying the importance that the issue of sustainability has been gaining recently. This study will focus on understanding the areas where the company can improve by taking these drivers into consideration and creating strategies to achieve these goals. Thus, the specific objectives for this marketing plan are defined based on the following Research Questions:

RQ1: What is Nespresso's current market position and strategic outlook for 2025?

RQ2: What are the key consumer behaviors and preferences driving the coffee market, particularly among Nespresso's target audiences?

RQ3: How can Nespresso integrate sustainability into its marketing strategies to strengthen its brand and appeal to future market demands?

1.4. Structure of the Dissertation Project

The project will be presented in six chapters, the first being the introduction that will be followed by a literature review of the main themes of the project: marketing planning, main growth drivers for coffee brands, customer behavior and sustainability.

Afterwards, the frame of reference and the methodology used are clarified and the results are described.

Only after that, in chapter five, begins the marketing plan. Lastly, the conclusions, limitations and recommendations of this work are presented.

2. LITERATURE REVIEW

2.1. Marketing Planning

The concept of effective marketing planning has evolved over time to address the increasingly dynamic and competitive market environment. Originally, marketing planning focused on guiding a company's resources to maximize value for customers, the organization, and stakeholders through structured research and situational analysis (Wood, 2007). However, traditional methods were deemed inadequate in volatile environments, leading scholars to advocate for more adaptable approaches that encourage flexibility (Greenley et al., 2002), innovation (Menon et al., 1999), and creativity (Slater et al., 2010).

A significant shift in thinking emerged with new concepts for marketing planning. Studies, like the one realized by Essam and Harrison (2019), redefine a marketing planing as a continuous and dynamic process that, by evaluating not only internal resources and capabilities but also external aspects and capabilities of competitors, aims to anticipate changes in the market. In this way, it becomes easier to adapt to changes and respond quicker, avoiding breaks in marketing performance, as well as allowing for more orderly and effective decision-making, both in the short and long term. In addition, it becomes easier to take advantage of opportunities and eliminate threats from the market.

Dynamic Strategic Marketing Planning (DSMP) also redefines strategic marketing planning as compatible with innovation, overcoming traditional rigidities and driving superior financial outcomes (Hughes et al., 2019; Hughes et al., 2020). Teece et al. (1997) describe DSMP as a "dynamic capability" that helps companies build, integrate, and reconfigure their resources and competencies, with a strong emphasis on the involvement of top management in both planning and implementation (McDonald & Wilson, 2016; Whitler et al., 2021).

Brown (2011) further critique the traditional planning model due to the constantly changing environment nowadays. He emphasizes the importance of not only looking at the process itself, but also at the people who may be involved, such as sales staff who are in touch with the emergence of marketing changes, customer preferences and competitor

movements (Malshe, 2011). Gronroos (2011) stresses that marketing planning must be an integrative process, connecting marketing and sales to create loyalty and retain customers.

Additionally, Wood (2017) defends that despite being a specific document with well-defined and coherent SMART objectives as mentioned by Kotler and Armstrong (2018), the plan must also be flexible and allow the company to adapt to constant changes in the external environment. The plan serves as a framework to systematically evaluate different marketing possibilities, set marketing goals, keeps the company focused on its customers and what can be done for them, helps to examine offers in the context of competition and the marketing environment. It should make it possible to check progress and whether it is meeting objectives and allow adjustments to be made if actual results diverge from expectations (Wood, 2017).

Marketing plans can be either strategic, addressing long-term goals, or tactical, focusing on immediate actions for the short term (McDonald, 2007). In practice, however, the planning process can be overly complex and vary in for strategic, addressing long-term goals, or tactical, focusing on immediate actions for the short-term normality depending on the company's size and diversity (McDonald & Wilson, 2011). Common pitfalls in marketing planning include unrealistic objectives, inadequate competitor analysis, and a myopic focus on short-term gains (Kotler & Keller, 2012)

In summary, effective marketing planning now requires a dynamic and adaptive approach, prioritizing continuous assessment and flexibility over rigid structures. Integrating insights from across the organization, especially from frontline staff, and involving senior leadership in strategic execution are key to successfully navigating today's complex marketing landscape.

2.2. Drivers of Coffee Brands Growth, Consumer Buying Behavior and Coffee Purchasing Behavior

Over time, consumer perception and preferences for coffee have changed (Manzo, J., 2014). Coffee has become a specialty product rather than a pure commodity as it once was (Carvalho et al., 2015). In the 1960s, coffee consumption was characterized as a mass-market with exponential consumption growth and wide availability. Subsequently another wave of coffee consumption began in the 1990s with the appearance of coffeehouse chains like Starbucks to match the new consumer interest in coffee quality.

There was also a third wave that began with small roasters, who promoted new brewing techniques and specific regions. Coffee is now considered a high-quality artisanal food and the decision to buy from a particular brand of coffee is based more on factors such as which brand provides more pleasure, a better experience and which is closer to the consumer's lifestyle and social status. (International Coffee Organization (ICO) & Global Coffee Forum, 2015)

This change in perception aligns with past consumer research towards coffee consumption and purchasing behavior shows that a positive consumer behavior and innovation are factors that explain a substantial part of the variation in success between coffee chains (Suvattanadilok, 2024). So, it is important for brands to place customer needs in the core of their operation and focus on innovation wherein they can not only contribute to the growth of the brand but also manage to create a differentiation from other giant players over aspects like social responsibility or sustainability. However, in order to achieve this we need to know what factors impact consumer behavior with respect to choosing a coffee brand, or in other words what consumers look for in a coffee.

There are many models like the one presented by Philip Koltler and Gary Armstrong (2018) (Appendix 1) that try to group the factors that affect consumer behavior yet none of them includes only the drivers of coffee purchasing behavior. However, several articles are being written to help us identify what these factors are.

For instance, research conducted by Samoggia and Riedel (2018) categorizes the factors that influence consumer behavior towards coffee can be classified into five main categories: personal preferences, economic attributes, coffee attributes, consumption context and socio-demographic data where the first two categories can be recognized as drivers as well as barriers of consumption. The variables in the third and fourth categories "coffee product attributes" and "consumption context" highlight the intrinsic and extrinsic qualities of coffee preferred by consumers. Finally, the "socio-demographic" category refers to differences in coffee purchasing and consumption behavior caused by age, gender, income and education. For this project it is only interesting to look at the drivers/barriers of coffee consumption.

The "personal preferences" category includes "sensory" motives, "functional" motives, "health belief," "habit, tradition, and culture," and "connoisseurship." Results of studies published on the reasons for consuming caffeinated drinks show that sensory

qualities of coffee, like taste and smell and functional motives as reducing fatigue and feeling a focused mental state are the main reasons for coffee consumption (Samoggia & Riedel, 2018). The habit factor was also mentioned with a greater importance, especially for women and older people. Aguirre (2016) highlights the strong effect of culture and tradition and points to the family/household context as a source of information in shaping coffee consumption/purchasing behavior. Other personal factors such as one's beliefs in the health benefits or risks of coffee can be a driving force or a barrier to the amount and frequency of coffee consumption. Connoisseurship as the ability to comprehend, judge and appreciate consumer objects (Holt, 1998) is gained through experience and consumers with this characteristic develop a more sophisticated perception through reflective consumption, with the help of professionals and other connoisseurs. In the specific case of coffee consumption, regular consumers may not have the sensory skills required to recognize the quality of the beverage, therefore they will rely on external clues such as price, packaging and advertising when making a purchase choice. (Giacalone, Fosgaard, Steen, & Münchow, 2016). In contrast, consumers who are better able to identify quality differences are more likely to prefer high-quality coffee. This stresses the relevance of connoisseurship in consumer perception and preference of coffee (Giacalone et al., 2016).

When it comes to economic attributes the importance of the price element varies depending on the age, gender, social status, and cultural context of the consumer. Age is a factor that affects willingness to pay for the type of coffee: younger consumers are more willing to pay for "Latte" products, while older consumers are more willing to pay for "Espresso" (Asioli et al., 2014).

In addition to consumer preferences, organizational culture also has a significant role that goes beyond internal dynamics, affecting customer engagement and satisfaction in the coffee sector. In such circumstances, enthusiasm and innovation become crucial factors, demonstrating the importance of organizational culture in driving competitive advantage and building customer loyalty (Mackie, 2018; Mahmood et al, 2021). Considering the far-reaching impact of organizational culture on customer satisfaction, it is essential that organizations cultivate a positive culture implementing, for example, sustainable practices. The adoption of sustainable practices is positively linked to financial performance and environmental responsibility (Chavez, 2016; De la Cruz et al.,

2018). The specialty coffee industry, with its focus on quality, customer experience and sustainability, stands as an example of how organizational culture can drive business success. (Conley & Bilimoria, 2021).

In conclusion, the growth of coffee brands is driven by innovation and consumer behavior. Coffee companies must therefore consider the factors that positively affect consumer behavior that the brand can control like quality and health and, taking these factors into account, offer innovative products that are more appealing to customers.

2.3. Purchasing Behavior of Coffee and Sustainability

Pressing issues related to global warming, rising temperatures and environmental degradation require the urgent adoption of sustainable practices. Organizations in all sectors, including coffee, are recognizing the relevance of adopting sustainable practices, not only to meet society's expectations, but also due to the advantages that sustainability offers companies (Velte, 2022). Through sustainable practices, companies can not only achieve global success by reaching new markets (Baumgartner, 2014; Lloret, 2016) but also improve its profitability in both the short and long term (Moisescu et al., 2019) as sustainable practices contribute to waste reduction, consumer loyalty and competitive advantages. Sustainable companies focus on the "triple bottom line," considering "people, planet and profits," generating benefits for all interested parties, including the environment and the society in which they operate (Rastogi et al. ,2024).

As consumers become more aware of their consumption patterns, they prefer to associate themselves with companies that have a positive and sustainable image and this has an influence on their choice of goods and services, as well as their loyalty to a brand (Hosaini & Rojhe, 2020). But to what extent are they willing to pay for a sustainability label?

Although old studies proved that sustainability labels didn't have a significant effect on the willingness to pay, recent articles like the one published by Merbah and Benito-Hernández (2024) proved that the presence of sustainable certified labels on coffee packaging significantly improves consumer utility and the likelihood of purchase, suggesting that sustainability labels can effectively differentiate products in the coffee market. The COVID-19 pandemic has raised consumer awareness of health and environmental issues, shifting consumer's sustainability beliefs and creating an ideal

opportunity to translate sustainability into concrete behaviors. Consumer preferences and their willingness to pay for sustainable products offer a chance to increase demand for sustainable coffees and expand the customer base. The certification labels desired by consumers allow manufacturers to develop profitable strategies through product differentiation (Merbah and Benito-Hernández, 2024). It is therefore crucial to focus on effective marketing strategies for sustainable products and to create methods that encourage conscious consumption.

Sustainable marketing has become an alternative approach that connects the economic expansion to the environmentally and socially responsible consumption (Karim et al., 2022) aimed at minimizing adverse environmental and social dimensions and promoting products providing long-term benefits. Such an approach incorporates environmental, social, and economic considerations into marketing practices that when made known to the public can enhance brand reputation and foster a loyal customer base. Sustainable marketing creates awareness of long-term benefits and encourages consumers to choose products with minimal negative impact on the environment and society. (Sun & Ko, 2016).

However, while interested in sustainable products, price remains a barrier for some consumers. Sustainable products often carry a higher cost, which may prevent consumers with limited financial resources from buying, making non-sustainable, lower-priced alternatives more accessible. Due to this, it is usually middle and upper-income consumers who can afford these options (Gifford & Nilsson, 2014). Companies targeting these demographics can thus play a key role in promoting sustainability by adopting sustainable practices and developing marketing strategies that stimulate conscious consumption, expanding their customer base by aligning with consumers' sustainability values and expectation.

3. FRAME OF REFERENCE

According to the conducted literature review and the main objective and research questions of this project, the following frame of reference and corresponding selected authors is outlined.

Table 1: Frame of Reference for Marketing Planning at Nespresso

Marketing Plan Structure	Description of Phases	Reference Authors
Mission, Vision, and Values	Mission, Vision, and Values of Nespresso SA	Wood (2017), Kotler & Armstrong (2018)
External Analysis – Macroenvironmental	Macroenvironmental Analysis – PESTEL (Political, Economic, Sociocultural, Technological, Environmental, and Legal and Ethical)	Wood (2017); Kotler & Armstrong (2018)
External Analysis Microenvironmental Analysis	Coffee Market Analysis in Portugal	Informa D&B (2023), Forbes (2024), INE (2024), AICEP (2024)
	Consumer Behavior of Coffee	Samoggia & Riedel (2018), Aguirre (2016), Holt (1998), Giacalone, et. al. (2016), Asioli et al. (2014), Mackie (2018), Mahmood et al. (2021), Rastogi, et al. (2024), Merbah & Benito-Hernández (2024), Gifford & Nilsson (2014)
	Purchasing Behavior of Nespresso consumers	Samoggia & Riedel (2018), Aguirre (2016), Holt (1998), Giacalone, et. al. (2016), Asioli et al. (2014), Mackie (2018), Mahmood et al. (2021), Rastogi, et al. (2024), Merbah & Benito-Hernández

		(2024), Gifford & Nilsson (2014)
	Competitive Analysis	Wood (2017) , Kotler & Armstrong (2018)
Internal Analysis	Human, Financial, Suppliers, Distribution, Process and Marketing Resources of Nespresso SA	Wood (2017), Kotler & Armstrong (2018)
SWOT Analysis	Main strengths and weaknesses of the company and the main opportunities and threats deriving from non-controllable external and internal analysis dimensions	Wood (2017), McDonald (2007)
Market Segmentation, Targeting, Differentiation and Positioning	Segmentation and Targeting for 2025 Positioning and Brand Value Proposition	Wood (2017), McDonald (2007)
Marketing Objectives and Strategies	Marketing Objectives and generic strategy for 2025 with focus on Sustainability	Samoggia & Riedel (2018), Aguirre (2016), Holt (1998), Giacalone, et. al. (2016), Asioli et al. (2014), Mackie (2018), Mahmood et al. (2021), Rastogi, et al. (2024), Merbah & Benito-Hernández (2024), Gifford & Nilsson (2014)

Marketing Tactics – the 4Ps of the Marketing-mix	Product, Pricing, Distribution & Communication Tactics - with focus on sustainability	Samoggia & Riedel (2018), Aguirre (2016), Holt (1998), Giacalone, et. al. (2016), Asioli et al. (2014), Mackie (2018), Mahmood et al. (2021), Rastogi, et al. (2024), Merbah & Benito-Hernández (2024), Gifford & Nilsson (2014)
Planning, Implementation and Control	Timeline, Implementation Considerations	(Wood, 2017)

4. METHODOLOGY

4.1. Objective and Type of Study

This marketing plan aims to analyze the strategies through which Nespresso can improve its performance and strengthen its relationships with customers, identifying and addressing the main factors that contribute to the growth of coffee brands, including the role of sustainability. The study will follow an exploratory approach, focusing on understanding the variables that influence the company's expansion and identifying areas for potential improvement. The study was based on a mixed research approach (qualitative and quantitative) as integrating these complementary methods provides a comprehensive understanding that supports the development of effective marketing strategies (Malhotra, 2020). This allowed for problems to be identified, and for targeted strategies to be suggested to achieve the desired goal.

4.2. Research Strategy

Due to the nature of the project the research strategy considered to be the most suitable was a case study. A case study is defined by Flyvbjerg (2006) as a useful methodology for understanding in-depth phenomena, allowing the exploration of complex matters and promoting learning through the detailed analysis of specific contexts. He argues that the focus on the particular is one of the method's greatest

strengths. This research strategy was used to understand which variables impacted the company's growth the most.

4.3. Sample Selection

Judgmental, non-probabilistic sampling played a crucial role both in interview with the company and in survey conducted with individuals (Saunders et al., 2019). The intentional selection of the interviewed member of the company aimed to ensure that the person interviewed could provide relevant and in-depth information on this research topic.

As far as the survey part is concerned, participation was voluntary, which can lead to a self-selection bias because individuals with a greater interest in the research topic or with more time available tend to participate more often.

4.4. Data collection methods and Data Analysis

Data collection is a step that must be carefully worked out, considering its credibility, since the conclusions of the research analysis will depend on this data. This study used a mixed method of data collection, using primary and secondary data of both a qualitative and quantitative nature. Regarding primary and qualitative data, a semi-structured interview was conducted with the head of the marketing department of Nespresso. The interview took place in November 2024 and lasted approximately 20 minutes. It was used to provide a deeper understanding and awareness of this subject. This method was chosen in order to allow for a fluid and relaxed dialogue with the interviewee, since the information required was confidential. However, a script was used as the basic structure for the interviews. (Appendix 2)

Then, in order to identify factors that affect the purchasing behavior of coffee consumers, a quantitative research was also carried out through a survey launched in November 18th and available for 5 days. Instagram and WhatsApp were used to publicize the survey to reach a satisfactory number of individuals. In total, 226 responses were collected. (Appendix 3)

As far as the collection of secondary data is concerned, extensive research was carried to previously understand what is known about the growth drivers of coffee brands, to what extent costumers are holding hands with sustainability and was also used as the

basis for the analysis of Nespresso's macro and microenvironment. The main sources used were reports from Portugal.gov.pt., Instituto Nacional de Estatística (INE), Inodev, International Coffee Organization (ICO), Marketeer and Statista. This secondary data was crucial for the development of the proposed marketing plan.

The data collected was analyzed manually by carefully reading and categorizing the answers, although Microsoft Excel was used to help analyze the quantitative data. This approach allowed for deep immersion in the data, making it possible to identify nuances and complexities that could go unnoticed using a software for quantitative analysis.

4.5. Methodological Constraints

Constraints were found in the primary data interviewing process since a very limited amount of primary data was actually collected. Due to this constraint a follow-up interview was planned, and several contacts were made with the company Nespresso, yet no answer was attained.

Also, during the analysis of the data, inconsistent and contradictory answers were identified, which directly affected the reliability of the data collected and required more careful treatment in the analysis and interpretation of the results.

5. THE COMPANY'S MARKETING PLAN

5.1. Situation Analysis of the Nespresso Company / Business Diagnosis

5.1.1. Company vision and mission

Nespresso's vision consists of being recognized globally as the ultimate coffee experience. The brand aspires to offer the highest quality and most sustainable portioned coffee in the world, ensuring that its partners and consumers recognize its outstanding dedication to environmental responsibility.

Meanwhile, the company's mission is to continue "cultivating coffee as an art to grow the best in each of us", it is to bring moments of pleasure to coffee lovers all over the world by offering a unique and supreme coffee experience, combining exceptional quality and service, convenience and sustainability.

5.1.2. External Macro Analysis: PESTE Analysis

5.1.2.1. Political-Legal Factors

Political factors play an important role in the success of firms in the coffee market. Companies in this sector face pressure in some international markets due to packaging requirements and the development of coffee products. For example, the increased concern for the environment has led the European Union to adopt stricter policies on waste recycling, especially plastics and aluminum, which affects these companies directly. Another example is the new guidelines requiring greater transparency and responsibility in the life cycle of disposable products. Changes in import and export duties in different countries also impact on this sector as these can affect the cost of raw materials and profit margins. (European Parliament, 2024) (Jornal de Negócios, 2024)

The outbreak of war between Russia and Ukraine led several countries to decide to apply economic sanctions against Russia. Several global companies suspended their operations in Russia and temporarily closed their stores in the country. This decision combined with geopolitical instability has as well impacted the coffee industry profits. (Sapo, 2024)

5.1.2.2. Economic Factors

The performance of companies depends heavily on that year's Gross Domestic Product (GDP), which, based on the data available on PorData (2024) was 267,384.3 thousand euros, which indicates a growth of 9.6% on the previous year's figure of 243,957.1 thousand euros. Despite this growth, events such as the COVID-19 pandemic and the war in Ukraine led to rising inflation in many markets, including Portugal, where inflation rose by 4.31%. Nevertheless, according to the Portugal.gov.pt website, the average Portuguese salary in 2023 grew more than inflation by 2,3% and, as a result, consumers' purchasing power increased. With this increase, coffee consumers tend to look for better quality, more convenience and diversified experiences, which can benefit premium coffee brands such as Nespresso.

Exchange rate volatility, especially in emerging markets such as Brazil, has affected the cost of production for coffee companies, which depends on international raw materials. With local currencies devalued against the dollar or the euro, coffee companies

faced challenges in maintaining profit margins in some markets (Valor Económico, 2024).

Another economic factor influencing the coffee brands performance is the cost of raw materials and transportation which, according to "Diário de Notícias", has been increasing, making it inevitable that the price of coffee will rise.

5.1.2.3. Social Factors

As mentioned in the literature review, consumers are becoming increasingly aware of the environmental impact of the products they consume and also about the transparency of brands. Due to this, brands have been prioritizing these factors. This shift in the consumers' preferences goes hand in hand with the general tendency of society to pay more attention to ethical and ecological standards including the ones related to labor in the developing world. Now coffee brands have no option but to incorporate these issues into their brand to avoid being shamed. At the same time, the fact that COVID-19 pandemic has caused long lasting shifts in consumer habits like the increase of domestic coffee consumption, benefited the sales of Nespresso machines and capsules.

In addition, the growing search for unique and "instagrammable" spaces by social media users has turned coffee brands' attention to visual and sensory elements that enrich the customer experience as they make their choices considering more the physical evidence of the place.

5.1.2.4. Technological factors

Innovations promoting efficiency, quality and sustainability are transforming the coffee sector and meeting new market and consumer requests. The emergence of new Artificial Intelligences (AI) is having a major impact on the coffee sector. AI optimizes the process that coffee goes through, from production to consumption. This tool is being used to manage resources, increasing efficiency and sustainability. It optimizes the supply chain and forecasts demand in order to avoid waste. In addition, it enables automated service and personalization of the customer experience based on their previous preferences (Break Coffee, 2024).

It's also becoming easier to economize on time with the introduction of mobile ordering systems that act as automatic waiters transferring orders directly to the coffee

shop staff and self-service kiosks that speed up operations by allowing easy customization, with small computers that record and display the orders for the baristas (Break Coffee, 2024).

Roasting machines with more advanced technology have also emerged to automatically adjust the roasting parameters for each batch, considering the specific characteristics of the beans, ensuring a more precise roast and consistent flavor (Break Coffee, 2024).

Blockchain is also being used to ensure transparency and allow consumers to know exactly where their coffee comes from due to the fact that it allows the entire supply chain to be traced, from the producer to the end consumer (Break Coffee, 2024).

5.1.2.5. Ecological factors

Climate change in the regions where coffee is produced, such as frosts and droughts in Brazil in 2024, is a growing concern since extreme weather events affect the coffee harvest, generating shortages of the product and consequently increasing prices. (EuroNews, 2024)

5.1.3. External Micro Analysis

5.1.3.1. Market trends

According to Informa D&B the coffee sector has been growing since 2021, after having faced a setback in 2020 due to the COVID-19 pandemic. After that, several trends have emerged, including an increase in premium capsule coffee consumption reflecting the growing appreciation for convenience and quality, which has encouraged the expansion of capsule coffee brands (Forbes Portugal, 2024).

In addition to population growth, rising disposable incomes and the globalization of coffee consumption have impacted the demand for premium coffee options. Factors such as urbanization and the fast-paced lifestyle in larger cities contribute to consumers preferring convenient solutions such as coffee capsules, which deliver quality rapidly (Forbes, 2024).

Ambiental and ethical sustainability are other elements that have become essential in consumer choices. Portuguese consumers tend to be increasingly more concerned about

the environmental impact of coffee consumption. This has led to the emergence of sustainable alternatives which, together with the growing popularity of lifestyles such as veganism, are trends that affect the coffee market and must therefore be observed (Forbes, 2024).

5.1.3.2. Buying and Purchasing Behavior

With the aim of identifying factors that affect the purchasing behavior of coffee consumers, a questionnaire was carried out. However, this questionnaire was conducted in Portuguese since this is the language spoken by the target audience, as can be seen in **Appendix 3.** This research showed that of the total sample (226) while 161 respondents are female (71.2%), while 62 are male (27.4%) and 2 are non-binary (0.9%). However, there was an answer that was declassified. Regarding the age of the respondents, it appears that the age group with the highest expression is "21 to 30 years old" with 72 respondents (32%), followed by the age group "between 41 and 50 years old" with 47 respondents (20.8%) and 45 individuals (20%) "between 18 and 20 years old" followed by the group "between 51 and 60 years old" with 34 respondents (15%). This was followed by those "under 18" with 16 respondents (7%), then 9 inquiries (4%) between "31-40", finally, 3 respondents (1.2%) "over 60".

A vast part of the sample (97) had completed their bachelor's degree (42.9%), followed by 75 individuals with completed secondary education (33.2%), 46 individuals with a master's degree (20.4%), 7 respondents with primary education (3.1%) and, finally, only 1 respondent with a PhD (0.4%).

In terms of occupation, most respondents fall into two main categories: 104 students with the largest share (46%), and employees with 91 respondents (40.3%). The other categories, such as self-employed, unemployed, student worker, retired, entrepreneur and pensioner have smaller percentages, respectively of 15 (6.6%), 10 (4.4%), 1 (0.4%), 2 (0.9%), 1 (0.4%), and 2 (0.9%).

As for the household incomes of the individuals surveyed, the majority, 84 individuals (37.2%), claim to have monthly incomes between €1,000 and €2,000, followed by 57 respondents (25.2%) with incomes between €2,001 and €3,000 and then 23 individuals (10.2%) claim to have incomes between €3,001 and €4,000. At the bottom we have 13 respondents (5.8%) who claim to have incomes of more than 4001€ and 15

respondents (6.6%) with incomes of less than 1000€. Finally, 34 respondents (15%) chose not to answer.

However, only 82.7% of respondents consume this product while the other 17.3% do not, the last being more common in younger age groups under 30. Although previous research concluded that men consume more coffee than women, this questionnaire showed a contrary result. Out of 161 women, only 24 don't drink coffee, while out of 62 men, 15 don't drink coffee. Even in terms of quantity, women tend to drink more coffee than men according to this questionnaire.

With this questionnaire, we were also able to see that the taste and smell, as well as reducing fatigue, the habit factor are the main reasons for drinking coffee. Also, this sample is more interested in espresso and lattes than any other type of coffee.

Regarding the frequency with which coffee is consumed, the majority of respondents reported drinking "1 to 3 coffees" a day (75.9%), with only 18 respondents (9.6%) drinking "4 to 6 coffees" a day, 11 respondents (5.9%) only consuming "weekly" and finally 16 respondents (8.6%) drinking "occasionally". More than half of the sample (50.8%) revealed that they drink coffee more often "at home" than in any other establishment, followed by the "workplace" which turned out to be the second place where respondents drink the most coffee (57 respondents or 30.5%) and finally "cafés and bars" as the preference of 35 respondents (18.7%).

Regarding the occasion of consumption, "after meals", "at breakfast" and "during work and studies" are the occasions most voted for by respondents, accounting for 126 votes, 110 votes and 89 votes respectively.

Most respondents (80.7%) were more likely to buy coffee in "supermarkets" and then "online" (10.7%) than in "boutiques" (8.6%).

In this survey, 91 respondents (48.7%) were willing to pay only €0.2 to €0.4, while 76 respondents (40.6%) were willing to pay between €0.4 and €0.6. 14 respondents (7.5%) are willing to pay between "€0.6 and €0.8" and finally 3 respondents (1.6%) are willing to pay between "€0.8 and €1" and €1 per coffee capsule.

When considering buying online, the factors that respondents consider most important are exclusive online promotions (132 or 70.6%), convenience (94 or 50.3%) and the variety on offer (93 or 49.7%).

When it comes to choosing a brand, respondents reveal that quality (155 or 82.9%), taste (138 or 73.8%) and price (125 or 66.8%) are the characteristics that weigh most heavily in this decision. Also, in relation to this decision, the characteristics that respondents reveal weigh least heavily in their decision are exclusivity (111 or 59.4%), the place of purchase (109 or 58.3%) and the recommendation of other people (65 or 34.8%).

When it comes to sustainability, 116 respondents (62%) consider recyclable or compostable packaging to be the most important, 35 (18.7%) consider sustainable agricultural practices to be the main priority, 24 (12.8%) consider social responsibility programs with local producers to be the key, and finally 12 (6.4%) of respondents consider reducing the carbon footprint of transport to be the most important. However, 55.1% of respondents (103 respondents) were not willing to pay a higher price for sustainable products.

When asked which brand of coffee the respondents know, 180 of the respondents (96.3%) knew Nespresso, 173 respondents (92.5%) said they knew Dolce Gusto, 171 (91.4%) recognized Delta Q, 157 (84%) said they knew Nicola and, finally, 101 (54%) knew L'or, and none of the respondents didn't know any of these brands.

With regard to how often they try a new brand, 75 of the respondents (40.1%) said that they rarely try it, 72 of the respondents (38.5%) said that they only try it when it's on sale, 27 of the respondents (14.4%) said that they only buy new brands when they're recommended them and, finally, 13 respondents (7%) buy it when they see something new.

When asked how they prefer to receive information about a new brand, social networks (100; 53.5%), recommendations from friends and family (87; 46.5%) and television and radio advertisements (67; 35.8%) are the sources chosen by the majority of respondents.

The questionnaire also revealed that a large proportion of respondents (148; 79.1%) have never taken part in loyalty programs, 27 (14.4%) only occasionally and the rest regularly.

Those who know of Nespresso have heard of the brand mainly through family, friends and television advertisements.

As far as Nespresso customers are concerned, 104 of the respondents revealed that they are customers of the brand, while the remaining 83 do not buy Nespresso on any occasion. Of those who answered that they consumed Nespresso coffee, 43% (44) reported that they purchase Nespresso whenever they bought coffee, 37% (38) stated that they only buy when the product is on sale and 20% (22) revealed that they only buy Nespresso on special occasions. However, there were two respondents that stated that they did not consume Nespresso on any occasion and then affirmed to buy it when it was on promotion or on special occasions. Due to the incoherence of these answers, they were declassified. As for the respondents who said they didn't drink Nespresso, when asked what would make them buy this brand's products, they stated that lower prices, having a Nespresso machine at home, Nespresso machines working for generic capsules and new flavors would be the main factors that would drive them to buy Nespresso.

When asked about their loyalty, the answer was almost evenly split between being loyal or not, showing that 50.3% (94) of respondents are not loyal to the brand, which could be a problem for the company. It should be noted that the brand's customers show an aversion to new-edition products, as 81.8% (153) of those questioned said that they do not buy this type of product.

When asked about their level of satisfaction with Nespresso, 39.6% (74) were satisfied, 35.3% (66) were very satisfied, 22.5% (42) were neutral, only one person (0,5%) was not satisfied and 4 (2,1%) people were very dissatisfied. These respondents revealed that they could be more satisfied with the brand for various reasons shown in Appendix 3, the main ones being lower price and generic capsules and machines.

Regarding the differences between the younger generations (below 18 to 30) and the older ones (31 to more than 60) there are some factors that can and should be pointed out. Younger generations show to give more attention to characteristics such as flavor and fatigue reduction when older generations prefer factors such as smell habit and health. None of these generations consume coffee for coexistence matters. In addition, younger generations say to drink more lattes and trending products while older generations drink more espresso and decaffeinated coffee. With this questionnaire it was also possible to understand that people with ages between 31 and more than 60 consume more coffee than the group of people with ages between less than 18 and 30 and that the older generations tend to drink more coffee at home while younger generations tend to drink it at bars or at

home. We can also conclude from the data collected that younger generations drink more coffee while studying/working and in social gatherings and the older generations drink it more after meals. The two generations show the same preference of purchasing coffee at a supermarket and they both show similar patterns when it comes to the price of the capsules and characteristics that they look for in a brand. In general, younger generations tend to value more sustainability and are willing to pay more for this characteristic than older generations. Both groups seem to be reluctant to try new brands, although younger inquiries indicate that the recommendation from someone can have a significant impact on this decision. Inquiries between 31 and above 60 prefer publicity from television and radios, then electronic mail and then social media, while younger inquiries prefer social media above all then television and radio and only then electronic mail. As far as the clients of Nespresso are concerned, it's possible to understand that older generations represent a bigger percentage of this total and it is also this generation who perceives itself as most loyal. Inquiries of every age tend to prefer traditional capsules and machines over new ones and older generations show to buy more new edition products than the younger generation. Finally, it's the older generations who are more pleased with Nespresso.

The analysis of the answers to this questionnaire shows that coffee consumption is widespread throughout all the generations. It also reveals that the main reasons why people drink coffee are taste and smell, as well as reducing fatigue, the habit factor and the experience provided. This purchasing decision also appears to be mainly influenced by quality, price and taste, with greater weight given to quality. Supermarket purchases are also preferred by coffee drinkers, who are more willing to pay up to 0.4 euros per capsule than 1 euro per capsule. We also found that coffee consumption is significantly integrated into consumers' daily routines, especially in both domestic and professional environments. The main occasions for consumption reflect the importance of coffee as a stimulus to start the day, for productivity and as a moment of post-meal enjoyment. These patterns indicate that coffee is not only an appreciated beverage, but also an essential component of consumers' everyday practices. It also indicates that sustainability is valued, but there is resistance to paying a premium price for sustainable characteristics. Television and radio advertising, word of mouth and social networks play a crucial role in discovering new brands, indicating the importance of digital marketing strategies.

These characteristics suggest that the coffee market is dynamic, with consumers who are well-informed and sensitive to quality and cost, but relatively conservative in terms of experimentation and loyalty. As for Nespresso customers, many of them revealed not to buy Nespresso frequently as well as that they did not consider themselves loyal to the brand, which could be considered a structural problem worth solving. The questionnaire also showed that current customers are not interested in new edition products and also revealed that they are generally satisfied with the brand, yet this satisfaction could be increased by factors such as lower prices and the creation of generic machines and capsules.

5.1.3.3. Competitors

The main objective of companies, this one being no exception, is to offer greater value and satisfaction to customers when compared to their competitors in terms of differentiation, price and quality, among other aspects, in order to gain a strategic advantage by positioning their offers in relation to their competitors in the minds of consumers.

To evaluate Nespresso's direct competitors, it is meaningful to consider the factors of quality, variety, price and distribution. Taking these factors into account, Nespresso's main competitors are Delta Q, Nescafé Dolce Gusto and Nicola. All these brands stand out for their premium quality. However, in terms of variety, Nespresso and Dolce Gusto stand out with an extensive range of flavors. As for the price ranking, Nespresso leads the way with the highest price of an average price per capsule of 0.40-0.50 cent, followed by Nescafé with values between 0.30-0.45, then Delta Q whose values vary from 0.25-0-35 per capsule, and finally, with the lowest prices, is Nicola with an average value per capsule of 0.2-0.30 cent. When it comes to distribution, however, Nespresso sets itself apart by offering an exclusive shopping experience and a subscription system, building customer loyalty in a premium environment. Delta Q and Nescafé Dolce Gusto, on the contrary, have invested in extensive retail distribution, ensuring that the capsules are accessible throughout the country. Nicola is committed to a strong presence in the Horeca channel and in supermarkets, strengthening its relationship with Portuguese consumers who value quality and tradition.

Table 2: Competitors Analysis

Competitor Brand	Quality	Variety	Price	Distribution
Delta Q	Premium Quality	Less Variety	0.25-0-35	Extensive Retail Distribution
Nescafé Dolce Gusto	Premium Quality	Extensive Range of Flavors	0.30-0.45	Extensive Retail Distribution
Nicola	Premium Quality	Less Variety	0.2-0.45	Strong Presence in the Horeca Channel and in Supermarkets

When it comes to indirect competitor brands like Redbull and Monster that offer caffeinated/ energy drinks are the main contestants. STARBUCKS can also be considered as an indirect competitor since the concept differentiates in terms of capsule products, experience, quality and exclusivity and it was not mentioned by the head of the marketing department as a competitor.

5.1.4. Internal Analysis [1]

5.1.4.1. Human Resources

Nespresso currently has around 14,428 employees worldwide, of which 60% represent those working in direct contact with our customers. 44% of the company's workforce is male and 56% is female. Nespresso also values gender balance in leadership positions. The areas of activity into which the company is segmented are the personal the

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[1] Due to the barriers formed by the interview it was not possible to collect data about the company's resources in Portugal. Due to this complication the data mentioned on the posterior topics are referent to the company in general and were gathered from Nespresso Official Website.

boutiques; sales; brand, marketing and communication; operations, technical quality and supply chain; product innovation and development; human resources, finance, digital commerce and management. Employees are empowered to learn, grow, transform their future with the help of the Nespresso team. In each employee's career, the company offers different programs, depending on the stage the person is at in their career and their aspirations. There are progressions in the qualifications of employes and many of them have their own ideas and take self-initiatives to help the company.

5.1.4.2. Financial Resources

In 2023, Nespresso achieved a Net Profit of 11 209 million of CHF, keeping up the trend of positive results already observed in previous years despite the challenges posed by the recovery from the COVID-19 pandemic and by the conflict between Russia and Ukraine. Nespresso maintained its positive results, although the EBITDA has also decreased to 17521 million CHF compared to the previous year. Regarding sales, these have decreased to 92 998 million CHF when compared to the previous year.

5.1.4.3. Organizational Resources

Nespresso's organizational structure is vertical, as there are several levels between the upper management and the lower members, which makes it difficult to communicate more openly and informally throughout the company, although this is a point that has been worked on. In terms of infrastructure, Nestle's building is equipped with the latest equipment and has a comfortable, modern environment to encourage worker productivity. Nespresso is a well-known brand with a high reputation, which makes it trustworthy in the eyes of business partners. The company has a great capacity for know-how and innovation and is always investing in new technologies in order to create cutting-edge products for the benefit of its consumers.

5.1.4.4. Marketing Resources
5.1.4.4.1. Product

Nespresso has a wide range of products to offer, from coffee machines to accessories that complement the coffee-drinking experience, with the main product being

coffee capsules. Their coffee is made from roasted beans from regions all over the world that go through several quality verification processes to guarantee a premium experience.

Divided into Vertuo and original capsules, Nespresso has countless flavors, from full-bodied to decaffeinated, from intense to smooth, from classic to unusual, providing unique experiences that adapt to what the customer is feeling in the moment. The Vertuo series was created to offer different capsule sizes for each type of drink, from a short espresso to a large mug. This range is known for its exclusive technology that adjusts the extraction according to the type of capsule. Sometimes the brand launches limited edition capsules alluding to a season, a place, and collaborations with well-known chefs.

The coffee machines are designed to offer the best cup of coffee in the easiest way possible. There are machines for original and Vertuo capsules, simple, with a milk solution and only for the original capsules there is also the option of the barista for recipes.

When it comes to accessories, Nespresso also sells complements to the experience such as the Aeroccino, glasses, elegant cups and capsule dispensers.

Beyond the quality of its products, Nespresso is also strongly committed to sustainability using aluminum as the material of their capsules which is an infinitely recyclable material.

5.1.4.4.2. Price

Nespresso is positioned as a high-quality premium coffee, and due to this it can practice higher prices. Generally, Nespresso coffee capsules range from €0.45 to €0.60 per unit for the traditional lines, and between €0.45 and €1 for the Vertuo line depending on the size of the drink. Nespresso also launches limited editions with exclusive flavors, which can have slightly higher prices. Nespresso also offers subscription programs that offer advantageous prices for frequent consumers and encourages the purchase of capsules in larger packages, offering discounts on multi-capsule packs.

Nespresso offers coffee machines ranging from the most basic, such as the Essenza Mini, which costs €119.00, to the most sophisticated, such as the Creatista Pro, which costs €769. Nespresso often offers special promotions and conditions for those who buy a machine together with a pack of capsules, helping to reduce the initial cost of the machine.

The price of accessories differs considerably, as they are also very different from each other. Prices range from a packet of sugar costing 4.90 to an Aeroccino that can cost up to 95.

Nespresso offers a subscription program, where customers can select monthly plans that generate credits for the purchase of capsules. This program, in addition to providing access to exclusive benefits such as discounts and limited editions, also facilitates continuous and personalized purchases.

5.1.4.4.3. Place

Nespresso in Portugal adopts an omnichannel distribution approach, combining sales in physical stores with an online site, app and strategic partnerships in order to offer convenience and **acces**sibility to its customers. By relying on direct distribution channels that allow it to reach customers without intermediaries, the company can increase its margins. The local stores are strategically localized at big cities like Lisbon, Porto and other district capitals

These boutiques are stores where customers can receive personalized guidance from experts in order to find their ideal coffee profile. They can also explore the brand's products in a sophisticated environment that creates a direct relationship between the brand and the customer.

The online store is one of Nespresso's main distribution channels, allowing customers to buy any of the brand's products without having to leave the comfort of their home. This site includes fast home delivery and has exclusive promotions that are not extended to other channels. However, there is also the option of the app, which offers the same functions.

Although Nespresso capsules cannot be found in supermarkets there are Nespresso machines and accessories for sale in prestigious electrical stores in Portugal such as Worten and Fnac.

5.1.4.4.4. Promotion

Social media and digital marketing are essential sources for Nespresso to share engaging content about new products, to share their promotions and to raise awareness about sustainable practices. Nespresso is present on Instagram, Facebook, YouTube, X

and TikTok and has millions of followers on which one of these platforms increasing the reach of the brand. The company regularly publishes content on these platforms, with photos of its products, presenting new product launches and customer experiences.

Nespresso invests in high-profile advertising campaigns with ads broadcast on TV, streaming platforms, and social networks, reaching a wide range of audiences. The brand invests in campaigns that tell engaging stories and include renowned personalities such as George Clooney in order to capture the viewers' attention.

5.2. Operational Marketing Prognosis

5.2.1. SWOT Analysis

Table 3 represents the evaluation of the company's strengths, weaknesses, opportunities and threats with the aim of understanding how these trends can be exploited by the company for its own benefit through the implementation of new strategies.

Table 3: SWOT Analysis

Strengths	Weaknesses
- high quality products -variety of offers -commitment to sustainability -sophisticated experience -recognition as a premium brand -favorable market position -direct distribution model -investment in innovation	-affected by climatic circumstances -very dependent on suppliers -high and uncompetitive prices -dependence on business model based on exclusive capsules -substitutes with lower prices
Opportunities	Treats

-increasing of coffee consumption -increased digitalization and e-commerce -increasing awareness of the origin and sustainability of products	-increased competition on the premium coffee market -changing environmental and packaging regulations -economic volatility

5.2.2. Segmentation, Targeting e Positioning

    5.2.2.1. Segmentation

According to Wood, M. (2017) market segmentation is the activity of organizing groups of consumers or business customers within a market into smaller segments taking into consideration their similarities in needs, attitudes or behaviors that marketing can address. Thus, within the scope of this project the following variables are used: geographic, demographic, psychographic and behavioral, as follows:

Geographic variable: residents in Portugal, mainly in the regions of Lisbon, Porto, and other district capitals.

Demographic variable: individuals of all genders aged between 13 and 28 years, belonging to the young adults group and individuals between 30-65 years belonging to the middle, upper middle and upper classes who belong to social classes A, B and C and who have a stable life.

Psychographic variable: individuals who tend to value unique experiences and high-quality premium products that offer a sense of exclusivity and enhance their lifestyle.

Behavioral variable: the brand has customers recognized as loyal who buy regularly and customers who buy only on special occasions. The brand's consumers tend to be reluctant to buy new editions of capsules and machines.

    5.2.2.2. Targeting

According to Wood (2017), once segments have been selected for marketing attention, decisions need to be made about targeting.

T1-present target which is both genders at age 30-65years experienced coffee connoisseurs looking for convenience and sustainable products without compromising on quality or on the unique experiences offered by the product

T2-younger generations, between 13-28 years valuing convenience and sustainable products with quality and unique experiences who are migrating to premium brands over time.

5.2.2.3. Positioning

Nespresso aims to position itself as a premium product with high quality, convenience and variety, providing a unique experience that mirrors the lifestyle of its customers. The brand also wants to differentiate itself from others by increasingly focusing on sustainability and innovation. Nespresso wants to be recognized for its commitment to sustainability by promoting responsible practices such as recycling programs and by providing support to coffee producers. The brand also intends to offer technological innovations through its machines to continuously improve the consumer experience.

5.2.3. Competitive advantages

Nespresso stands out from its competitors because it is recognized for its superior quality due to the careful preparation that goes into manufacturing its coffee. It also distinguishes itself by the great diversity of flavors it offers and by being associated with a sophisticated and modern lifestyle, which attracts loyal consumers looking for exclusivity.

This brand also sets itself apart through the experience offered in its boutiques, where customers can receive personalized recommendations from experts, creating a stronger bond with the customer. The fact that the company uses a direct-to-consumer (D2C) distribution model also gives it greater control over the custemer experience than

other brands. Nespresso also offers patented technology that gives the brand an advantage over competitors who try to replicate quality without the same level of innovation.

The brand also invests in sustainable practices, such as recyclable capsule programs and sustainable cultivation programs in order to differentiate itself from its competitors.

Another point that the brand has in its favor is its membership and loyalty program which, by offering exclusive advantages and promotions increases customer retention and satisfaction.

As part of the Nestlé Group, which is present in several countries, it also has a high degree of reliability and resources.

5.3. Definition of Objectives and Generic Marketing Strategies

5.3.1. Assumptions

In order to elaborate Nespresso's marketing plan to be implemented in 2025, it is essential to establish some assumptions that will serve as the basis for the analysis and projections. Thus, it will be considered that the inflation rate remains constant, ensuring that production costs do not suffer significant variations due to inflationary fluctuations. It is also assumed that the prices of raw materials and inputs will continue to be influenced by geopolitical factors, such as armed conflicts, which is crucial for planning strategies in a scenario of potentially volatile costs. It was further presumed that the Gross Domestic Product (GDP) of the target market will remain stable, ensuring constant purchasing power among consumers, and that the laws and regulations impacting the Nespresso's sector will remain unchanged. Other assumptions made are the maintenance of consumer preferences for high-quality coffee and convenience, Nespresso continue to invest in technologies that optimize operational efficiency and promote sustainability, and that the public interest in environmental practices persists.

5.3.2. Generic objectives and strategies (quantitative and qualitative)

Qualitative objectives:

- Attract the younger age groups while maintaining the present target
- Standardize attendance

- Get consistent on social media and improve interactions.

- Expand partnerships

- Reduce components that could harm customers' health

- Increase brand awareness

Quantitative objectives:

- Increase sales by 10% originated from the younger target (T2)

- Increase sales of machines to the young target by 15% (T2)

- Grow 15% more followers on Instagram and TikTok

- Increase the capsule recycling rate by 7%

- Reduce carbon footprint by 20%

5.4. Marketing Mix Strategies

5.4.1. Product strategy

Despite its extensive range of products that suit a more intense palate of middle-aged people, Nespresso should invest in less intense coffee flavors that are preferred by younger generations. These could include lattes such as matcha, frappucino and mocha. Regarding the outside of the capsules, Nespresso should find a substitute for aluminum since this material can have negative effects on consumers' health and can be a disincentive to drinking coffee for some people.

As far as the machines are concerned, the brand should focus on technology and create machines that incorporate Bluetooth and Wi-Fi so that it is possible to order capsules automatically and systems that allow coffee grounds to be used for fertilization in order to meet the sustainability objectives. It would also be a good option to create machines that consume less energy.

The company can also enhance the exclusivity of its complementary products by creating unique mug lines in partnership with renowned designers.

The product's packaging should be made of recyclable card while maintaining its sophisticated, traditional, and minimalist design. The brand should also add sustainability labels, to show consumers that the product is ambient and ethically sustainable.

5.4.2. Distribution Strategy

Nespresso is a company that stands out from others because of the way it distributes its products. As this is an advantage in terms of controlling the customer experience and reducing transport costs, the company should continue to invest in this type of distribution when it comes to capsules. However, the brand could increase its partnerships with household appliance stores, such as the "Tien 21" store when it comes to secondary products, so that they are more widely available for purchase.

It would also be a good bet to create a space within Nespresso boutiques where consumers could savor different types of ready-to-drink coffee made by baristas in the store, with personalized/customizable options to suit their preferences. In addition, this space could be designed to offer a comfortable and functional environment, allowing customers to relax or work while enjoying their drinks. This initiative would reinforce the brand's premium experience, making the boutiques not only a place to buy, but also a place where they could live the Nespresso experience more intensely.

As for partnerships, Nespresso should bet on partnerships with airlines such as TAP and Emirates, which would reinforce its exclusivity and allow passengers to taste Nespresso coffee, increasing brand awareness.

The company should also invest on the increasing of delivery points for the recycling program of the used capsules.

5.4.3. Price Strategy

When it comes to prices and regarding the core product coffee capsules, the company should continue to set high prices as part of its market positioning strategy for target 1 in order to maintain its perception of quality, exclusivity and status since these customers are not very price sensitive. However, the company should also think about paying lower prices for target 2 in order to capture them as clients and progressively increase the price. These promotional tactics are specified below in the communication strategy (sales promotions).

For the machines, the price must be maintained and it would also be beneficial for the company to continue to do campaigns such as the one where thecustomers can buy a machine for a euro if you pay a certain amount of monthly fee because, as seen before, a reason for people not to drink Nespresso is the fact that they do not have a machine.

As for the drinks served in the new boutiques, their price should cover the added costs of providing this service. Prices should range from 1,5 euros for simple products such as espresso to 5 euros for more elaborate and personalized/customized drinks. The price for the new machines should also be higher since the cost of production will also be higher, costing more 100 euros than the existing basic machines.

It would also be a good plan to continue offering packages that have a lower price when compared to when customers have to buy them separately.

5.4.4. Communication Mix Strategy

As well as betting on its own Instagram and TikTok accounts, Nespresso should also develop partnerships with influencers on these platforms, since these content creators, with highly engaged audiences, can help promote products by increasing brand visibility and having a direct impact on purchasing decisions.

With the same objective to initially attract younger generations, Nespresso should consider strategies such as lower prices on the first purchase, discount cards for younger customers, point cards and birthday promotions if these people are interested in becoming subscribers to the brand, since one of the brand's problems is retaining younger loyal customers.

As far as the strategy for older audiences is concerned, the company should continue to invest in television and radio advertising with celebrities who are more popular with these segments, always communicating the same values and purpose.

The company should also invest more in educational campaigns for sustainability in order to meet the objective of increasing the capsule recycling rate.

Nespresso can also invest in creating sample packs of various coffee capsules to give people the opportunity to try different flavors without having to buy a full package of each one.

Being present at fairs and events is a good strategy for expanding the brand's network of contacts and reaching new customers. In addition, showing your products directly to potential customers is an opportunity to get feedback and create experiences for potential consumers. Some examples of these fairs and events can be Porto Coffee Week and Lisbon Coffee Week.

The information obtained about the customers' preferences in relation to the products should be elucidated so that future communications can be adjusted to this basis. This will enable the development of promotional campaigns and suggest content that suits the particularities of each consumer, thereby increasing their satisfaction and repurchase intentions.

5.5. Planning, Implementation and Control

5.5.1. Planning and Schedule

Table 4 consists of an aligned timeframe to be implemented in 2025 for the strategies suggested before. This was made with the aim of developing an action plan for the company to implement in order to be successful in the market. However, the success of all these strategies also depends on financial and human resources.

Table 4: Implementation Plan for the Marketing Plan in 2025

Mix	Tactics		Period											
			J		M	A	M	J	J	A	S	O	N	D
	Capsules	Creation of new less intensive coffee				█								
		Substitute aluminium										█		
	Machines	Incorporation of Bluetooth and Wi-fi												█
		Incorporation of fertilization systems												█

Category	Subcategory	Activity	1	2	3	4	5	6	7	8	9	10	11	12
Product		Creation of machines with less energy consumption												■
	Complements	Partnerships with designers					■							
	Packaging	Recycled packaging and addition of sustainability labels					■							
Distribution		Increase partnerships with household appliance stores						■						
		Creation of the new space in the boutiques												■
		Partnerships with TAP and Emirates										■	■	■
		New delivery points for used capsules										■		
Price		Practice differentiated prices					■	■	■	■	■	■	■	■
		Practice higher prices for drinks served in the boutique											■	■
		Partnerships with influencers					■	■	■	■	■	■	■	■
		Increase presence on instagram and tiktok accounts					■	■	■	■	■	■	■	■

Communication	Practice lower prices on the first purchase													
	Create discount cards for younger customers													
	Create point cards													
	Create birthday promotions													
	Sustainability campaigns													
	Create sample packs													
	Participation on fairs and events													
	Study of customers's preferences													

5.5.2. Budget

The realization of marketing strategies relies on financial resources for its implementation. The estimated budget to undertake all the improvements was impossible to know due to the difficulty of acquiring proper proposals from the Nespresso team. For this reason, ChatGPT was used to estimate the value of each tactic and calculate the value of the final budget, which would be approximately 94000€. Nevertheless, this value may not be in line with the company's financial capabilities, since we do not have access to the budget available. Table 3 represents 100% of the estimated budget and the percentages assigned to each strategy.

Table 5: Budget Distribution

Product	Distribution	Price	Communication	Budget

30%	40%	25%	5%	100%

5.5.3. Implementation and Control (considerations)

Just as important as drawing up the marketing plan and scheduling the tactics of the marketing mix is defining the correct way to measure and control the implementation of these strategies.

To guarantee that all marketing activities are being followed and that the results are on track, marketing audits need to be carried out every month to ensure that these outcomes are positive, otherwise the marketing plan should be rectified. The Marketing Director and other designated team members are responsible for these audits. In addition, sales and profit analysis should be carried out to understand whether the marketing plan is working. To measure success from the customer's point of view, an analysis should be made of the number of clients and customer satisfaction questionnaires should be carried out and the results analyzed periodically.

Engagement metrics, such as followers, shares, likes and comments on social media pages, including TikTok and Instagram, should also be used to evaluate the performance.

6. CONCLUSION

This Nespresso marketing plan for the year 2025 fully addresses the brand's current positioning, consumer analysis, behavior insights, and the sustainability framework with their integration. It is evident that Nespresso has a strong foothold on the premium coffee market and industry because of its sheer quality, innovation, and coffee exclusivity. However, it faces critical issues regarding the sheer sensitivity of consumers towards pricing, generational shifts, and the ease at which business needs to be sustainable.

Identifying the purchasing attributes alongside the values held by consumers of coffee, especially the increasing need for wellness and sustainability and experience, was important not only to address those needs but to assist in actionable strategies. This is particularly true for most younger consumers who expect the brands they associate with to align with their values, with not only premium products, but taking

responsibility as well. In that regard, Nespresso employs a marketing strategy that revolves around personalization, innovation, enhancement of the boutique experience, and technological mastery in flavor and taste advancement.

We live in a world where sustainability is not simply a trend, but rather, a business top priority. The proposed initiatives - ranging from recyclable packaging and eco-efficient machines to improved capsule return systems - restate Nespresso's alignment with long-term environmental commitments and the values of its consumers. These actions also reinforce the brand's commitment to the Sustainable Development Goal 11 (Sustainable Cities and Communities). By promoting sustainable consumption, reducing waste and improving recycling infrastructure through widespread capsule collection points, Nespresso supports urban environmental resilience and environmentally responsible production systems. These initiatives encourage more sustainable living styles in communities, helping to shrink the ecological footprint of the urban centers where Nespresso products are most consumed.

In summary, the strategies developed not only enhance Nespresso's competitive advantage and market relevance, but also address directly the pressing needs of the planet and its inhabitants. By targeting quality, sustainability and innovation, the brand is positioned to prosper in 2025 and beyond - fulfilling consumers' needs, making a positive contribution to society and reinforcing its leadership in the premium coffee segment.

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xto=envelhecimento+demografico&frm_modo_texto=MODO_TEXTO_ALL&frm_dat

a_ini=&frm_data_fim=&frm_tema=QUALQUER_TEMA&frm_area=o_ine_area_Dest

aques&xlang=pt#:~:text=O%20...&text=Em%202021%2C%20a%20popula%C3%A7%

C3%A3o%20residente,%2C18%25%20em%20...

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APPENDICES

Appendix 1

● FIGURE | 5.2
Factors Influencing Consumer Behavior

Many brands now target specific subcultures—such as Hispanic American, African American, and Asian American consumers—with marketing programs tailored to their specific needs and preferences.

Cultural
Culture
Subculture
Social class

Social
Groups and social networks
Family
Roles and status

Personal
Age and life-cycle stage
Occupation
Economic situation
Lifestyle
Personality and self-concept

Psychological
Motivation
Perception
Learning
Beliefs and attitudes

Buyer

People's buying decisions reflect and contribute to their lifestyles—their whole pattern of acting and interacting in the world. For example, KitchenAid sells much more than just kitchen appliances. It sells an entire cooking and entertainment lifestyle to "Kitchenthusiasts."

Our buying decisions are affected by an incredibly complex combination of external and internal influences.

Appendix 2

How do you describe Nespresso performance so far?

What are the main values and mission of Nespresso?

What are the company's long-term objectives and plans for the future?

Why is sustainability so intrinsic to the company's values?

What are the marketing strategies that are being used currently?

What are the main present political factors that affect Nespresso?

What are the main present economic factors that affect Nespresso?

What are Nespresso's main challenges?

What are the threats faced by Nespresso regarding the environment?

In general, where are most customers from?

What are the main characteristics of Nespresso customers?

How do you describe customer satisfaction and how does Nespresso measure it?

What are the criteria and elements used by the company in the process of choosing new target markets?

Is Nespresso wanting to expand its target? To what customers?

Who are Nespresso main competitors?

What are Nespresso's competitive advantages when comparing it with its competitors?

How is the price decided considering the competition?

Who are Nespresso main partners and what is their importance?

How many people work at Nespresso?

What is the percentage of men working at Nespresso? How many women are working in senior positions?

What employment contracts exist within the company?

When new members are hired, what criteria is considered?

How are new members trained?

How many hours of training are given in total?

Are there any performance evaluation practices and incentives?

Is there a progression of qualifications over time?

Is there openness to giving opinions? Do people within the company speak openly and informally?

In which areas is the company segmented?

How is the organizational structure?

What are the work facilities like at Nespresso?

What is the company's production capacity?

Does the company invest in innovation, new technologies and know-how?

How is Nespresso seen in the eyes of its partners?

What is the best-selling product, and which is the percentage of the total sales?

What are the most demanded products in Portugal?

Are limited edition products well accepted by the consumers?

What products would the company like to develop in the future?

What is the main problem mentioned by customers?

How does Nespresso Professional works and what kind of services it includes?

What pricing strategy is being followed?

What is the Net Profit value and how has it evolved?

What is the EBITDA value and how has it evolved?

What is the amount of sales and how has it evolved?

What is the company's production capacity, quality, productivity and cost?

Does Nespresso invest in production factors, organization of production, supply

capacity and upstream suppliers, etc.?

What is the average price of capsules?

What is the average price of the machines?

What is the average price of accessories?

How many suppliers are there in the coffee sector, and who are the main ones?

What type of suppliers does the company work with and in what areas?

In your opinion, how would you classify the company's relationship with its suppliers?

What is Nespresso's communication strategy and objectives?

What are the main communication channels used?

Would it make sense to transmit different messages for different types of customers?

Appendix 3

Género
226 respostas

- ● Masculino
- ● Feminino
- ● Não-binário
- ● Prefiro não dizer
- ● Bicicleta

71,2%

27,4%
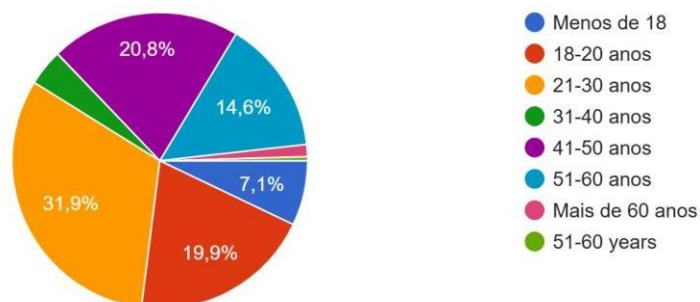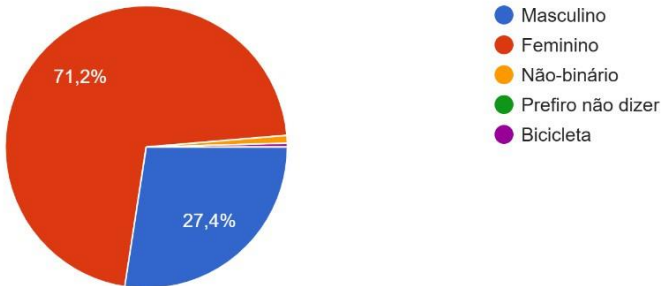
Nível de escolaridade
226 respostas

- ● Ensino Primário
- ● Ensino Secundário
- ● Licenciatura
- ● Mestrado
- ● Doutoramento

42,9%

20,4%

33,2%
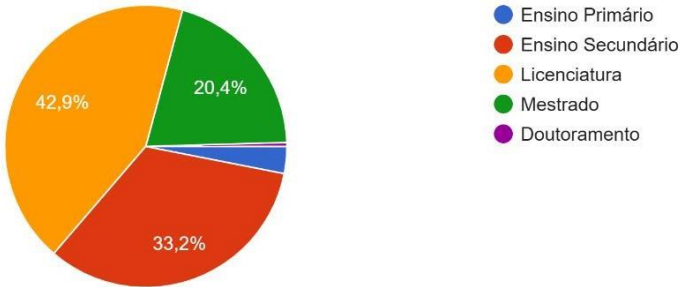
Situação Profissional
226 respostas

- ● Empregado
- ● Trabalhador por conta própria
- ● Estudante
- ● Desempregado
- ● Reformado
- ● Aposentada
- ● aposentada
- ● Empresário
- ● Trabalhador estudante

46%

40,3%
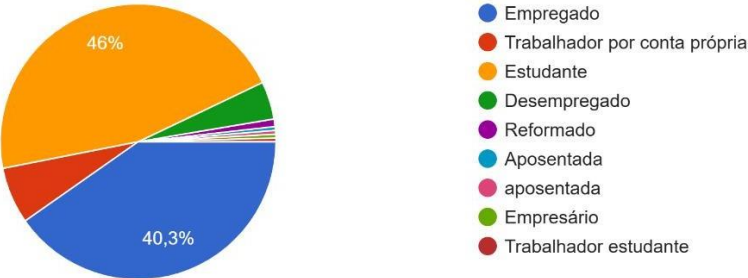
Rendimento mensal do Agregado Familiar
226 respostas

- ● Inferior a 1000€
- ● 1001€ a 2000€
- ● 2001€ a 3000€
- ● 3001€ a 4000€
- ● Mais de 4001€
- ● Prefere não responder
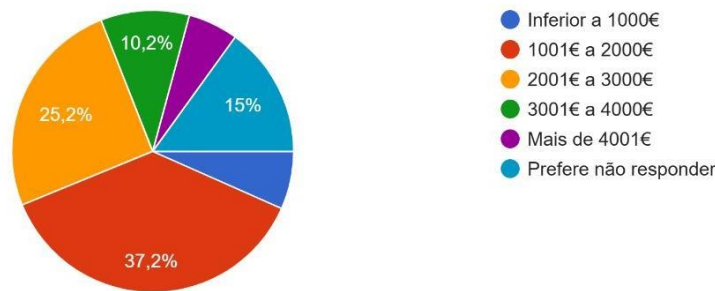
Consome café?
226 respostas

- ● Sim
- ● Não
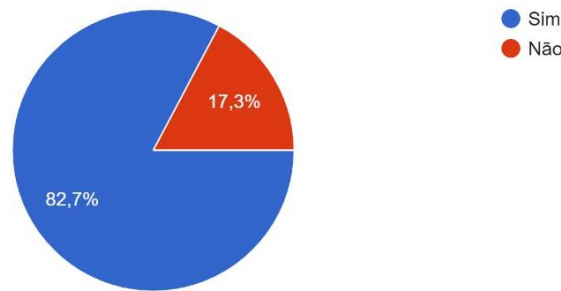
Que razões o levam a beber café?
187 respostas

Sabor	122 (65,2%)
Cheiro	59 (31,6%)
Benefícios para a saúde	23 (12,3%)
Reduzir a fadiga	91 (48,7%)
Hábito	110 (58,8%)
Experiência proporcionada	40 (21,4%)
Convívio	1 (0,5%)
Cansaço	1 (0,5%)
Estimular o corpo e a mente	1 (0,5%)
acto social	1 (0,5%)
Reduzir ferritina	1 (0,5%)
Vício	1 (0,5%)
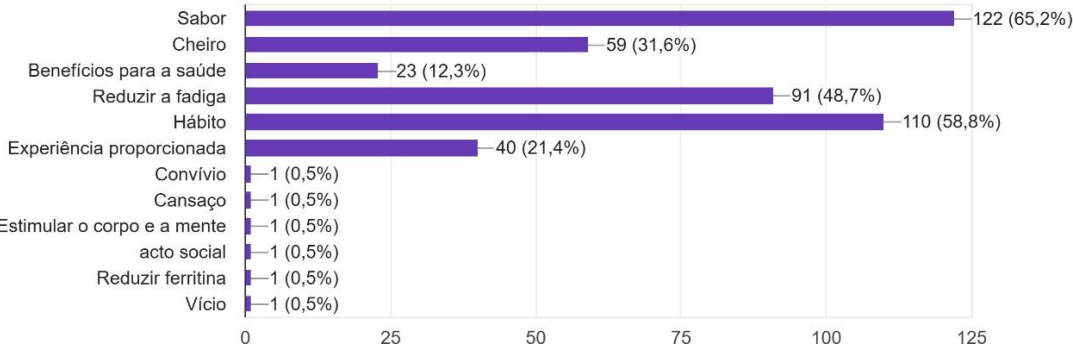
Qual é o tipo de café que mais bebe?
187 respostas

- Expresso
- Latte
- Produtos "trending"
- Descafeinado
- Pingado

81,8%
13,4%
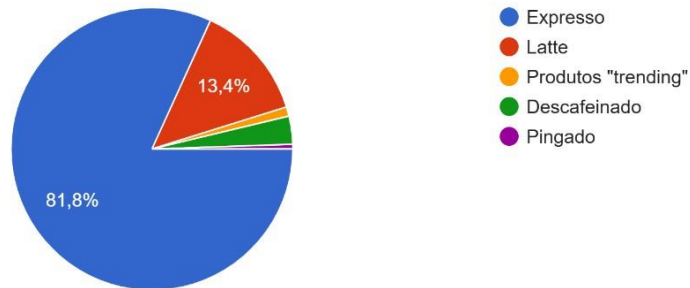
Com que frequência consome café?
187 respostas

- 1-3 vezes por dia
- 4-6 vezes por dia
- Semanalmente
- Ocasionalmente

9,6%
8,6%
75,9%
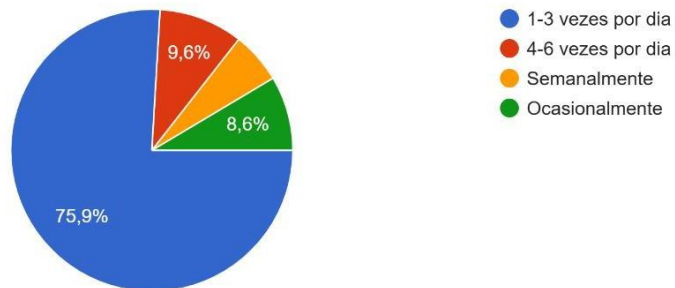
Onde costuma consumir café com mais frequência?
187 respostas

- Em casa
- Bar/cafetaria
- Trabalho
- Restaurantes

30,5%
18,7%
50,8%
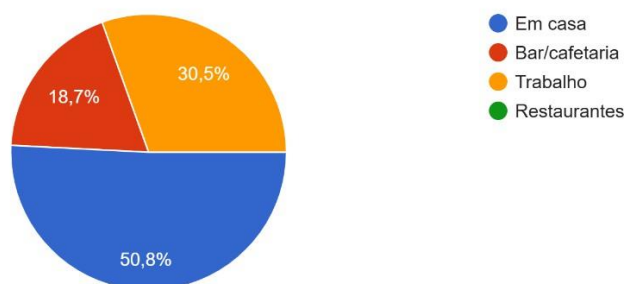
Em que ocasiões bebe café?
187 respostas
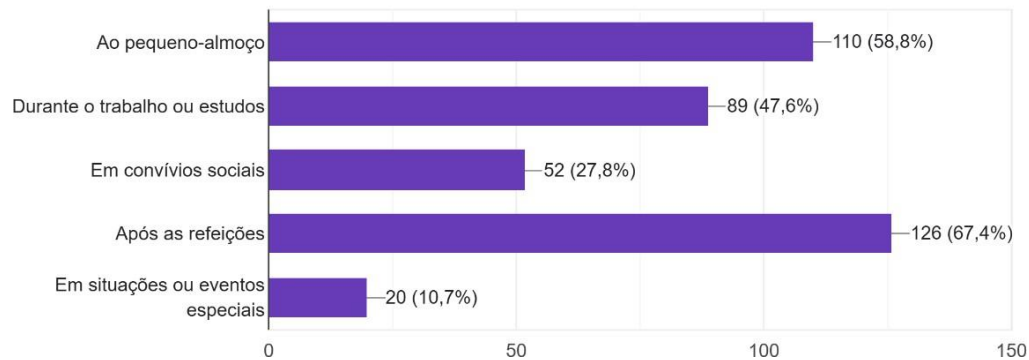
Onde prefere comprar café?
187 respostas
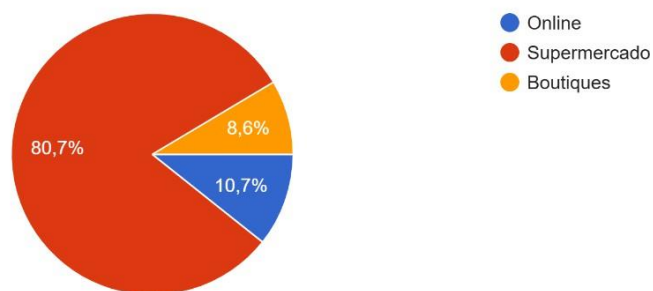
Quanto é que está disposto a gastar em café, por cápsula?
187 respostas
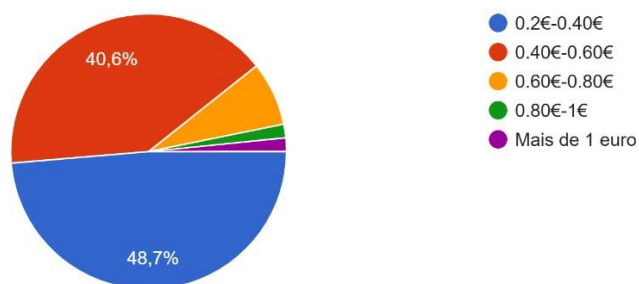
Ao considerar comprar café online, escolha 3 fatores que considera mais importantes:

187 respostas
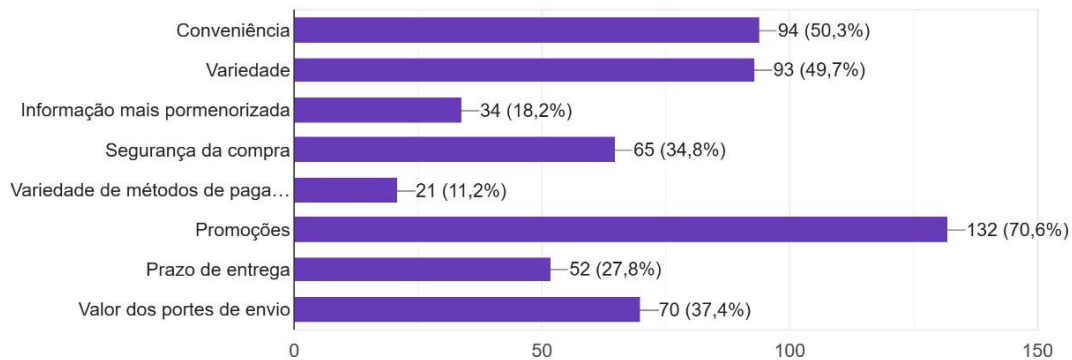
Tendo em conta as seguintes caraterísticas do café, quais são as mais importantes quando está a escolher que marca de café comprar? (escolha até 3)
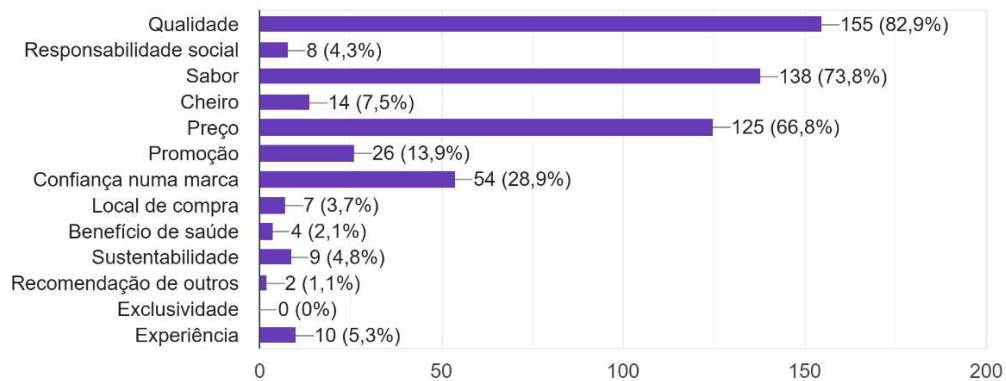
187 respostas

Tendo em conta as seguintes caraterísticas do café, quais são as menos importantes quando está a escolher que marca de café comprar? (escolha até 3)
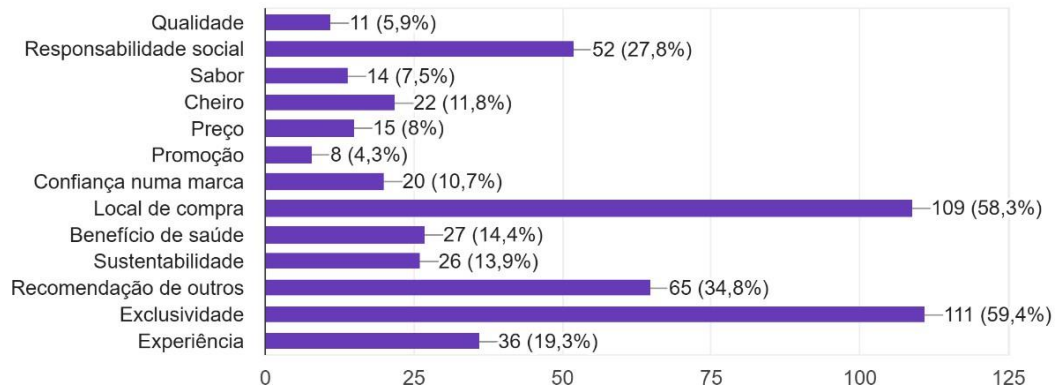
187 respostas

Quando se trata de sustentabilidade, quais destas práticas considera mais importantes para uma marca de café adotar?

187 respostas

- Embalagens recicláveis ou compostáveis
- Práticas agrícolas sustentáveis
- Reduzir a pegada de carbono no transporte
- Programas de responsabilidade social com produtores locais
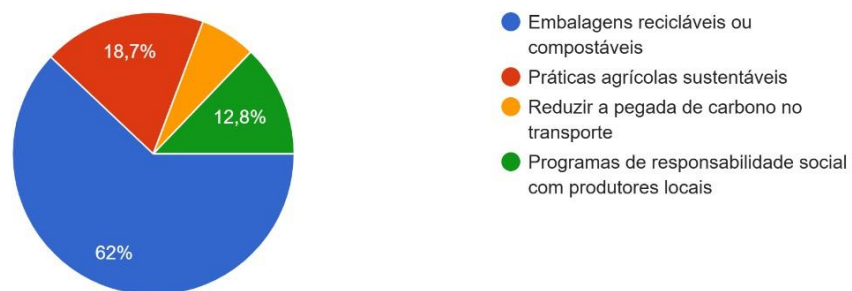
Está disposto a pagar mais por um produto sustentável?

187 respostas

- Não
- Sim
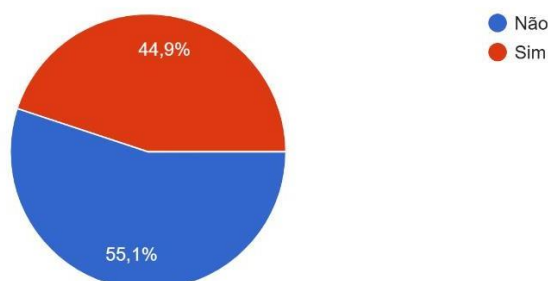
Em caso afirmativo, quanto?
53 respostas
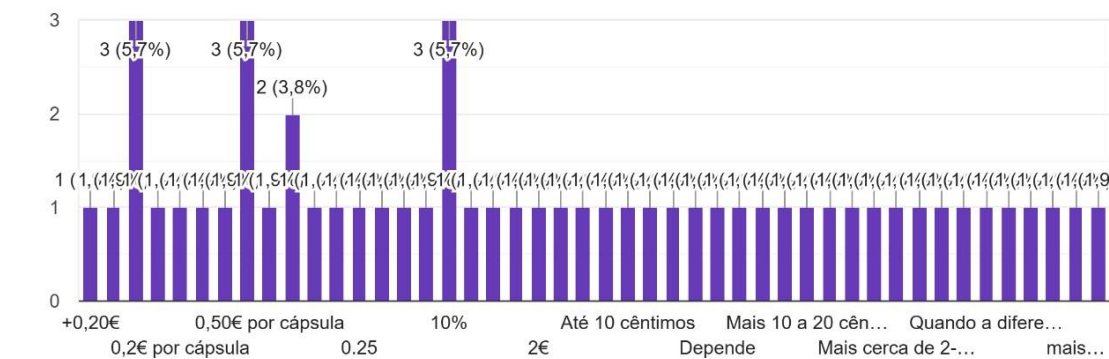
Que marca(s) de café conhece?
187 respostas
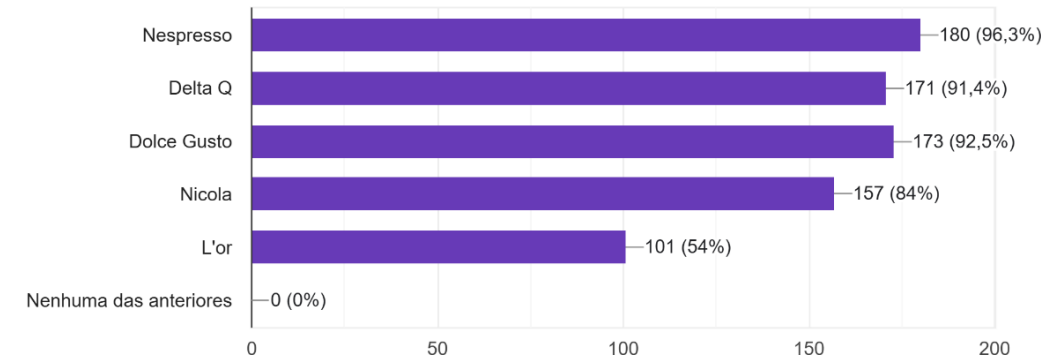
Com que frequência experimenta novas marcas ou tipos de café?
187 respostas
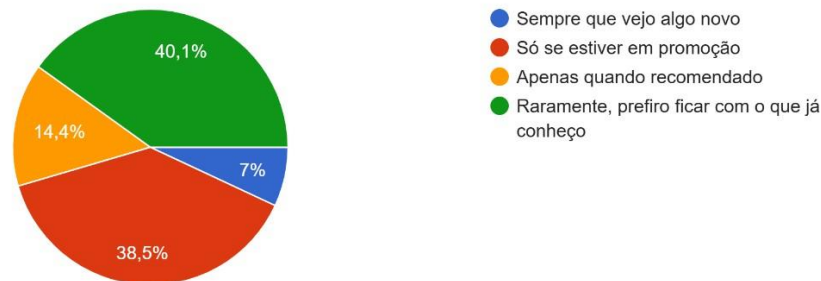
Como preferes ser informado sobre os novos produtos de uma marca de café?
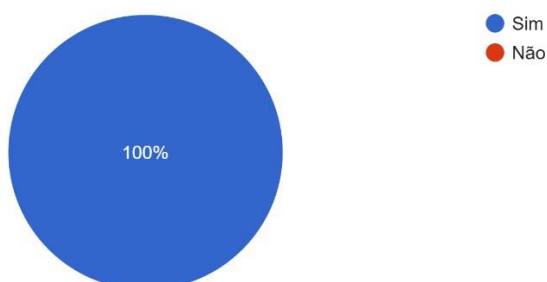187 respostas
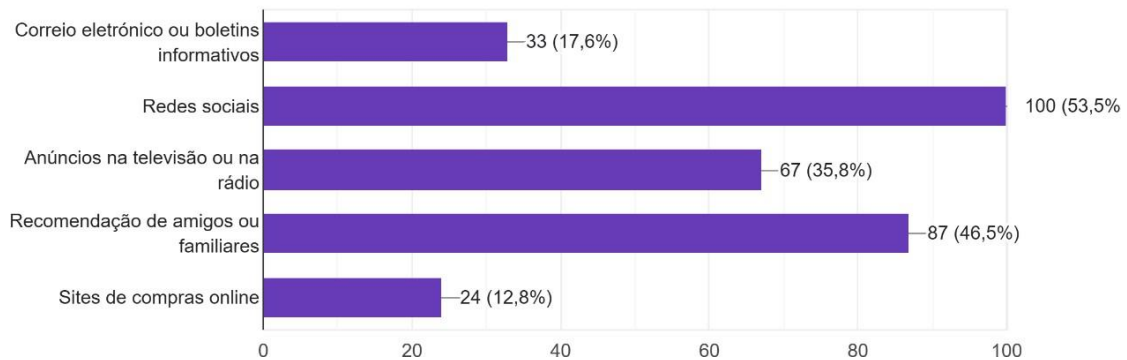
Já alguma vez participou em programas de fidelização ou promoções específicas de marcas de café?
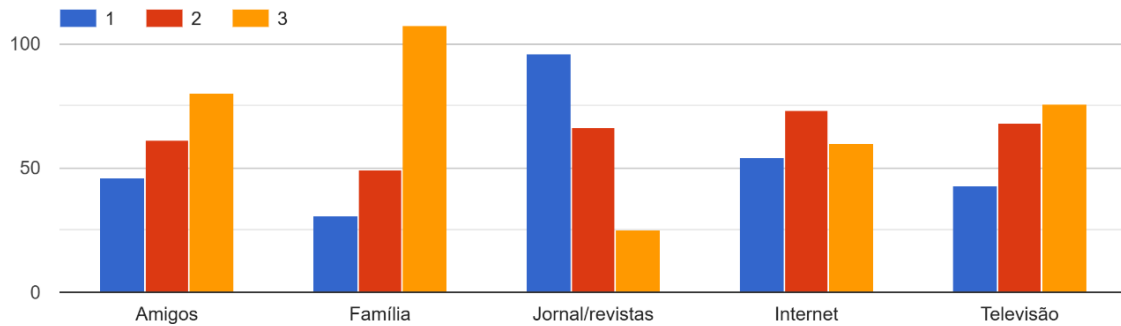187 respostas
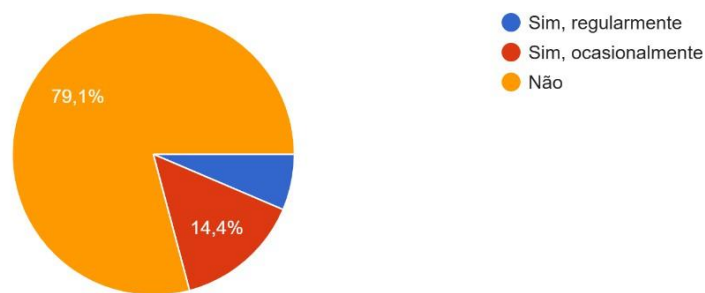
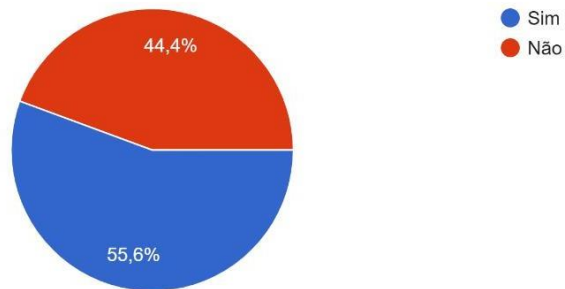Conhece a Nespresso?
187 respostas

Indique o grau de importância que as seguintes fontes de informação tiveram no seu conhecimento sobre a Nespresso, numa escala de 1 a 3, em que 1...tante e 3 é muito importante, para cada elemento:
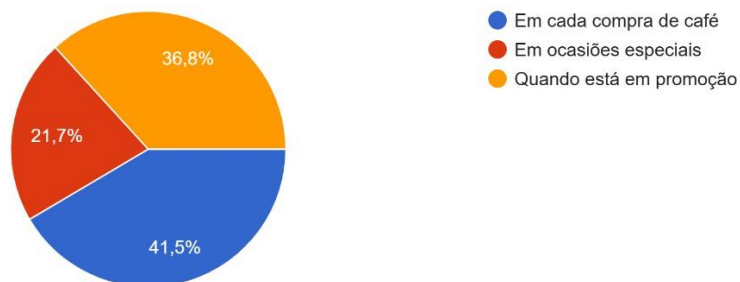

Compra café Nespresso?

187 respostas

- Sim
- Não

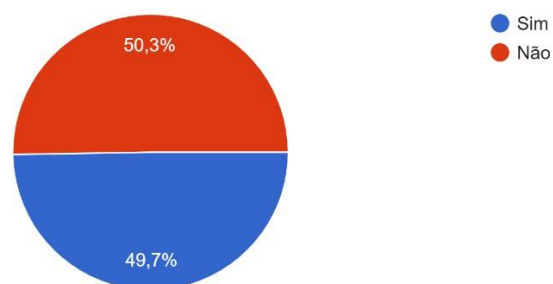Se respondeu sim, com que regularidade?

106 respostas

- Em cada compra de café
- Em ocasiões especiais
- Quando está em promoção

Se respondeu não, o que o levaria a comprar produtos Nespresso?

61 respostas

Preço, Promoções
Ter outra máquina de café
se fosse compatível com a minha máquina de café
Diversidade
Outros sabores
Qualidade/preço
preços mais baixos
Baixa de preços
O preço mais acessível

Considera-se um cliente fiel?

187 respostas

- Sim
- Não

50,3%

49,7%

Se respondeu sim, o que prefere?
99 respostas

- Cápsulas e máquinas tradicionais
- Cápsulas e máquinas da nova edição

30,3%

69,7%
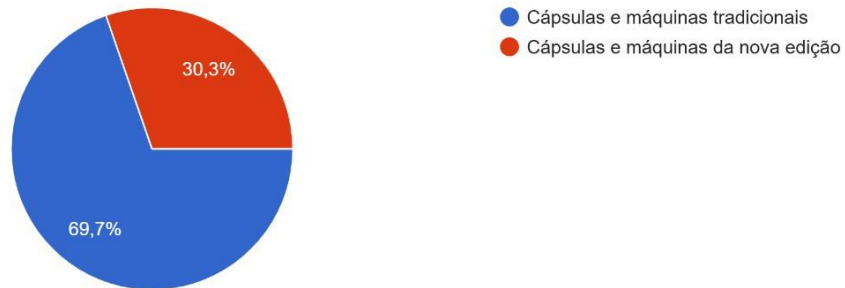
Opta frequentemente por produtos Nespresso de nova edição?
187 respostas

- Sim
- Não

81,8%

18,2%
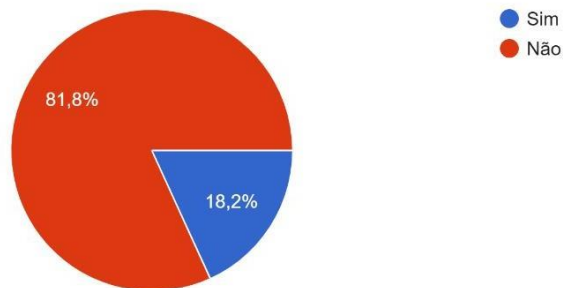
Qual é o seu grau de satisfação com a sua atual experiência de consumo de café Nespresso?
(Numa escala de 1 a 5, em que 1 é "muito insatisfeito" e 5 é "muito satisfeito")
187 respostas

4 (2,1%)   1 (0,5%)   42 (22,5%)   74 (39,6%)   66 (35,3%)
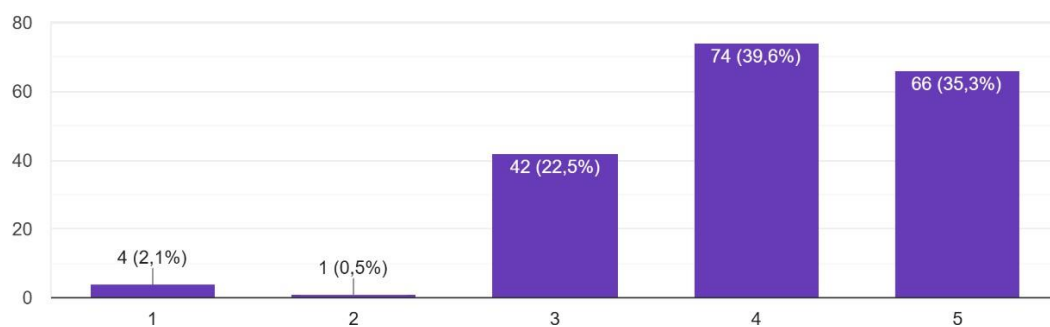
Como poderia estar mais satisfeito com a sua experiencia com a Nespresso?

187 respostas

As cápsulas serem mais baratas

Já estou satisfeita

Qualidade e preço

Melhor preço, mais promoções

O café ser mais barato

Com mais promoções.

Mais acessível

compatibilidade com a minha máquina

Mais sabores