BRNO UNIVERSITY OF TECHNOLOGY

VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ

FACULTY OF BUSINESS AND MANAGEMENT

FAKULTA PODNIKATELSKÁ

INSTITUTE OF MANAGEMENT

ÚSTAV MANAGEMENTU

EXPANSION OF A CZECH COFFEE BRAND INTO THE VIENNA MARKET: A STRATEGIC APPROACH FOR SME GROWTH

EXPANZE ČESKÉ ZNAČKY KÁVY NA VÍDEŇSKÝ TRH: STRATEGICKÝ PŘÍSTUP PRO RŮST MSP

MASTER'S THESIS

DIPLOMOVÁ PRÁCE

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VEDOUCÍ PRÁCE

BRNO 2025

BRNO UNIVERSITY OF TECHNOLOGY
FACULTY OF BUSINESS AND MANAGEMENT

Assignment Master's Thesis

Department:	Institute of Management
Student:	**Bc. Amany Ibrahim**
Supervisor:	**doc. PhDr. Iveta Šimberová, Ph.D.**
Academic year:	2024/25
Study program:	International Business and Management

Pursuant to Act no. 111/1998 Coll. concerning universities as amended and to the BUT Study Rules, the degree program supervisor has assigned to you a master's Thesis entitled:

Expansion of a Czech Coffee Brand into the Vienna Market: A Strategic Approach for SME Growth

Characteristics of thesis dilemmas:

Introduction
Problem definition, objectives, methods and methodology
Theoretical approach to the solved problem (the latest knowledge in the field of business management and preparation of expansion to foreign markets)
Analytical part (analysis of external and internal environment, analysis of demand in selected markets, analysis of resources, risks and capacities in accordance with the defined problem)
Proposal for expansion into the selected foreign market(s), including economic evaluation
Conclusion
List of literature
Annexes

Objectives which should be achieved:

The aim of the thesis is to create an expansion plan for Kofi Kofi, a Czech coffee brand, to successfully enter the Vienna business market.

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Deadline for submission master's Thesis is given by the Schedule of the Academic year 2024/25

In Brno dated 9.2.2025

L. S.

doc. PhDr. Iveta Šimberová, Ph.D. Branch supervisor	prof. Ing. et Ing, Stanislav Škapa, Ph.D. Dean

Abstract

The aim of this diploma thesis is to evaluate the feasibility of the Vienna market as a strategic expansion destination for Kofi Kofi, a Czech coffee brand. The thesis explores the market dynamics, competitive landscape, and consumer preferences within the Vienna coffee culture. Additionally, it examines Kofi Kofi's internal strengths, weaknesses, and readiness to expand. Based on the analysis, the thesis develops a comprehensive expansion plan, addressing critical components such as market entry strategy, branding, marketing, financial plan, risk assessment, and an implementation timeline. This work aims to provide actionable insights into Kofi Kofi's sustainable growth and successful market penetration.

Keywords

International expansion, Vienna business market, Kofi Kofi, strategic growth, Small and medium-sized enterprises (SMEs) expansion, market entry

Abstrakt

Cílem této diplomové práce je zhodnotit proveditelnost vídeňského trhu jako strategické expanzní destinace pro Kofi Kofi, českou značku kávy. Práce zkoumá dynamiku trhu, konkurenční prostředí a spotřebitelské preference v rámci vídeňské kávové kultury. Kromě toho zkoumá vnitřní silné a slabé stránky Kofi Kofi a připravenost expandovat. Na základě analýzy vypracuje práce komplexní plán expanze, který se zabývá kritickými komponenty, jako je strategie vstupu na trh, branding, marketing, finanční plán, hodnocení rizik a harmonogram implementace. Tato práce si klade za cíl poskytnout užitečné poznatky pro udržitelný růst společnosti Kofi Kofi a úspěšné pronikání na trh.

Klíčová slova

Mezinárodní expanze, vídeňský obchodní trh, Kofi Kofi, strategický růst, expanze malých a středních podniků (SMEs), vstup na trh.

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Bibliographic citation

IBRAHIM, Amany. Expanze české značky kávy na vídeňský trh: strategický přístup pro růst MSP. Online, diplomová práce. Iveta ŠIMBEROVÁ (vedoucí práce). Brno: Vysoké učení technické v Brně, Fakulta podnikatelská, 2025. Dostupné z: https://www.vut.cz/studenti/zav-prace/detail/168753. [cit. 2025-04-21].

Electronic source citation (english):

IBRAHIM, Amany. Expansion of a Czech Coffee Brand into the Vienna Market: A Strategic Approach for SME Growth. Online, master's Thesis. Iveta ŠIMBEROVÁ (supervisor). Brno: Brno University of Technology, Faculty of Business and Management, 2025. Available at: https://www.vut.cz/en/students/final-thesis/detail/168753. [accessed 2025-04-21].

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Affidavit

I declare that the present master project is an original work that I have written myself. I declare that the citations of the sources used are complete, that I have not infringed upon any copyright (pursuant to Act. no 121/2000 Coll.).

Brno dated 19 May 2025

Bc. Amany Ibrahim

author's signature

Acknowledgement

I would like to express my true gratitude to doc. PhDr. Iveta Šimberová, Ph.D. for her invaluable guidance, support, and encouragement throughout the development of this thesis. Her insights, thoughtful feedback, and constructive suggestions were essential in shaping this work from the very beginning. I am truly grateful for her patience, expertise, and for always challenging me to think more critically and refine my ideas.

I would also like to thank the Kofi Kofi employees and team members who generously shared their time and perspectives during the interview process. Their openness and insights provided essential real-world context that helped ground this research in practical experience.

Finally, I would like to thank my family for always believing in me, supporting me unconditionally, and standing by my side through every step of this journey. Their encouragement gave me the strength and motivation to keep going.

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Introduction

For small and medium-sized businesses (SMEs), entering foreign markets is seen as an essential approach to expand and get through over an extended length of time. Making the choice to enter a foreign market is not a simple process. SMEs must carefully examine the main challenges of entering international markets. Despite these challenges, market entry can be simplified if the company operates a unique business model, is supported by a strong foundation, and has a product or service with widespread admirers—such as coffee. Coffee, for many people, is not just a product but an essential part of their daily lives. In some countries, coffee plays a central role in the national economy. Furthermore, market entry becomes more possible if the target destination offers significant market potential and provides the necessary infrastructure to support the business's growth.

This diploma thesis examines the possibility of expanding the Czech coffee brand Kofi Kofi into the Vienna market. It seeks to address the problem of how SMEs, such as Kofi Kofi, can successfully enter foreign markets. The research focuses on exploring the opportunities and barriers within Vienna's dynamic business market, considering factors such as consumer preferences, cultural influences, competitive dynamics, and regulatory requirements.

This thesis begins by addressing the central challenge of how small and medium-sized enterprises (SMEs), such as Kofi Kofi, can effectively penetrate foreign markets. The focus is on Vienna's competitive and culturally rich coffee industry, with an analysis of external factors such as consumer behavior, cultural expectations, market competition, and regulatory conditions. To explore these dynamics, the thesis employs tools like the PESTLE framework to examine the broader macro-environment and identify external opportunities and threats. Internally, the thesis evaluates Kofi Kofi's strategic and organizational readiness using frameworks such as Kapferer's Brand Identity Prism and McKinsey's 7S model, ensuring the brand is positioned and structured for international success. By combining these perspectives with a SWOT analysis, the research aims to deliver actionable insights for SMEs navigating international expansion, offering both a practical case and a contribution to the academic understanding of SME globalization strategies.

1 Problem definition, Objectives, Research Methods and Methodology

In this chapter I will define the central research problem and establish the objectives of the thesis. It explains the rationale behind the topic selection and its significance. Furthermore, it presents research questions that guide the study and outlines the research methods used to explore them.

1.1 Problem Definition

Kofi Kofi, established in 2011, has grown from a single mobile coffee stand in Brno to the largest network of mobile cafés in the Czech Republic, operating under the brand names KofiTruck and KofiBox. The company offers high-quality coffee through mobile units and single cafés, complemented by services such as a loyalty program, catering, and an online shop.

Despite its domestic success, Kofi Kofi faces challenges in expanding into foreign markets like Vienna, Austria. These challenges include navigating a new cultural landscape, understanding local consumer preferences, and competing with established local and international coffee brands. Additionally, the company must address operational complexities, such as compliance with local regulations and establishing a reliable supply chain in a new market.

This thesis aims to explore the feasibility of Kofi Kofi's expansion into the Vienna market. It will analyze the company's current business model, assess the external environment of Vienna's coffee industry, and identify potential opportunities and threats. The goal is to develop strategic recommendations that will enable Kofi Kofi to successfully enter and compete in Vienna's dynamic coffee market.

1.2 Objectives of the Thesis

The main objective of this thesis is to create a detailed expansion plan for Kofi Kofi, a Czech coffee brand, to successfully enter the Vienna business market. The research aims to explore how Kofi Kofi can leverage its strengths, overcome market challenges, and establish a sustainable presence in this highly competitive market.

1.2.1 Sub-Objectives

To achieve this main objective, the following sub-objectives have been identified:

1. Analyze Vienna's business market:

Conduct a thorough study of Vienna's external market environment using PESTLE analysis to identify key opportunities and risks.

Examine consumer behavior, preferences, and trends to understand the expectations of the local audience.

Review the competitive landscape to identify key players and potential areas for differentiation.

2. Develop a market entry and growth strategy:

Propose a market entry approach that aligns with Kofi Kofi's business model and the characteristics of the Vienna market.
Suggest product localization, branding, and advertising strategies based on the tastes of regional customers.
Address operational, financial, and regulatory considerations to ensure a smooth market entry.

3. Evaluate Kofi Kofi's preparation for growth:

Evaluate the company's strengths, weaknesses, and overall preparation to expand internationally.

Use established frameworks, such as Kapferer's Brand Identity Prism, to analyze the brand's identity and its adaptability to the Vienna market.

Apply McKinsey's 7S Framework to evaluate internal factors like strategy, structure, and operations.

4. Provide a practical roadmap for implementation:

Outline a clear, phased plan for implementing the expansion strategy, including timelines and performance indicators.

Identify potential risks and offer strategies to mitigate them, ensuring the long-term success of expansion.

1.3 Methodology

To develop a practical and strategic expansion plan for KOFI KOFI's entry into the Vienna market, this thesis follows a structured research methodology combining both qualitative and quantitative elements. A case study approach is used, with KOFI KOFI serving as the central unit of analysis. This method enables an in-depth exploration of internal capabilities, market readiness, and expansion strategy, all grounded in a real-world business context.

The research is divided into several key phases:

First, the external market environment in Vienna is assessed through tools such as PESTLE and Porter's Five Forces, offering insight into macroeconomic, competitive, and regulatory conditions.

Simultaneously, an internal analysis of KOFI KOFI is conducted using frameworks such as McKinsey's 7S and Kapferer's Brand Identity Prism to evaluate the company's strategic alignment, operational readiness, and brand adaptability.

Primary research includes a consumer survey targeting Vienna residents, aimed at capturing local expectations, brand preferences, and attitudes toward mobile coffee offerings. In parallel, interviews with KOFI KOFI staff provide internal perspectives on strengths, weaknesses, and scalability challenges.

The thesis will explore alternative financing models suitable for SME international expansion such as franchising, licensing, joint ventures, and equity-based crowdfunding to evaluate their potential applicability for KOFI KOFI's Vienna market entry.

Based on the findings, a comprehensive expansion proposal is developed, including a market entry plan, marketing and product localization strategy, legal and operational requirements, financial forecasts, and a risk mitigation plan.

This methodology ensures that the proposed plan is rooted in both theoretical rigor and practical feasibility, aligning strategic tools with real market data to address the research questions outlined earlier.

1.4 Research Methods

This thesis applies to a set of strategic and analytical frameworks to support the evaluation of KOFI KOFI's readiness for international expansion and to analyze the opportunities and challenges within the Vienna market. The selected methods help examine both external market conditions and internal company factors, ensuring a holistic basis for developing a viable expansion strategy.

- Market Analysis: includes research into Vienna's coffee consumption habits, consumer segmentation, demand trends, and the presence of local and international competitors. It also evaluates location preferences and spending behavior. The data is drawn from surveys, secondary reports, and Statista datasets to map the current market dynamics and forecast KOFI KOFI's positioning opportunities.
- PESTLE Analysis: To identify and evaluate external opportunities and threats, the PESTLE framework analyzes macro-environmental factors, including political, economic, social, technological, legal, and environmental conditions. The findings from this analysis directly contribute to the external components of the SWOT framework.
- Porter's Five Forces complements the external assessment by analyzing the competitive structure of the Vienna coffee market. It evaluates factors such as industry rivalry, buyer power, and the threat of new entrants offering insight into the competitive pressures Kofi Kofi would face.
- McKinsey's 7S Framework: Internal readiness is assessed using McKinsey's 7S framework, focusing on key organizational elements such as strategy, structure, systems, and staff. The outcomes from this analysis help define the internal strengths and weaknesses feeding into the SWOT framework.
- Kapferer's Brand Identity Prism: The brand identity assessment ensures that Kofi Kofi's brand remains authentic while adapting to local expectations. This model examines how core brand elements, such as culture, personality, and customer reflection can be aligned with the Viennese market.
- Keller's Brand Equity Model: To enhance brand positioning and market resonance, Keller's model evaluates brand equity through dimensions such as brand performance, salience, and consumer perception. This framework ensures that brand-related strengths and weaknesses are accurately reflected in the overall strategic analysis.

- SWOT Analysis: The SWOT framework guides the strategic analysis by integrating external opportunities and threats with internal strengths and weaknesses. It forms the basis for identifying key areas where Kofi Kofi and its future franchisees can leverage its capabilities while addressing potential challenges.

2 Theoretical Part

This chapter establishes the theoretical foundation for analyzing Kofi Kofi's potential expansion into the Viennese coffee market. It begins by highlighting the importance of international market expansion for small and medium-sized enterprises (SMEs), followed by a discussion of the challenges and opportunities they face when entering foreign markets. The chapter then introduces key external analysis frameworks, including the PESTLE framework and Porter's Five Forces, to assess macro-environmental and industry-level dynamics. These are complemented by the SWOT analysis, which connects both external and internal insights. The discussion then shifts to internal considerations, focusing on brand identity and organizational readiness. Frameworks such as Kapferer's Brand Identity Prism, Keller's Brand Equity Model, and McKinsey's 7S Framework are applied to evaluate Kofi Kofi's brand positioning and internal capabilities for international expansion. Together, these tools provide a comprehensive basis for the strategic analysis and recommendations presented in later chapters.

2.1 Introduction to International Expansion

In an increasingly integrated global economy, international expansion has become a pivotal strategy for companies aiming to achieve long-term growth and sustainability. Entering foreign markets offers an opportunity to overcome limitations in domestic markets, diversify risks, and leverage emerging trends in international trade. However, such expansion also comes with challenges that require a well-grounded understanding of market dynamics, consumer behavior, and competitive pressures. For small and medium-sized enterprises (SMEs), models like franchising provide a flexible and cost-effective path to scale internationally without significant upfront investment. This section explores the strategic significance of international expansion, the challenges and opportunities associated with it, and the theoretical frameworks that guide SMEs in making informed decisions when entering foreign markets. (Chukwu Joseph, 2024).

2.1.1 Importance of Market Expansion for SMEs

Small and medium-sized enterprises (SMEs) are the backbone of the European economy, accounting for 99% of all businesses in the EU. According to the European Commission (Single Market Economy - SME Definition), SMEs are classified based on staff headcount and turnover or balance sheet total (Table 1):

Company Category	**Staff Headcount**	**Turnover** OR	**Balance sheet total**
Medium-sized	<250	<=€50 million	<=€43 million
Small	<50	<=€10 million	<=€10 million
Micro	<10	<=€2 million	<=€2 million

Table 1: European SME Definition Overview (European Commission team, 2021)

Kofi Kofi fits the SME definition, likely as a small or medium-sized enterprise, leveraging its innovative mobile coffee trucks, cafés (KOFIBOX), and strong local brand identity. As an SME, the company enjoys advantages such as agility, customer-centric operations, and innovative offerings. However, these advantages come with challenges, especially when expanding internationally.

For SMEs like Kofi Kofi, international expansion offers opportunities for increased revenue, market diversification, and global brand recognition. However, the process requires navigating foreign regulations, understanding local consumer behavior, and managing limited resources. To succeed, SMEs can adopt the following strategies:

1. Market Research and Entry Strategies

Conducting thorough market research is a fundamental step in understanding consumer preferences, competitive landscapes, and regulatory environments. Entry strategies, such as exporting, franchising, or joint ventures, should align with the company's resources and

objectives. For example, franchising might be an effective model for a coffee company like Kofi Kofi to scale while minimizing direct operational costs (Marek Palys, 2023)

2. Brand Strategy for Growth and Loyalty

A strong brand identity is vital for building customer loyalty, especially in competitive markets. Consistency in brand messaging, combined with localized strategies to resonate with the target audience, ensures that the brand remains authentic while appealing to new consumers. This approach fosters long-term loyalty and growth. (Alchemy team, 2024)

3. Leveraging Digital Platforms

Digital tools, including social media, e-commerce, and loyalty apps, provide SMEs with cost-effective ways to engage customers and build brand awareness. These platforms are especially crucial when entering international markets, as they enable businesses to maintain direct connections with customers across borders. (Raman, 2024)

4. Understanding Growth Stages

Recognizing the stages of small business growth from existence to resource maturity—helps SMEs anticipate challenges and implement appropriate management strategies. Each stage requires different approaches, such as scaling operations, managing resources, or improving operational efficiency, to ensure sustainable growth. (Neil C. Churchill and Virginia L. Lewis, 2020)

By implementing these strategies, SMEs like Kofi Kofi can effectively navigate the complexities of international expansion and position themselves for sustainable growth in new markets.

2.1.2 Challenges and Opportunities in Entering Foreign Market

Expanding into foreign markets presents small and medium-sized enterprises (SMEs) with a unique set of challenges and opportunities. Understanding these factors is crucial for successful internationalization.

Challenges:

Expanding into a new market comes with several challenges that can limit an SME's ability to establish itself successfully. (figure 1), these barriers to entry include the following key factors:

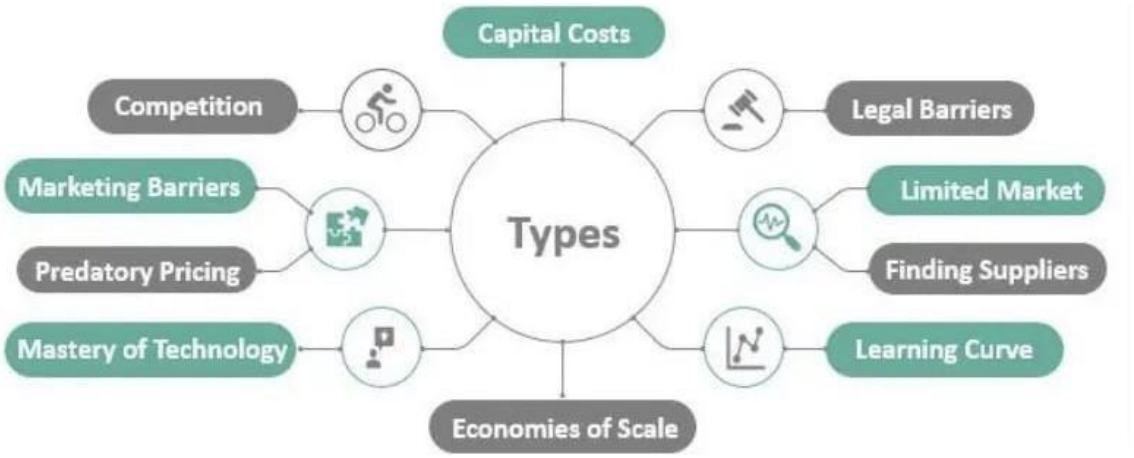
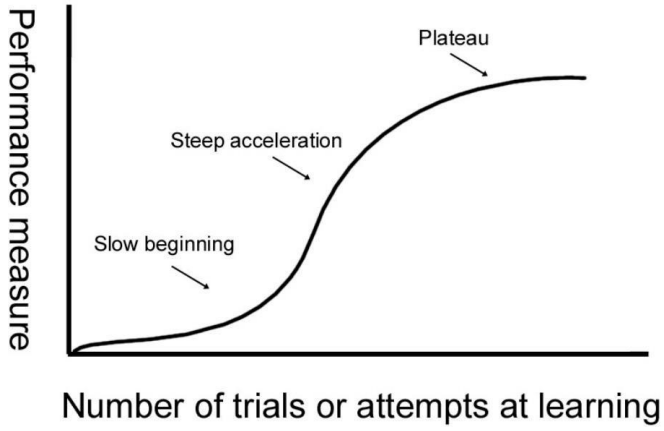


Figure 1: Barriers to Entry (David Appel, 2024)

1. Capital Costs: initial investment in entering a new market, such as setting up operations, marketing, and logistics, can be a major challenge for SMEs with limited financial resources. Many companies use a combination of debt and equity to finance business expansion. For such companies, the overall cost of capital is derived from the weighted average cost of all capital sources. (Adam Hayes, 2024) (Marshall Hargrave, 2024)

2. Competition: Entering a saturated market with established local and international players can make it difficult for SMEs to gain a competitive edge and attract customers.
3. Marketing Barriers: Successfully marketing a brand in a new cultural environment requires awareness of cultural differences, language barriers, and managing global teams which could be a challenge for SMEs unfamiliar with the market. (Catherine Cote, 2020)
4. Predatory Pricing: Competitors may lower prices aggressively to drive new entrants out of the market, which can put additional financial pressure on SMEs. (Will Kenton, 2024)

5. Mastery of Technology: Using technology effectively, such as digital platforms or advanced supply chains, is essential for competitiveness but can be difficult for SMEs with limited technical capabilities.
6. Economies of Scale: SMEs often face disadvantages in achieving economies of scale compared to larger companies, leading to higher operational costs per unit. (Will Kenton, 2024)
7. Learning Curve: The learning curve is the visual representation of the relationship between how proficient an individual is at task and the amount of experience they have, adapting to the new market's cultural, economic, and operational environment takes time, which can slow down the SME's growth and ability to compete effectively.



Graph 1: Learning Curve (Professional Leadership Institute team, 2023)

1. Finding Suppliers: Establishing reliable local supply chains in a new market can be challenging, especially for businesses that prioritize quality and consistency.
2. Limited Market Size: Market sizing is the process of estimating the annual spending of a specific category of product or service. It involves determining the total addressable market (TAM), which represents the maximum revenue a product or service could generate if it captured 100% of the market. In some cases, markets may not offer the expected scale of demand, which can restrict growth opportunities for new entrants. (Hacking the case interview team, 2019)
3. Legal Barriers: Different countries have their own regulations, permits, and tax systems, which can complicate operations for foreign businesses. Navigating these laws requires both time and expertise. (Catherine Cote, 2020)

Opportunities:

Kerry Katsapaos, (2023)

1. Access to New Markets and Customers: Entering international markets allows SMEs to tap into new customer bases, increasing sales potential and diversifying revenue streams.

2. Innovation and Learning: Exposure to international markets leads to innovation by exposing SMEs to new ideas, practices, and technologies. This can lead to improved products and services, enhancing competitiveness both domestically and internationally.
3. Enhanced Brand Reputation: Establishing an international presence can elevate a company's brand status, making it more attractive to customers, partners, and investors. A global footprint often signifies reliability and quality.
4. Diversification of income sources: Operating in multiple countries allows SMEs to diversify their income sources, reducing the risks associated with economic downturns in one market. This financial flexibility is critical to long-term sustainability

2.1.3 Overview of Market Entry Strategy

Market entry strategies are methods businesses use to expand into foreign markets. The choice of strategy depends on factors like financial resources, level of risk tolerance, and market conditions. These strategies are generally grouped into three main categories (Abey Francis, 2019):

1. Exporting

Exporting is one of the simplest and most common methods for entering foreign markets.

Indirect Exporting: A company uses intermediaries (agents or distributors) to sell its products abroad. It requires minimal risk and investment but offers limited control.

Direct Exporting: The company directly handles its export operations, building relationships with foreign customers or distributors. It provides more control but requires higher commitment.

2. Contractual Entry Modes

These involve formal agreements with foreign partners to enter the market without setting up a physical presence.

Licensing: A company allows a foreign business to use its brand, trademark, or technology in exchange for royalties.

Franchising: A more structured version of licensing where the franchisor provides the business model, brand, and operational support.

Turnkey Projects: Setting up fully operational facilities and handing them over to local operators (common in engineering or large-scale industries).

3. Investment-Based Entry Modes

These strategies require higher financial commitment and involve setting up operations in the target market.

Joint Ventures: Partnering with a local company to share ownership, resources, and risks.

Strategic Alliances: Collaborating with a local company or organization to share resources and knowledge without creating a formal entity.

Wholly Owned Subsidiaries: Setting up a fully owned branch, through:

Greenfield Investment: Establishing operations from scratch.

Acquisition: Buying an existing business in the foreign market.

2.2 Strategic Frameworks for SME Expansion

Understanding the competitive landscape is essential for businesses aiming to enter new markets or enhance their position in existing ones. Frameworks for market and competitive analysis provide structured methodologies to evaluate competitors' strategies, strengths, and weaknesses. By employing these frameworks, companies can identify market shifts, uncover strategic gaps, and make informed decisions to gain a competitive edge. (Molly Winik, 2021)

2.2.1 Equity Financing Models for SME Growth

Equity financing is a form of capital raising in which a business offers ownership stakes in exchange for funds. Unlike debt financing, where borrowed capital must be repaid with interest, equity financing allows companies to secure funding without immediate repayment obligations. For small and medium-sized enterprises (SMEs), equity financing plays a crucial role in enabling expansion, product development, and entry into new markets.

There are multiple equity financing models available to SMEs, each offering different advantages and trade-offs in terms of control, funding volume, and scalability. (Stripe team, 2024), (British Business Bank team, 2025), (Ansarada team, 2024),

1. Angel Investors

Angel investors are private individuals who invest personal capital in early-stage businesses in exchange for equity. These investors often bring additional value in the form of mentorship, industry knowledge, or business networks. While funding amounts are typically modest, angel investment can offer strategic support and flexibility to SMEs during early or growth stages.

2. Venture Capital

Venture capital involves funding from professional investment firms that focus on scalable, high-growth ventures. VC investments usually come with significant capital, formal oversight, and performance expectations. For SMEs with innovative business models or plans to scale rapidly, VC can provide a structured growth path but often at the cost of founder control and increased reporting demands.

3. Private Equity

Private equity financing targets more mature companies and typically involves acquiring a substantial or controlling interest in the business. These investors focus on restructuring, expansion, or preparing a

business for acquisition or public listing. For SMEs, private equity is less accessible unless the business is already profitable and operating at a stable scale.

4. Equity Crowdfunding

Equity crowdfunding allows a business to raise capital from a large number of small investors through regulated online platforms. In return, investors receive a portion of ownership. This method is particularly useful for consumer-facing SMEs and early-stage companies looking to build a community of brand advocates while securing financing. Platforms such as “Seedrs, Crowdcube, and Fundlift.cz” have enabled SMEs across Europe to use this model effectively.

It is important to note that crowdfunding takes several forms reward-based, debt-based, donation-based, and equity-based. However, only equity crowdfunding involves the exchange of ownership shares and is therefore the only crowdfunding model relevant to equity financing in this context.

5. Initial Public Offering

An Initial Public Offering (IPO) occurs when a company offers its shares to the public for the first time through a stock exchange. IPOs enable businesses to raise large-scale capital and gain market visibility but come with significant regulatory, legal, and financial obligations. While appropriate for large, mature companies, IPOs are rarely suitable for early-stage SMEs or local franchises due to their complexity and cost.

2.2.2 Strategic Principles for Scalable SME Growth

Small and medium-sized enterprises (SMEs) expanding into international markets face structural limitations that differ from those of large corporations — including lean resources, fewer personnel, and a need for fast, cost-effective returns. As a result, SMEs require growth strategies that are not only strategic and research-informed but also adaptable, affordable, and replicable. This section presents a set of scalable strategic principles derived from both academic literature and real-world SME practices. These principles help guide expansion through asset-light and franchising models, making them especially relevant for Czech SMEs such as KOFI KOFI.

Key Strategic Principles for SME International Expansion:

1. Choose Scalable, Low-Overhead Formats

Instead of relying on traditional brick-and-mortar models, SMEs should consider scalable and cost-effective options such as mobile units, pop-up cafés, or franchise-on-demand systems. Kofi Kofi’s KofiTruck concept minimized fixed costs and allowed rapid market testing with low financial risk.

2. Leverage Brand Identity Before Expansion

A strong and consistent brand is essential before entering a foreign market. SMEs should first establish brand credibility at home in product quality, service, and customer experience — before launching internationally. Kofi Kofi built its domestic brand presence over a decade before exploring foreign opportunities.

3. Prioritize Entry Modes That Align with SME Capacity

High-investment modes like wholly owned subsidiaries may not suit SMEs. Franchising, licensing, or strategic alliances allow for global growth while transferring some of the operational burden and local risk to franchise partners as seen in Kofi Kofi's current expansion strategy.

4. Centralize What Matters, Localize the Rest

SMEs should retain control over key components like supply chains, quality standards, and training systems, while allowing local franchisees to tailor operations, staffing, and marketing to local culture. This "core-and-flex" approach ensures consistency without rigidity.

5. Design for Fast Payback, Not Just Long-Term Growth

Unlike large corporations, SMEs often cannot afford long investment cycles. Strategic models should be built around break-even targets within 2–3 years to remain attractive to franchisees and investors. KOFI KOFI's model supports this by bundling training, launching support, and low-overhead formats into each franchise unit.

6. Build Support Infrastructure Before Scaling

Scale growth requires clear systems and operational readiness. SMEs must prepare training manuals, onboarding processes, digital management tools, and quality control mechanisms before scaling. KOFI KOFI's POS and franchise support systems are examples of pre-scaling infrastructure that enables consistent replication.

7. Align Financing Strategy with Community Engagement

Traditional franchising isn't the only way for SMEs to expand internationally. Expanding through alternative equity financing models, such as equity crowdfunding, allows SMEs to raise capital while fostering a sense of ownership and community loyalty among supporters. These methods democratize access to investment and work well alongside asset-light formats. As explored in Section 2.2.1, such approaches are increasingly viable through regulated platforms and support SME visibility in new markets.

2.3 Frameworks for Market and Competitive Analysis

Understanding the competitive landscape is essential for businesses aiming to enter new markets or enhance their position in existing ones. Frameworks for market and competitive analysis provide structured methodologies to evaluate competitors' strategies, strengths, and weaknesses. By employing these frameworks, companies can identify market shifts, uncover strategic gaps, and make informed decisions to gain a competitive edge. (Molly Winik, 2021)

2.3.1 PESTLE Analysis: Understanding the External Environment

Understanding the external environment is crucial for businesses aiming to enter new markets or expand their operations. One effective tool for this purpose is the PESTLE Analysis, which examines six key macro-environmental factors (figure 2) (Daniel Pereira, 2024):

- Political: Government policies, stability, tax regulations, and trade restrictions that can influence business operations.
- Economic: Factors such as inflation rates, economic growth, exchange rates, and employment levels that affect purchasing power and cost structures.
- Social: Cultural norms, demographics, population growth rates, and social trends that impact consumer needs and market size.
- Technology: Advancements, innovation, research and development activities, and the rate of technological change that can affect production and market offerings.
- Legal: Legislation on employment, health and safety, consumer rights, and international laws that govern business practices.

- Environmental: Ecological and environmental aspects such as climate change, sustainability, and environmental regulations that can influence operations and consumer preferences.

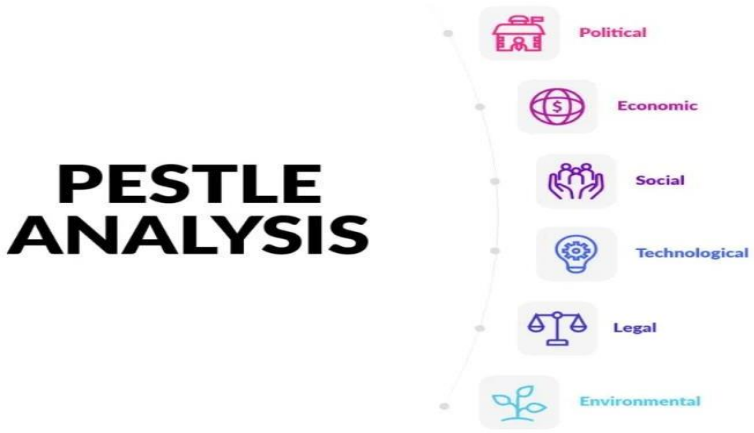


Figure 2: PESTLE Framework (Daniel Pereira, 2024)

2.3.2 Porter's Five Forces: Competitor and Industry Dynamics

Michael E. Porter's Five Forces framework, introduced in 1979, remains a foundational tool for analyzing the competitive forces that shape industry profitability and strategic positioning. The model examines five key forces: (1) threat of new entrants, (2) bargaining power of suppliers, (3) bargaining power of buyers, (4) threat of substitute products or services, and (5) intensity of competitive rivalry. This framework enables businesses to assess the attractiveness of an industry and identify areas where strategic positioning can mitigate competitive pressures. (figure 3)

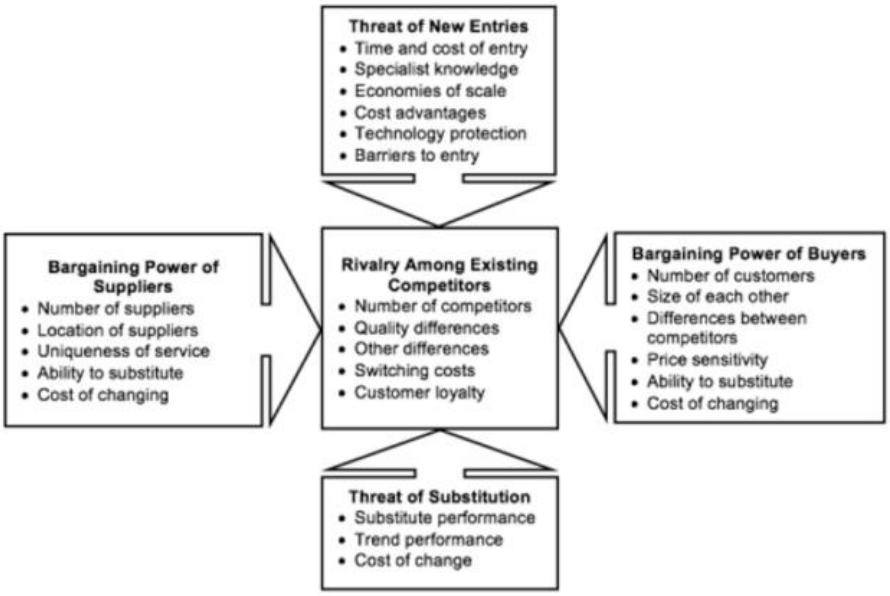


Figure 3: Porter's Five Forces Framework (Diane Isabelle, 2020)

Each force reveals different dimensions of the competitive environment. The **threat of new entrants** assesses how easily new competitors can enter the market and disrupt established players, depending on barriers such as capital requirements, brand loyalty, and regulatory constraints. The **bargaining power of suppliers** relates to how much control suppliers have over pricing and availability, which can vary depending on how concentrated or essential the supplier market is. On the demand side, the **bargaining power of buyers** examines how easily customers can switch brands or influence pricing, often shaped by product differentiation and switching costs.

The **threat of substitutes** involves the presence of alternative products or services that can fulfill the same need, often driving innovation and pricing pressure. Finally, the **intensity of industry rivalry** considers the overall level of competition, which tends to increase when many similar businesses exist, market growth is slow, or product differentiation is low. Diane Isabelle, (June 2020)

2.3.3 SWOT Analysis: Integrating Internal and External Insights

A SWOT Analysis is a strategic planning tool that helps organizations identify and evaluate their Strengths, Weaknesses, Opportunities, and Threats. By integrating both internal and external insights, it provides a comprehensive overview of the factors influencing a business's success. (figure 4) (Daniel Pereira, 2024)

Internal Factors:

Strengths: These are the positive attributes internal to the organization, such as a strong brand reputation, efficient processes, or proprietary technology. Recognizing strengths enables a company to leverage them for competitive advantage.

Weaknesses: These are internal challenges that may hinder performance, like limited resources, outdated technology, or skill gaps. Identifying weaknesses is crucial for developing strategies to address and improve them.

External Factors:

Opportunities: These are external factors that the organization can capitalize on, such as emerging markets, technological advancements, or changes in consumer behavior. Seizing opportunities can lead to growth and increased market share.

Threats: These are external challenges that could negatively impact the organization, including economic downturns, increased competition, or regulatory changes. Understanding threats allows for proactive risk management.

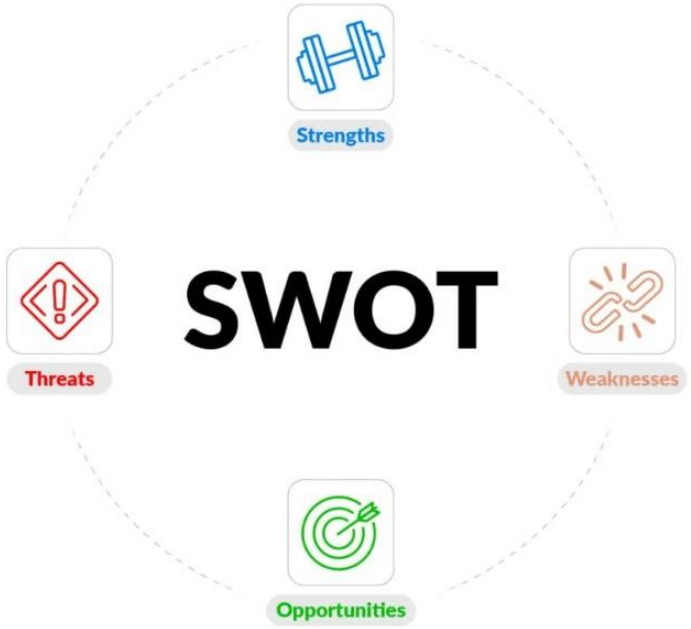


Figure 4: SWOT Framework (Daniel Pereira, 2024)

2.4 Brand Identity and Market Adaptation

Brand identity refers to the unique set of visual, emotional, and cultural elements that differentiate a brand and shape how it is perceived by consumers. It encompasses the brand's values, personality, communication style, and physical attributes such as logos, colors, and slogans. A strong brand identity helps businesses build trust, establish recognition, and connect with target audiences. (Jodie Shaw, 2023)

2.4.1 Understanding Brand Identity in International Markets

In the context of international markets, maintaining a consistent brand identity becomes more complex due to cultural, social, and economic differences. Companies must balance two critical aspects:

- Global Consistency:

Ensuring that the core brand values, and identity remain intact across all markets. This consistency builds a strong brand image and trust among global audiences. (Pamela Ghosal, 2023)

How to achieve global consistency?

1. Embrace Localization: Strategically adapt content and brand elements to specific regions, considering cultural nuances, consumer behavior, and local preferences. This approach ensures that while the brand message is consistent, it is also culturally relevant.
2. Have a Unified Vision: Establish a clear and cohesive brand vision that guides all marketing efforts globally. This unified vision serves as a foundation for consistent messaging and brand representation across different markets.
3. Leverage a Translation Management Solution: Utilize advanced translation management systems to maintain consistency in language and tone across all content. These tools help streamline the localization process, ensuring that translations align with the brand's voice and messaging.
4. Choose Translators Carefully and Trust Them: Select skilled translators who

understand both the brand and the local culture. Trust their expertise to adapt content appropriately, ensuring that the brand's message is effectively communicated in each market.

- Local Adaptation: Modifying aspects of the brand identity to match the cultural expectations, preferences, and behaviors of local consumers. (International fund for animal welfare team, 2024)

How to achieve local adaptation?

1. Invest in Local Capabilities: Develop the skills and expertise of local staff and partners through training and capacity-building initiatives, enabling them to effectively represent and adapt the brand.
2. Implement Flexible Programming: Design adaptable business models and marketing strategies that can be easily modified in response to local feedback and changing market conditions.
3. Build a Robust Understanding of Local Market Dynamics: Combine local insights with broader market research to understand consumer behavior, preferences, and trends, allowing for informed decision-making.
4. Provide Long-Term and Predictable Support: Commit to sustained investment in the local market, including training, resources, and infrastructure, to build trust and ensure long-term success.

2.4.2 Kapferer's Brand Identity Prism

Kapferer's Brand Identity Prism is a strategic framework designed to define and analyze a brand's identity through six interconnected dimensions. This model emphasizes the importance of building a strong, coherent, and authentic brand identity to connect with consumers effectively across markets. Each dimension plays a role in shaping how the brand is perceived internally and externally. The six components are as follows (figure 5) (Péter vörös, 2022):

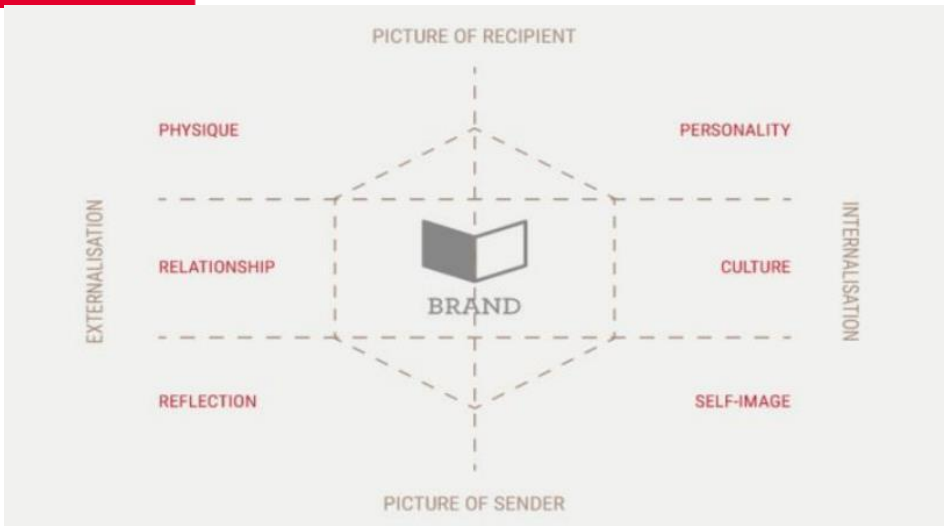


Figure 5: Kapferer's brand identity prism model (Péter vörös, 2022)

1. Physique: Refers to the tangible, visible elements of a brand that consumers can immediately recognize, such as logos, colors, design, and packaging. It answers the question: What does the brand look like?
2. Personality: This dimension defines the character or personality traits of the brand as if it were a person. It reflects the tone of communication and behavior the brand adopts in interactions. For instance, a brand could be seen as friendly, innovative, luxurious, or playful.
3. Culture: Represents the values, beliefs, and principles that form the foundation of the brand. It often stems from the brand's origin, heritage, and practices, providing a deeper emotional connection with consumers.
4. Relationship: This dimension focuses on the nature of the relationship the brand builds with its customers. It defines how the brand interacts with consumers, such as through loyalty programs, personalized services, or emotional connections.

5. Reflection: Identifies the ideal or stereotypical customer that the brand targets. It reflects who the brand wants its audience to be or how it sees them, such as modern professionals, luxury seekers, or eco-conscious individuals.
6. Self-Image: Refers to how customers perceive themselves when engaging with the brand. A successful brand identity aligns with the aspirations and self-image of its target audience, reinforcing the emotional bond.

2.4.3 Keller's Brand Equity Model

Keller's Brand Equity Model, also known as the Customer-Based Brand Equity (CBBE) Model, provides a comprehensive framework for building, managing, and measuring brand equity. This model emphasizes that the power of a brand lies in the minds of consumers and their perceptions of the brand, which can ultimately drive customer loyalty and business growth.

The CBBE Model is structured as a pyramid with four levels (figure 6), each representing a step toward creating strong brand equity:

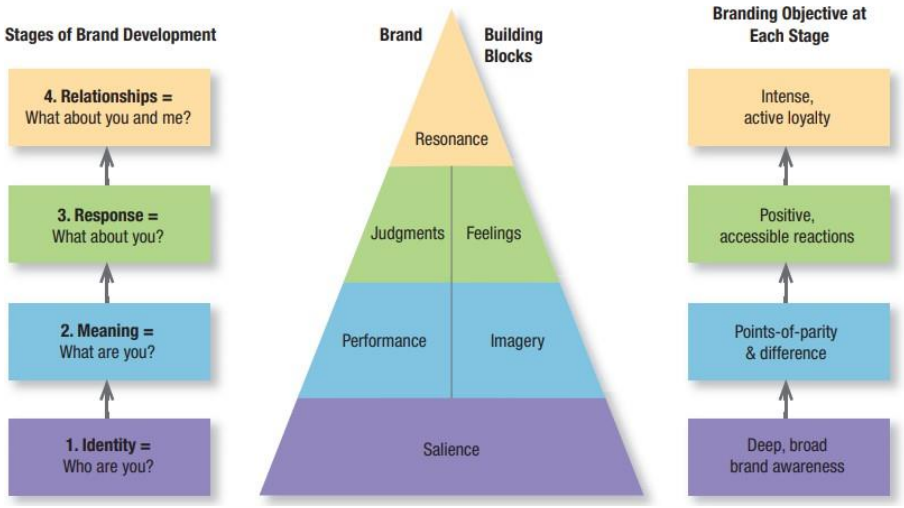


Figure 6: Brand Resonance Pyramid (KOTLER, P. a K., L. KELLER, 2017)

1. Brand Salience (Who are you?)

This foundational level focuses on brand awareness, ensuring that consumers recognize and recall the brand under various circumstances.

2. Brand Performance and Brand Imagery (What are you?)

This level addresses two key aspects:

Brand Performance: The functional benefits and attributes of the brand, such as product quality, reliability, and convenience.

Brand Imagery: The psychological and social elements associated with the brand, such as values, lifestyle, and identity.

3. Brand Judgments and Brand Feelings (What about you?)

At this level, the focus shifts to how consumers evaluate the brand:

Brand Judgments: Customers' evaluations based on quality, credibility, and superiority.

Brand Feelings: Emotional responses and connections elicited by the brand.

4. Brand Resonance (What about you and me?)

The pinnacle of the model, brand resonance, reflects the depth of the customer-brand relationship. This includes brand loyalty, attachment, and active engagement.

2.5 Organizational Readiness for Expansion

Organizational readiness for expansion assesses whether a business has the internal capabilities, structures, and resources to successfully enter a foreign market. This includes evaluating the alignment of strategy, systems, and personnel to support international growth. Ensuring readiness minimizes risks and enhances the company's ability to adapt and compete effectively in a new environment. Frameworks such as McKinsey's 7S Framework and internal assessments are commonly used to analyze readiness and address potential gaps.

2.5.1 Key Factors in Organizational Alignment for Expansion

In the rapidly evolving business landscape, aligning an organization for expansion requires creating modern principles that enhance adaptability, speed, and innovation. McKinsey's research identifies nine imperatives that future-ready companies adopt to thrive in dynamic environments. These imperatives can be categorized into three core areas: (figure 7) (Aaron De Smet, Chris Gagnon, and Elizabeth Mygatt, 2021)

1. Who We Are: Strengthening Identity

Purpose: Define a clear and resonant purpose that embodies the organization's unique role in the world, aligning the enterprise with shared meaning and direction.

Value Agenda: Establish a prioritized list of strategic objectives that can significantly enhance value creation, guiding decision-making and resource allocation.

Culture: Cultivate a distinctive culture characterized by specific practices, rituals, and experiences that attract and retain talent, fostering a sense of belonging and motivation.

2. How We Operate: Enhancing Agility and Efficiency

Structure: Transition to a flatter organizational structure that functions as a network of empowered, dynamic teams, enabling flexibility and rapid response to market changes.

Decision Making: Streamline decision-making processes to improve both the quality and speed of decisions, ensuring responsiveness and accountability.

Talent Management: Recognize talent as a critical asset by creating exceptional employee experiences, investing in skill development, and fostering an environment that values human-centric approaches.

3. How We Grow: Scaling Innovation and Learning

Ecosystem Engagement: Adopt an ecosystem perspective by collaborating with external partners, sharing data, and co-creating value beyond traditional organizational boundaries.

Technology Platforms: Develop data-rich technology platforms that provide insights, automate processes, and support scalable growth, allowing the organization to focus on human-centric activities.

Learning and Development: Accelerate organizational learning by enabling employees to access, create, and share knowledge in real-time, fostering continuous innovation and adaptability.

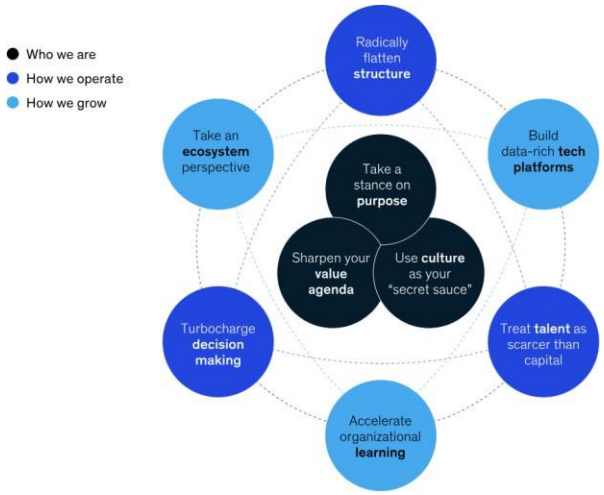


Figure 7: Nine organizational imperatives (Aaron De Smet, Chris Gagnon, and Elizabeth Mygatt, 2021)

2.5.2 McKinsey's 7S Framework: Internal Assessment

The McKinsey 7S Framework is a diagnostic tool that evaluates seven interdependent elements within an organization to ensure effective alignment and performance. These elements are categorized into 'hard' and 'soft' components (figure 8) (EPM channel, 2018):

Hard Elements:

Strategy: The plan is devised to maintain and build competitive advantage over competitors.

Structure: The organizational hierarchy and reporting lines.

Systems: The daily activities and procedures that staff engage in to get the job done.

Soft Elements:

Shared Values: Core values of the company that are evidenced in the corporate culture and general work ethic.

Skills: The actual skills and competencies of the employees working for the company.

Style: The style of leadership adopted.

Staff: The employees and their general capabilities.

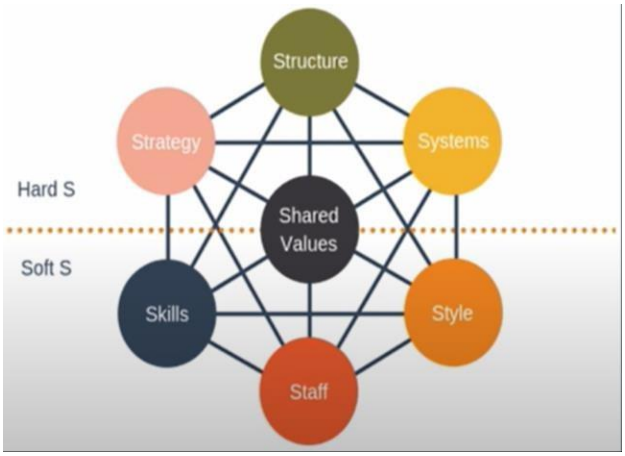


Figure 8: McKinsey 7S Framework (EPM channel, 2018)

2.5.3 ROI and Break-Even Analysis

To evaluate the financial feasibility of strategic expansion whether through franchising or equity-based investment quantitative tools are essential. Two commonly used models in small and medium-sized enterprise (SME) planning are Return on Investment (ROI) and Break-Even Analysis. These methods help assess whether a proposed business initiative is financially sustainable, and how long it would take to recover the initial investment.

Return on Investment (ROI) is a key metric used to measure the efficiency of an investment. It compares the expected profit to the initial capital required, expressed as a percentage. ROI is particularly useful when comparing different market entry strategies or funding options. A higher ROI indicates greater value gained from the investment relative to its cost. The basic formula is:

1 **ROI (%) = (Net Profit / Initial Investment) × 100**

This tool is helpful for investors and decision-makers alike, as it reflects the financial return generated per euro invested. In the context of Kofi Kofi, ROI will be used to estimate how profitable an expansion into Vienna could be, and whether community investors would find the model attractive. (Deepak Sankaran, 2023)

Break-Even Analysis, on the other hand, determines the point at which total revenue equals total costs, meaning the company has covered its investment but has not yet made a profit. This analysis is critical for risk management, especially when expanding into a new market or testing a new business model. The break-even point is usually calculated in terms of units sold or months of operation. The formula is:

1 **Break-Even Point = Fixed Costs / (Selling Price – Variable Costs)**

This tool helps estimate how many coffee units must be sold (or how long the business must run) before the expansion becomes profitable. It can also be used to forecast how different cost structures such as fixed rental costs or mobile unit investment impact financial sustainability. (Jeff Schmidt, 2020)

Together, ROI and Break-Even Analysis provide a dual perspective: one focused on long-term return, and the other on short-term risk. In Chapter 4, these models will be applied to simulate realistic outcomes for Kofi Kofi's market entry into Vienna, with attention to both franchising costs and potential returns from equity-based community investment.

2.5.4 Addressing Gaps in Readiness for International Expansion

Addressing gaps in readiness for international expansion is crucial for ensuring a successful entry into new markets. Before embarking on such initiatives, organizations should conduct a comprehensive assessment of their current conditions, attitudes, and resources to identify any deficiencies that could impede progress. These gaps may relate to internal systems, leadership capabilities, communication processes, or talent development.

Key Steps to Address Gaps:

1. Conduct a Situational Analysis:

Evaluate whether the expansion will impact the entire organization or specific departments. Understanding the scope helps in planning and resource allocation.

2. Assess Internal Impact:

Human Resources: Determine if current staff can handle increased demands or if additional hiring and training are necessary.

Operational Capacity: Ensure that existing systems and processes can scale with the business, without compromising efficiency.

3. Evaluating External Impact:

Suppliers and Partners: Assess whether suppliers can meet increased demand and if partners are prepared to adapt to changes.

Customer Relations: Maintain service and product consistency even if individual units are run by different owners.

4. Develop Strategies to Address Identified Gaps:

Training and Development: Implement programs to enhance employee skills and cultural competencies relevant to the new market.
Financial Planning: Secure necessary funding, possibly through governmental or non- governmental institutions, to support the expansion. Logistics and Supply Chain Management: Establish relationships with third-party suppliers, such as freight forwarders or customs brokers, to manage the complexities of international logistics. (FITT team, 2018)

3 Analytical Part

This chapter presents a strategic analysis of Kofi Kofi's potential expansion into the Vienna coffee market, beginning with an examination of the external environment. It evaluates key macroeconomic, cultural, and competitive factors shaping the Viennese coffee landscape using tools such as the PESTLE framework and Porter's Five Forces. This is followed by a structured analysis of consumer expectations, drawing on survey insights to understand local preferences. The chapter then shifts focus to Kofi Kofi's internal readiness for international growth, assessing its brand identity, equity, and organizational structure through frameworks such as Kapferer's Brand Identity Prism, Keller's Brand Equity Model, and McKinsey's 7S Framework. The final section integrates these external and internal insights through a SWOT analysis and identifies key strategic gaps. Together, these findings form the basis for the expansion recommendations developed in Chapter 4. (KOFI KOFI, Official Website)

3.1 Strategic Method Evaluation for Expansion

This section provides a comparative analysis of the strategic methods available to small and medium-sized enterprises (SMEs) when entering foreign markets. Drawing on the frameworks introduced in Chapter 2, the focus is placed on evaluating two critical components of international expansion: financing models and market entry modes. The objective is to assess a range of equity financing options such as angel investment, venture capital, private equity, and equity crowdfunding as well as alternative entry strategies including franchising, joint ventures, and direct investment. Each method is analyzed in terms of its financial feasibility, scalability, and suitability for KOFI KOFI's operational model.

3.1.1 Evaluation of Equity Financing Models for Expansion

Expanding into a new international market often requires SMEs to secure external funding, as organic growth alone may not be sufficient to cover the operational and strategic costs associated with entry. This section evaluates the primary equity financing options introduced in Chapter 2, focusing on their suitability for KOFI KOFI's broader expansion ambitions. The assessment applies a qualitative multi-criteria decision analysis, using five key factors: capital potential, control retention, investor fit, SME scalability, and brand alignment. (Stripe team, 2024), (British Business Bank team, 2025), (Ansarada team, 2024), (Gov.uk team, 2024).

Angel Investment

Angel investors offer early-stage funding in exchange for equity and often provide mentorship or access to valuable networks. For KOFI KOFI, angel investment could be helpful due to its moderate capital needs and early expansion stage. However, the company may face challenges attracting the right investors unless it demonstrates strong growth potential or tech-enabled differentiation. Additionally, angels may expect a say in business decisions, which could dilute control for a founder-led SME.

Pros: Strategic support, flexible deal structures

Cons: May involve equity dilution and external influence on operations

Venture Capital (VC)

Venture capital provides substantial funding and professional guidance but is primarily geared toward high-growth, scalable startups in tech or innovation-driven sectors. KOFI KOFI, while innovative in its mobile café concept, is not a typical VC target due to its B2C focus, localized operations, and moderate growth pace. Furthermore, VC investors often require aggressive scaling, which could clash with the company's careful brand-led growth strategy.

Pros: High funding potential, scale-oriented investors

Cons: High performance pressure, possible loss of strategic control

Private Equity

Private equity is more suitable for mature companies with predictable cash flows and exit strategies. It usually involves large investments and control-oriented partnerships, making it ill-suited for a Czech SME entering a single new market. KOFI KOFI's current size and asset-light model do not align with typical private equity fund profiles, which prioritize buyouts or restructuring.

Pros: Large capital infusions, strategic restructuring

Cons: Loss of independence, long negotiation cycles, not SME-focused

Equity Crowdfunding

Equity crowdfunding allows SMEs to raise capital from a large number of small investors via regulated platforms, such as Fundlift.cz or Seedrs. This model fits well with KOFI KOFI's values: community engagement, brand storytelling, and flexible expansion. It also allows the company to attract local supporters and potential customers in Vienna who become financial backers and brand ambassadors. As

a mobile coffee concept, KOFI KOFI can leverage its urban visibility to drive interest in the campaign.

Pros: High brand alignment, community-based support, no major control loss

Cons: Requires strong marketing and campaign management, lower per-investor contributions

Initial Public Offering (IPO)

An IPO allows a business to raise substantial capital by listing its shares on a public stock exchange. While suitable for large-scale, mature companies, this method is unrealistic for most SMEs due to high regulatory costs, transparency requirements, and shareholder pressure. For KOFI KOFI an early-stage, asset-light coffee brand an IPO is premature and strategically unnecessary at this stage of expansion.

Pros: Major funding potential, strong public visibility

Cons: Expensive, regulatory burden, not SME-friendly

Model	**Capital Potential**	**Control Retained**	**Investor Fit**	**SME Scalability**	**Brand Alignment**	**Overall Suitability for KOFI KOFI**
Angel Investors	Medium	Medium	Moderate	Moderate	Moderate	Possibly Suitable
Venture Capital	High	Low	Low	High	Low	Not Suitable
Private Equity	Very High	Very Low	Very Low	Low	Very Low	Not Suitable
IPO	Very High	Very Low	Very Low	Very Low	Very Low	Not Suitable
Equity Crowdfunding	Medium–High	High	High (community-based)	High	High	Most Suitable

Table 2: Equity Financing Model Comparison Summary (own creation)

Based on this analysis, equity crowdfunding stands out as the most suitable equity financing model for KOFI KOFI's broader international expansion. Its alignment with SME values such as community engagement, scalability, and cost-effectiveness make it a practical funding solution not just for Vienna, but for future markets as well. This method enables KOFI KOFI to raise capital while preserving brand control, building investor loyalty, and reinforcing its identity as a community-centric coffee brand.

3.1.2 Evaluation of Market Entry Modes

Selecting an appropriate market entry mode is a pivotal decision for any business seeking international expansion, particularly for SMEs with limited capital and lean operational capacity. The choice affects everything from upfront investment and brand control to scalability, local adaptation, and risk exposure. This section builds on the theoretical overview in Chapter 2 by evaluating various entry strategies in terms of their suitability for KOFI KOFI's expansion into Vienna. The analysis uses a multi-criteria evaluation approach based on operational control, setup cost, speed to market, local responsiveness, and brand integrity.

1. Exporting

Indirect Exporting

In this method, a business sells its product through local agents or distributors without entering the market directly. This mode is low-risk and low-cost, making it common for product-based businesses. However, for KOFI KOFI, which sells not just coffee beans but an entire branded café experience, indirect exporting is impractical. It offers no control over how coffee is served or how the brand is presented in the market.

Direct Exporting

This approach gives the company more control by managing relationships directly with local distributors or customers. While it might work for selling roasted beans or branded merchandise, it still doesn't capture the core of KOFI KOFI's value: the branded, mobile or physical café experience. Thus, exporting may be a side activity in the future but cannot be the main expansion strategy.

2. Contractual Entry Modes

Licensing

Licensing allows a local operator to use the KOFI KOFI brand and products in exchange for royalties. While it's fast and low-cost, licensing gives the franchisor little control over customer service, staff training, or product quality. KOFI KOFI relies heavily on consistent branding and service execution, and the mobile nature of the business makes centralized control essential. Without strict operational oversight, licensing would risk diluting the brand experience.

Franchising

Franchising is a more structured form of contractual entry, where the franchisor provides detailed support, training, and systems to ensure brand consistency. This model is already in use by KOFI KOFI both through its fixed-location KOFIBox cafés and mobile KofiTruck units. The franchisee receives centralized support, and the franchisor maintains control over sourcing, design, service processes, and training. In Vienna, this model allows fast low-risk expansion through local entrepreneurs while preserving service quality and Czech brand identity.

Turnkey Projects

Turnkey solutions involve setting up a complete, ready-to-operate business that is then handed over to a local operator. While suitable in industries like construction or large-scale retail, this is not applicable to KOFI KOFI's business model, which relies on ongoing brand and service consistency, not one-time project handovers.

3. Investment-Based Entry Modes

Joint Venture

This model involves partnering with a local firm to co-manage the business. While it may provide market access and shared risk, it reduces autonomy and introduces governance complexity. For KOFI KOFI, which already operates a standardized franchise system and seeks to scale efficiently through localized ownership, a joint venture would slow down decision-making and introduce unnecessary complexity.

Strategic Alliance

Strategic alliances can involve knowledge-sharing or limited cooperation without equity sharing. While potentially useful for marketing partnerships or local navigation, it is not sufficient as a primary entry mode. KOFI KOFI would still need an actual operational model on the ground — which this mode doesn't offer.

Wholly Owned Subsidiary (Greenfield or Acquisition)

Setting up a fully owned local business allows maximum control but also requires high investment, legal infrastructure, and long-term commitment. For an SME like KOFI KOFI, this would pose financial and

operational strain. It also delays market entry, making it ill-suited for a brand that thrives on agile, community-based rollout.

Entry Mode	**Cost**	**Control**	**Scalability**	**Speed to Market**	**KOFI KOFI Fit**
Indirect Exporting	Low	Very Low	Moderate	High	Not Suitable
Direct Exporting	Low–Medium	Low	Moderate	Medium	Not Suitable
Licensing	Low	Low	High	High	Not Suitable
Franchising (Fixed + Mobile)	Medium	High	High	High	Most Suitable
Turnkey Projects	High	None	Low	Medium	Not Suitable
Joint Venture	High	Shared	Medium	Low	Not Suitable
Strategic Alliance	Low	Shared	Medium	Medium	Supportive but not core mode
Wholly Owned Subsidiary	Very High	High	Low	Low	Not Suitable

Table 3: Entry Mode Comparison Summary (own creation)

3.2 Market Analysis of Vienna

This section provides a detailed analysis of the Vienna coffee market to assess its suitability for Kofi Kofi's international expansion under a franchise-on-demand model. It begins by exploring the overall market size, structure, and growth trends in Vienna's coffee industry, followed by a competitive analysis of key players currently operating in the city. PESTLE analysis is then used to identify external macro-environmental factors that may affect market entry, including legal, economic, and sociocultural dynamics. Finally, primary survey data collected from local consumers is analyzed to reveal their preferences, behavior, and expectations key insights that can shape Kofi Kofi's market entry strategy and franchise model positioning.

3.2.1 External Environment Analysis Using PESTLE

Political Factors

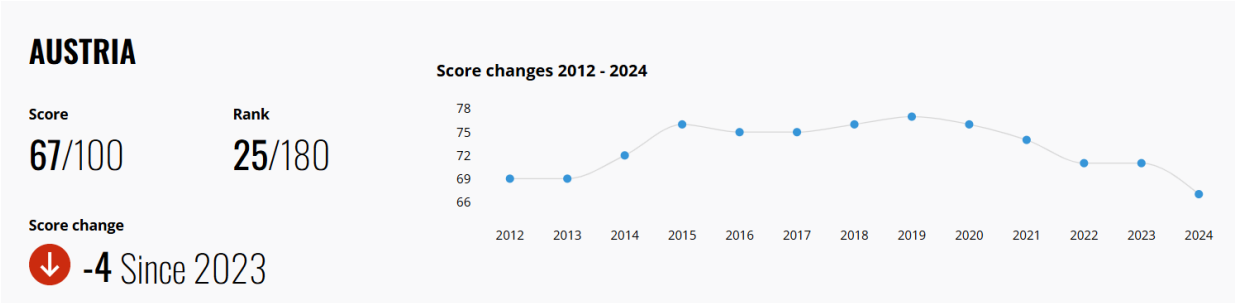
Austria maintains a strong and stable political environment, which makes Vienna a reliable and attractive destination for international business expansion, including franchise-based SME models such as Kofi Kofi's. According to the World Bank's Political Stability Index, Austria recorded a score of 0.73 in 2023 on a scale from -2.5 (weak) to 2.5 (strong). This is slightly below its historical average of 1.08, indicating a minor dip but still reflects a secure political landscape for doing business. (Table 4)

The Corruption Perceptions Index (2024) published by Transparency International ranked Austria 25th out of 180 countries with a score of 67/100, reflecting relatively low levels of public sector corruption. Although this marks a slight drop of 4 points compared to the previous year, it still places Austria among the more transparent and accountable governments globally, particularly in the European context. (Graph 2)

Furthermore, the Freedom in the World 2025 report by Freedom House awarded Austria an overall score of 93/100, comprising 37/40 in Political Rights and 56/60 in Civil Liberties. These political and civil freedoms create a stable and supportive climate for small business development and innovative franchise models, such as Kofi Kofi's franchise-on-demand strategy. (Table 5)

Austria	Political Stability Index (-2.5 weak; 2.5 strong)
Latest value	0.73
Year	2023
Measure	Points
Data availability	1996 – 2023
Average	1.08
Min – Max	0.65 – 1.41
Source	The World Bank

Table 4: Political stability of Austria (TheGlobalEconomy.com. 2023)



Graph 2: The Corruption Perceptions Index of Austria (TheGlobalEconomy.com. 2023)

Freedom in the World 2025	Austria
Total Score	93 / 100
Status	Free
Political Rights	37 / 40
Civil Liberties	56 / 60
Last Year's Score	93 / 100 (Free)

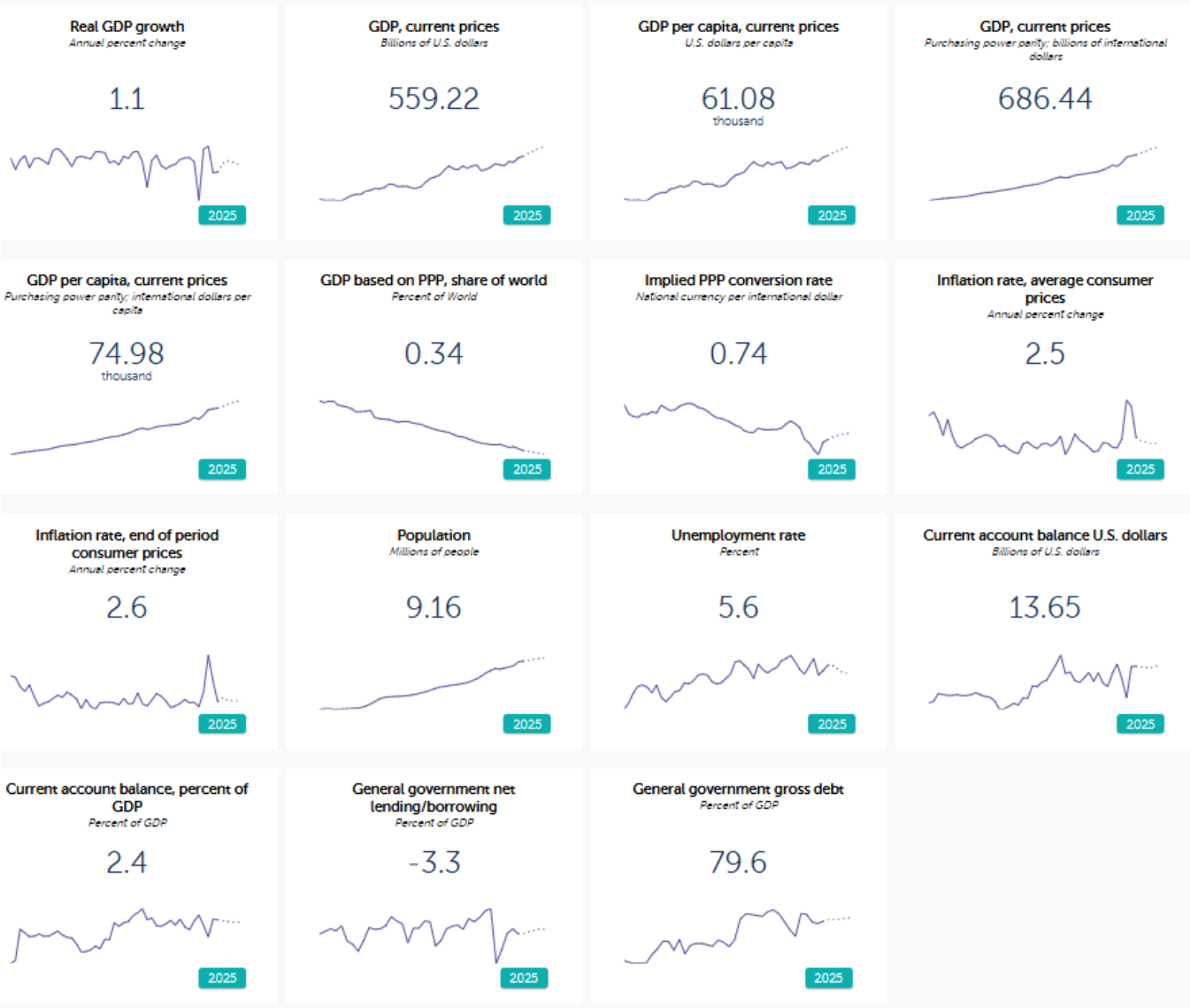
Table 5: The Political Rights Index of Austria (Freedom House. (2025)

Taken together, these indicators reinforce Vienna's suitability for a franchise-on-demand model like Kofi Kofi's, where long-term investment and trust in local governance are critical. Stable institutions and low corruption level provide SMEs with the confidence to invest in the long term without worrying about sudden regulatory shifts.

Economic Factors

Austria presents a relatively stable economic environment, making it an attractive destination for international business expansion, especially in the consumer sector. In 2025, the GDP per capita stands at €61,080, indicating a high standard of living and a population with relatively strong purchasing power. This is particularly relevant for coffee brands offering specialty or premium products.
Despite global economic shifts, Austria's real GDP growth remains steady at 1.1%, and inflation is contained at 2.5%–2.6%, suggesting a balanced economy with stable pricing environments, key for planning product pricing and cost strategies in a new market.
The unemployment rate is currently at 5.6%, which is moderate and signals a stable labor market. While not exceptionally low, this rate is manageable and does not indicate major barriers to recruitment or consumer spending power.

In terms of fiscal stability, Austria's current account balance is 13.65 billion USD, and general government gross debt stands at 79.6% of GDP, which, although slightly elevated, is not uncommon within the EU context and does not signal immediate financial instability.
(graph 3) (International Monetary Fund. n.d.)
Regarding currency considerations, Austria uses the euro, while Kofi Kofi operates in Czech crowns (CZK). The average exchange rate over the past year has remained relatively stable at 1 EUR ≈ 25.1 CZK, with minor fluctuations (Min: 24.57, Max: 25.45). While not a major risk factor currently, it's still important for pricing and financial planning in the franchise-on-demand model, particularly in managing operational costs or royalty structures across borders. (European Central Bank, 2025),



Graph 3: Austria Dataset (International Monetary Fund. n.d.)

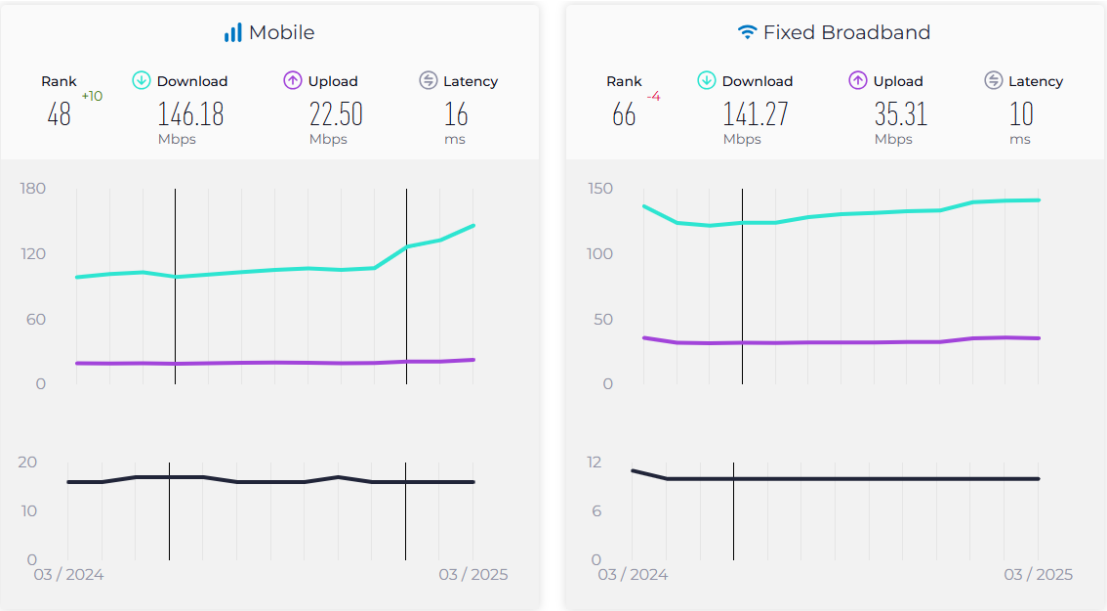
Social Factors

Vienna's social landscape blends deep-rooted coffee traditions with modern, evolving consumer preferences. As discussed in Section 3.1.1, the city's culture embraces both classic café experiences and mobile, convenience-focused formats. A large portion of the population consists of students, office workers, and tourists' groups that often favor quick-service options over sit-down cafés.

Moreover, consumer expectations are shaped by values such as sustainability, ethical sourcing, and brand authenticity, all of which will be reflected in the survey insights (Section 3.1.3). Respondents expressed appreciation for friendly service, local identity, and seasonal product variety factors that align with Kofi Kofi's brand DNA.

Technological Factors

Austria, and Vienna in particular, boasts a highly developed digital infrastructure that benefits both consumers and businesses. As of March 2025, Austria ranks 48th globally in mobile internet speeds with an average download speed of 146.18 Mbps and upload speed of 22.50 Mbps, while fixed broadband is even more impressive, offering 141.27 Mbps download and 35.31 Mbps upload speeds, These numbers indicate a solid digital backbone that enables seamless digital transactions, POS system operations, app-based ordering, and data analytics essential tools for modern franchise models like Kofi Kofi's. (graph 4) (Ookla. 2025).



Graph 4: Vienna Median City Speeds Updated March 2025 (Ookla. (2025)

Legal Factors

Austria does not have a specific Franchise Act, but franchising is well-recognized under general civil and commercial law, primarily governed by the Austrian Civil Code (ABGB), the Commercial Code (UGB), and relevant EU directives. For Kofi Kofi's franchise-on-demand model, compliance with legal obligations is essential to ensure fairness, enforceability, and operational transparency.

To legally operate a franchise in Vienna, several documents and steps are required. These include a Franchise Agreement that outlines the responsibilities, fees, branding rights, and termination clauses drafted carefully to avoid unfair terms or unenforceable post-contract conditions. A Pre-Contractual Disclosure Document (PCD) is also strongly recommended under Austrian jurisprudence, in line with EU good faith principles. This document must transparently disclose the business model, obligations, and risk factors to potential franchisees, protecting both parties from future disputes.

Additionally, a Business Licence is required under the Austrian Trade Regulation Act (Gewerbeordnung 'GewO'), since coffee sales fall under regulated trades. Franchisees must either demonstrate barista qualifications or appoint a trade-certified manager (gewerberechtlicher Geschäftsführer). Further registration with the Company Register (Firmenbuch) as a GmbH, a VAT number, and enrolment in the Austrian Chamber of Commerce (WKÖ) are also mandatory. If the Czech parent company retains control over pricing or supply chains, EU vertical agreement regulations (Commission Regulation EU 2022/720) may apply. (Anan Kheir, 2025)

Environmental Factors

Austria, and Vienna in particular, is well-known for strong environmental consciousness. Both consumers and regulators place increasing emphasis on eco-friendly business practices, especially in urban food and beverage services. Consumers often expect recyclable packaging, reusable cup incentives, and locally sourced ingredients.

Vienna also supports environmental innovation through policies that encourage sustainable urban transport, low-emission business models, and reduced single-use waste in public areas. These values align well with Kofi Kofi's existing model, which includes a local roasting facility, recyclable materials, and seasonal product offerings.

However, under the franchise-on-demand model, ensuring environmental compliance becomes decentralized. Each local franchise operator is responsible for daily practices, such as cup recycling, vehicle emissions management, and waste sorting. To maintain Kofi Kofi's brand reputation and regulatory alignment, the company must develop clear, replicable environmental standards and training for all franchisees, especially those operating trucks in densely regulated city zones.

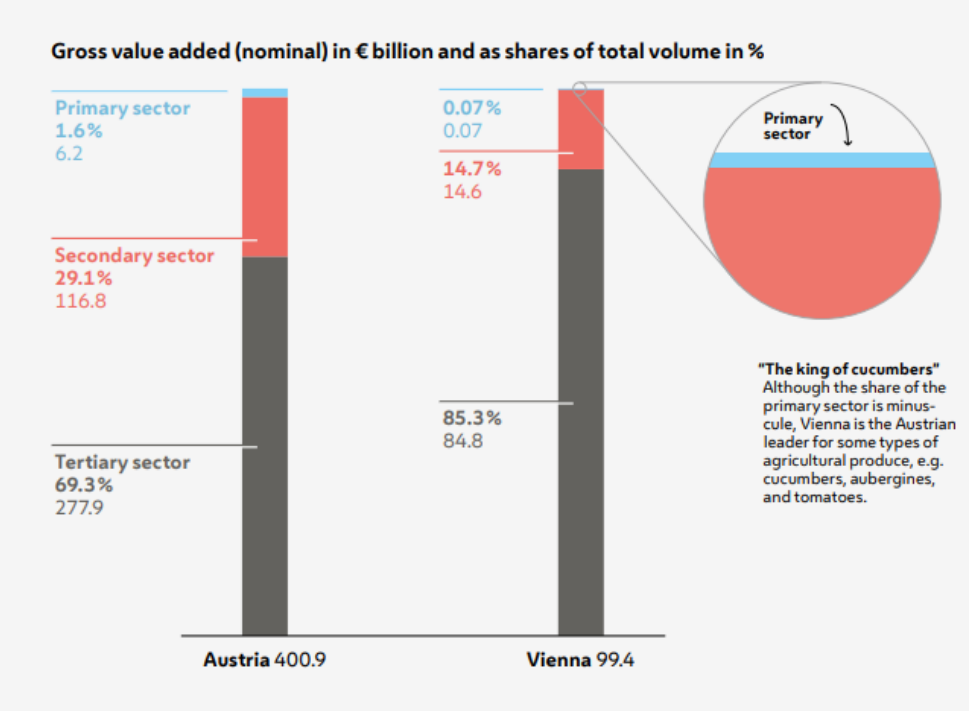
Negative Factors	Neutral Factors	Positive Factors
Inflation and cost pressures in central vienna	Franchise Protection Laws Clear business regulations Environmental sustainability expectations	Stable political climate Strong GDP and high purchasing power Digital infrastructure

Table 6: PESTLE Summary – External Factors for Kofi Kofi in Vienna (own creation)

3.2.2 Overview of the Vienna Coffee Market

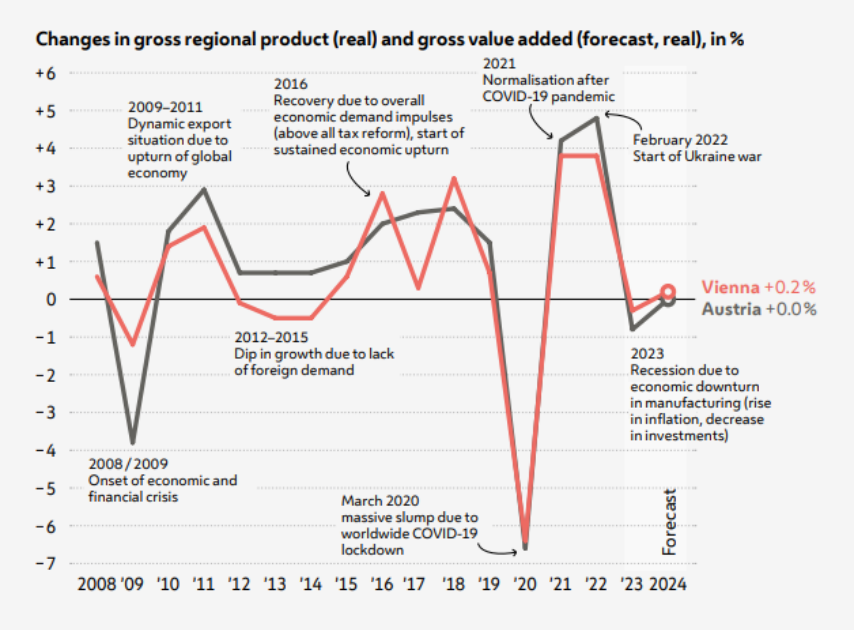
Vienna holds a globally recognized reputation as a city of coffee culture. With a population of over 2 million, it is not only the fifth-largest city in the European Union but also ranks as one of the world's most livable cities. Its historical relationship with coffee, from the iconic Viennese coffee houses to modern specialty cafés, creates a dynamic environment for both tradition and innovation. (Peter Hanke, 2024)

Economically, Vienna is a service-driven city. The tertiary sector accounts for 85.3% of the city's gross value added (GVA), significantly higher than the Austrian national average. This reflects strong hospitality, retail, and creative industry base all critical for food and beverage operations such as coffee businesses. Vienna generates 25% of Austria's GDP despite housing only 22% of its population. The city is home to over 227 foreign enterprises and welcomes more than half of Austria's international business settlements annually. SMEs play a crucial role in Vienna's economy, accounting for over 99% of all businesses in Austria. These enterprises benefit from government support, such as funding, advisory services, and innovation incentives. (graphs 5, 6, 7) (Peter Hanke, 2024)



Graph 5: Economic sectors Vienna and Austria, 2022 (Peter Hanke, 2024)

Graph 6: Economic performance Vienna and Austria, 2022 (Peter Hanke, 2024)



Graph 7: Economic growth Vienna and Austria, 2008 to 2024 (Peter Hanke, 2024)

In 2023 alone, Vienna recorded 9,483 start-ups, (graph 8) nearly a quarter of all new enterprises in Austria. Of these, around 7,200 were sole proprietorships, a structure common among food entrepreneurs and franchise partners. The entrepreneurial activity, along with Vienna's robust tourism, academic population, and corporate presence, suggests a fertile market for small and medium-sized enterprises (SMEs) offering niche services like mobile or cafe-based coffee experiences. From a business environment perspective, Vienna shows strong infrastructure, digital readiness, and public investment in innovation and sustainability. Public support measures, such as the '2030 Vienna Qualification Plan,' free kindergartens, and education campuses, further highlight the city's commitment to supporting both enterprises and workforce development. (Peter Hanke, 2024)

Market Highlights:

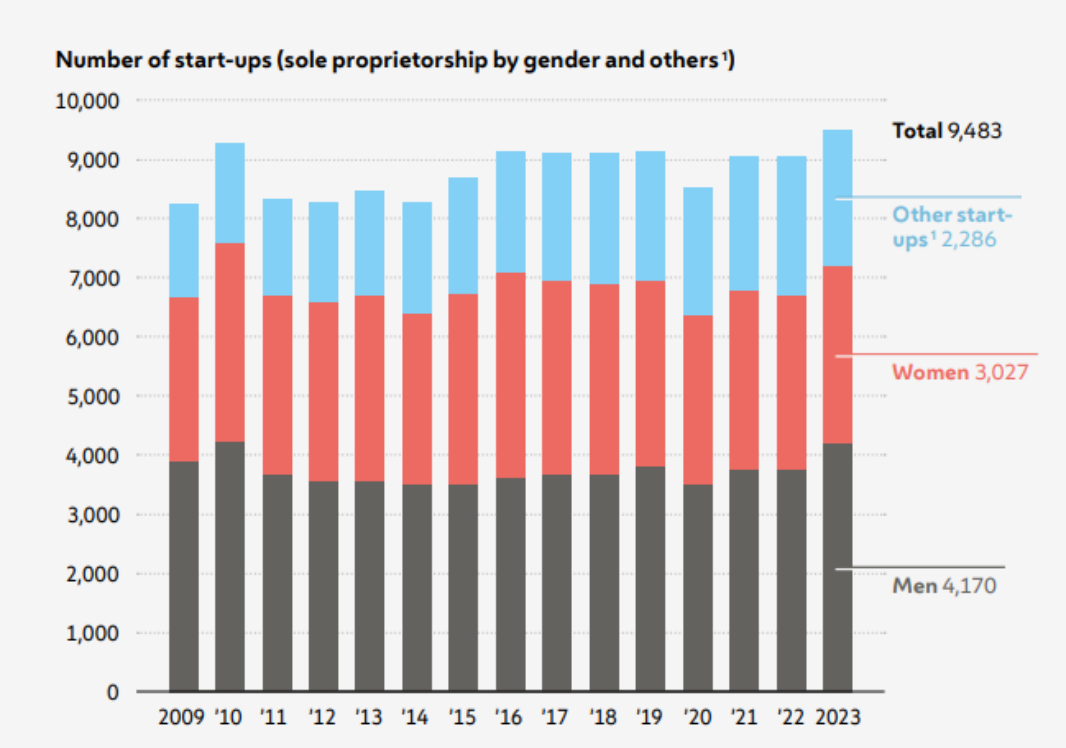
Population: Over 2 million

Service sector: 85.3% of economic activity

New enterprises in 2023: 9,483

Tourism & hospitality: Strong contributor to daily coffee consumption

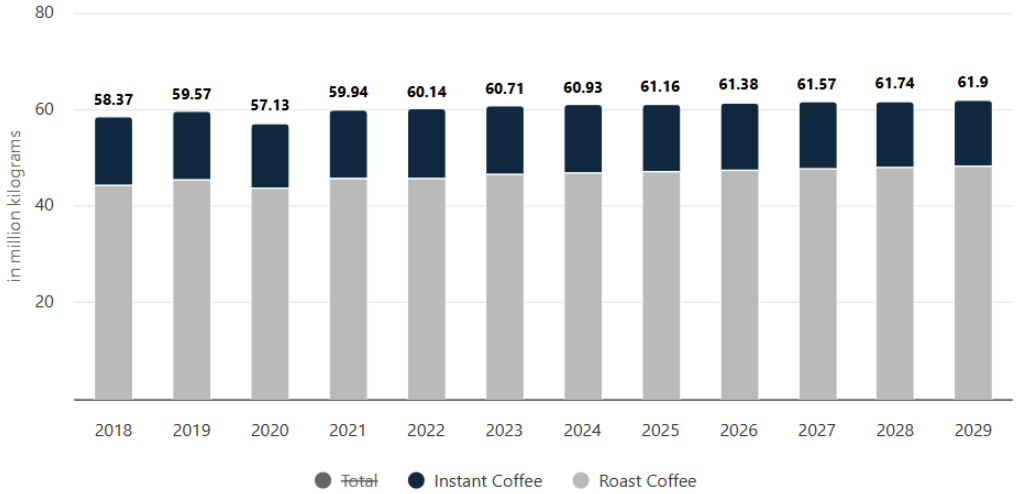
Start-up culture: Vibrant and steadily growing



Graph 8: Start-ups Vienna, 2009 to 2023 (Peter Hanke, 2024)

Coffeehouse Industry and Business Environment in Vienna

Vienna's coffeehouse industry is one of the most culturally significant and economically stable segments within Austria's broader food and beverage market. Austria's coffee market continues to grow steadily, with Statista projections estimating total volume to reach over 61 million kilograms in 2025, combining both home and out-of-home consumption. The Viennese market, in particular, benefits from a dual identity: on the one hand, it preserves the city's historical legacy of traditional cafés; on the other, it embraces evolving trends such as mobile cafés, specialty coffee, and sustainability-oriented operations. (graph 9) (World Population review team, 2020)



Graph 9: Growth in Total Volume, 2018-2029 (Statista team, 2024)

Vienna's long-standing coffee culture is reflected in high and growing coffee consumption. Austria ranks among Europe's top coffee consumers, with an average per-capita consumption of roughly 6.9 kg of coffee per year as of 2022, This corresponds to roughly 2–3 cups per person per day, underscoring coffee's role as a daily staple. (table 7) (World Population review team, 2020)

Country	**Total Coffee Consumption 2022 (tonnes)**	**Coffee Consumption per Capita 2022 (kg/capita)**
Finland	65,000	11.7
Algeria	64,000	1.41
Switzerland	64,000	7.29
Sudan	62,000	1.31
Austria	**62,000**	**6.93**
Iran	59,000	0.67
Guatemala	59,000	3.3
Norway	59,000	10.9
Egypt	57,000	0.52
Indonesia	56,000	0.2

Table 7: Coffee Consumption by Country (World Population review team, 2020)

3.2.3 Competitive Analysis

Understanding the competitive landscape is essential for evaluating the viability of market entry strategies. In Vienna's well-developed and culturally rich coffee market, Kofi Kofi must not only differentiate itself from established players but also assess the broader forces shaping industry dynamics. This section provides a two-tiered analysis: first, a qualitative overview of key competitors across different segments; and second, a structured application of Porter's Five Forces to examine the intensity and structure of competition in Vienna. Together, these perspectives offer a clear view of Kofi Kofi's strategic position and potential challenges within the competitive local environment.

3.2.3.1 Competitive Overview

Vienna's coffee market is both saturated and segmented, with a clear distinction between legacy cafés, modern specialty brands, and international chains. For a newcomer like Kofi Kofi, understanding the competitive landscape is essential to identify entry points and differentiation strategies, especially in a city where café culture is deep-rooted.

Traditional Competitors

Café Central, Café Landtmann, and Café Sperl

Description: These iconic Viennese coffeehouses are known for their elegant interiors, sit-down service, and appeal to tourists seeking classical experience. They offer historical ambiance and are often positioned as cultural landmarks rather than convenience-focused outlets.

Strategic Comparison: Kofi Kofi targets a different segment of urban consumers who value speed, convenience, and quality on the go. some local consumers find it expensive, there is no direct overlap in target audience or service model.

International Chains

Starbucks

Description: A well-established global brand with a strong presence in Vienna. Offers familiar experience, digital loyalty programs, and a wide variety of drinks.

Strategic Comparison: Strategic Comparison: Starbucks offers convenience, but often within fixed, indoor spaces and a standardized global format. Kofi Kofi, by contrast, brings flexibility through its mobile units, with a faster street-side service experience that doesn't require customers to enter a store or wait in long queues. This mobility allows Kofi Kofi to operate closer to customer flow such as outside transit stations, campuses, or event venues and deliver a more localized, friendly interaction style that reflects its Czech roots.

Specialty Coffee Shops

Coffee Pirates, Balthasar Kaffee Bar, Jonas Reindl

Description: These are among Vienna's most respected specialty cafés. They are known for quality-focused sourcing, in-house roasting, and expertly brewed drinks, often served in calm, sit-down environments with an artisanal atmosphere. They appeal to coffee connoisseurs, students, and freelance workers.

Strategic Comparison: Kofi Kofi shares similar values around quality and ethical sourcing but differs in how it delivers the experience. While specialty cafés rely on fixed locations, Kofi Kofi's mobile brings premium coffee directly to high-footfall areas like campuses, offices, and public transit points. It offers speed, accessibility, and a grab-and-go vibe without sacrificing quality making it more scalable and convenient for everyday routines.

Kofi Kofi enters this environment with a distinct value proposition: high-quality coffee served quickly, from mobile units placed strategically around high-footfall areas. Its Czech origin adds uniqueness and authenticity, while its proven model of KofiTrucks and KofiBox allow for flexibility in real estate and operational costs advantages that are particularly relevant in a city where rent prices can vary significantly between districts. From a competitive standpoint, Kofi Kofi sits in an interesting position somewhere between Starbucks and local third-wave brands. It combines modern branding, speed, and loyalty incentives with a more personal and locally adaptable approach. Its ability to serve coffee at festivals, student campuses, and corporate zones without requiring a permanent location may serve as a key differentiator in Vienna's densely populated and highly mobile urban structure. (Wien info website team, 2020), (European Coffee trip team, 2024)

3.2.3.2 Porter's Five Forces: Structured Competitive Analysis

To complement the qualitative overview of competitors, this section applies Porter's Five Forces framework to assess the structure and competitiveness of the Viennese coffee market in relation to Kofi Kofi's unique entry strategy. This includes not only competition for customers but also given the company's proposed equity crowdfunding approach competition for investor attention in an increasingly saturated startup funding space.

1. Threat of New Entrants

The coffee market in Vienna has relatively low entry barriers, especially for small, independent brands and mobile café concepts. This accessibility increases the threat of new entrants. However, Kofi Kofi's franchise-on-demand model, branded mobile units, and proven experience in the Czech market provide a competitive buffer. Additionally, its consideration of equity crowdfunding as a financing method introduces another layer of competition this time among SMEs seeking community investment. In this context, new market entrants are not just competitors for customers, but also for the attention and trust of retail investors who are increasingly selective.

2. Bargaining Power of Suppliers

Suppliers in the specialty coffee segment have moderate power. Ethical sourcing, sustainable packaging, and mobile unit logistics can put pressure on pricing and availability. However, Kofi Kofi's centralized sourcing and supply agreements in the Czech Republic reduce its dependence on the local Viennese supplier landscape. For investor-backed growth through crowdfunding, maintaining strong supplier relationships and cost efficiency becomes even more critical, as investors expect predictable margins and scalability.

3. Bargaining Power of Buyers

Viennese consumers have high bargaining power due to the abundance of café options and their deep-rooted cultural expectations around quality and experience. While this challenges new entrants, Kofi Kofi's mobility, fast service, and premium coffee at convenient locations (e.g. campuses, business hubs, festivals) address a segment underserved by sit-down cafés. From an investment angle, this clear differentiation and focus on high-traffic, everyday consumption increases appeal to retail investors, who tend to support ventures with tangible, everyday value and visible local impact.

4. Threat of Substitutes

Consumers in Vienna can easily substitute their coffee experience with at-home brewing, energy drinks, vending machines, or lower-cost cafés. Kofi Kofi's hybrid value proposition combining specialty-quality coffee with fast, mobile delivery helps limit this threat. For equity crowdfunding success, low

substitution risk enhances the business case for scalability, making it easier to justify expansion in similar high-traffic urban environments.

5. Industry Rivalry

Rivalry in Vienna's coffee industry is high, with local traditions, third-wave cafés, and global chains all vying for consumer loyalty. However, most rivals rely on fixed-location service. Kofi Kofi's mobile concept avoids direct confrontation and opens new, flexible service spaces. This distinct positioning not only benefits customer acquisition but also increases attractiveness to investors looking for scalable business models with operational advantages particularly in real estate-constrained cities like Vienna.

Aspect	Key Findings	Implications for Kofi Kofi
Traditional Competitors	Established heritage cafés with strong cultural presence and sit-down service models	Minimal direct competition due to different service models and target audience
International Chains	Brands like Starbucks offer convenience and scale, but rely on fixed locations and standardized experiences	Kofi Kofi can compete with greater flexibility, speed, and local adaptability via mobile units
Specialty Coffee Shops	High-quality, artisan cafés appeal to connoisseurs but operate in fixed venues	Kofi Kofi offers similar quality with higher accessibility and scalability, targeting busy urban foot traffic
Threat of New Entrants	Low entry barriers: small mobile cafés can enter easily	Kofi Kofi's proven model and brand systems provide moderate protection
Supplier Power	Moderate: specialty sourcing can be expensive	Centralized procurement from Czech headquarters lowers cost pressure
Buyer Power	High: consumers have many choices	Mobility and brand identity help Kofi Kofi capture an underserved grab-and-go market
Threat of Substitutes	Alternatives like home brewing or energy drinks are accessible	Unique mix of quality and mobility reduces substitution risk
Competitive Rivalry	Intense, but segmented; many players in various formats	Kofi Kofi occupies a hybrid niche between chain convenience and specialty quality
Crowdfunding Competition	Multiple startups compete for retail investor attention on digital platforms	Kofi Kofi must stand out through brand story, scalability, and clear local value

Table 8: Summary of Competitive Analysis for Kofi Kofi in the Viennese Market (own creation)

3.2.4 Survey Results: Consumer Preferences and Local Expectations

To better understand the preferences and expectations of potential consumers in Vienna, a targeted online survey was conducted among both Czech and Austrian participants. The objective was to gather insights into local coffee consumption habits, attitudes toward mobile cafés, brand expectations, and interest in new formats like Kofi Kofi's franchise model. The survey results are complemented by interviews with Kofi Kofi employees and themes explored in blog content on the company's official website. (online survey, 2024) (Internal Interviews with Kofi Kofi Employees, 2025) (Kofi kofi official website)

Consumer Behavior and Coffee Habits

The survey revealed that most respondents purchase coffee regularly, with over 70% drinking coffee daily. Convenience, quality, and speed were consistently identified as top priorities. Participants emphasized the importance of receiving good coffee quickly particularly when on their way to work or university reinforcing the demand for mobile or takeaway-friendly formats. This supports the idea that Kofi Kofi's mobility-focused model could resonate well in high-traffic areas of Vienna, such as transport hubs, business zones, and student districts.

Attitudes Toward Mobile Coffee Concepts

When asked about their views on mobile coffee trucks, the responses were largely positive. Consumers highlighted the appeal of flexibility, accessibility, and shorter wait times. However, some respondents expressed concerns about consistency and hygiene—factors that must be addressed through strong brand standards and employee training in any potential franchise implementation. These findings suggest that while the Vienna market is open to mobile cafés, brand trust and visual presentation will play a key role in long-term success

Preferences for Coffee Type and Experience

Respondents showed a preference for high-quality espresso-based drinks, but also demonstrated interest in seasonal specials, limited-edition offerings, and plant-based milk alternatives. This aligns with blog content from Kofi Kofi's official website, where the brand emphasizes creativity through flavor innovations, themed menus, and community-driven

promotions. These elements can be localized in Vienna to reflect Austrian taste profiles and seasonal traditions, enhancing brand appeal while maintaining authenticity.

Sustainability and Brand Values

Sustainability also emerged as a relevant theme, with several participants noting the importance of ethical sourcing, reusable cups, and waste-reduction practices. This reflects a broader consumer shift toward value-driven purchasing and reinforces Kofi Kofi's existing efforts to promote responsible consumption such as their use of local roasting partners and recyclable packaging.

Local Expectations and Cultural Fit

Survey participants, particularly Austrian respondents, expressed an appreciation for warm, friendly service and modern aesthetics. These traits are echoed in Kofi Kofi's slogan 'Coffee with a smile'.

3.3 Internal Analysis of Kofi Kofi

3.3.1 Analysis of Kofi Kofi's Current Position

Kofi Kofi is a Czech-based small and medium-sized enterprise (SME) that has grown into one of the most recognizable mobile coffee brands in the country. Established in 2011 with a single mobile coffee cart, the brand has since expanded into multiple cities through a combination of KofiTrucks (mobile cafés) and KofiBox . Unlike traditional coffee chains that rely heavily on large café spaces, Kofi Kofi built its reputation around convenience, mobility, and friendly, consistent service — a model that fits the fast-paced lifestyle of modern urban consumers. This concept has allowed the brand to remain agile, adapt to different locations, and operate at a relatively low cost compared to fixed-location cafés, which is a strategic advantage for SMEs aiming to scale sustainably.

From a branding perspective, Kofi Kofi has built a strong emotional connection with its customers by focusing on speed, quality, and personal touch. Its slogan, 'Coffee with a smile', is not just a tagline but a principle lived out by its staff. The brand's presence at events, festivals, and in key city zones like business districts and student areas has helped it stay relevant and accessible. Additionally, its investment in its own coffee roastery in 2023 marks a significant strategic move, enabling greater

control over quality, cost, and product development. This vertical integration strengthens its market position and improves profit margins, a notable milestone in its growth as an SME.

In terms of market performance, Kofi Kofi has also diversified through a growing e-commerce platform, selling not just beans but branded merchandise, vouchers, and accessories. This reflects a deeper understanding of customer behavior and allows the brand to extend its identity beyond physical locations. The integration of the loyalty program and e-shop further reinforces customer retention, which is crucial for SMEs that rely on repeat business. These moves demonstrate that Kofi Kofi has transitioned from a local startup into a scalable business model with clear strategic focus, and it is now well-positioned to explore foreign markets, including Vienna. (KOFI KOFI, Official Website)

3.3.2 Brand Identity Assessment Using Kapferer's Brand Identity Prism

Applying Kapferer Brand Identity Prism to Kofi Kofi helps to explain how the brand presents itself in the Czech market, why it connects well with its customers, and how this identity could be introduced in a new market like Vienna. (KOFI KOFI, Official Website)

- Physique:

Kofi Kofi's most recognizable features are its mobile coffee trucks, called KofiTrucks, and its small fixed-location cafés, known as KofiBox cafés. These locations are styled in a clean, modern way with a cozy feel. They include small retro touches and always display the same logo and design elements, making the brand easy to spot and remember. The focus is on offering high-quality drinks quickly, KofiBox cafés also offer a selection of sweet pastries, creating a slightly more relaxed café atmosphere. This variety supports the brand's promise of convenient, premium coffee with a personal touch.

- Personality:

The brand communicates a warm, friendly, and upbeat personality. This is visible in its slogan, 'Coffee with a smile', and supported by the attitude of its staff. Interviews with employees and customer feedback confirm that Kofi Kofi's service is consistently cheerful, fast, and approachable. Many Kofi Kofi employees are university students, which contributes to the brand's youthful, relaxed, and energetic atmosphere. Even on social media, the tone is playful and informal, the brand doesn't try to appear too corporate, which makes it more relatable.

- Culture:

Kofi Kofi reflects modern Czech urban culture, a balance between practicality and social connection. The company promotes values like sustainability (such as the use of reusable cups and minimal

packaging), local community support (through its #KOFIPOMÁHÁ charity events), and coffee education (workshops and events during 'Coffee Week'). These cultural values give the brand more depth than just a drink provider; it becomes a lifestyle brand aligned with contemporary values.

- Relationship:

The brand builds a personal relationship with its customers through daily interaction, loyalty rewards, and consistent quality. The mobile app plays a major role here by making it easy for customers to locate the nearest truck, track loyalty points, and receive updates. Employees at the trucks are also seen as the "face" of the brand, and the friendly service style helps customers feel like they're part of a community.

- Customer Reflection:

Kofi Kofi's typical customer is active, urban, time-conscious, and socially aware. Many are students, professionals, or young adults who value both speed and quality. The brand reflects its customers' lifestyle: efficient, modern, and slightly playful, someone who enjoys a flat white on the go but still cares about supporting local businesses or choosing sustainable options.

- Customer Self-Image:

Many Kofi Kofi customers see themselves as people who care about their daily routines; they want something quick, but they also want it to be good. They appreciate small moments that feel personal, like getting their usual coffee from a friendly barista. Choosing Kofi Kofi reflects a mindset that values convenience, quality, and supporting local businesses. Customers may also feel a sense of belonging, especially when using the loyalty app or visiting the same truck regularly, it becomes a familiar part of their everyday life.

3.3.3 Brand Equity Evaluation Using Keller's Brand Equity Model

To better understand how Kofi Kofi's brand performs in the minds of its customers, I will use Keller's Customer-Based Brand Equity (CBBE) model, which outlines how strong brands are built through four key levels: brand identity, brand meaning, brand responses, and brand relationships. This pyramid-shaped framework helps analyze how customers perceive Kofi Kofi, from basic recognition to emotional connection. (Image 1)

1. Brand Identity (Who are you?)

Kofi Kofi has built strong brand recognition within the Czech Republic, especially in urban centers like Brno, Prague, and Olomouc. The consistent use of its name, logo, colors, and mobile trucks makes it easy for customers to recognize the brand in public spaces. The fact that many customers refer to it simply as "Kofi" or "the truck on the corner" shows that the brand has achieved high familiarity in local communities.

2. Brand Meaning (What are you?)

Kofi Kofi communicates clear associations around quality, convenience, and friendly service. Customers know that they can expect fast, good-quality coffee made with locally roasted beans, and they often connect the experience with friendly student baristas and a casual, relaxed vibe. These brand associations are supported by the company's operations (e.g., local roasting, consistent products), as well as by their physical presence in high-traffic, accessible locations.

3. Brand Response (What do I think and feel about you?)

Based on interviews and customer feedback, the emotional response to Kofi Kofi is generally positive. Customers appreciate not only the coffee itself but also the fast service, the personality of the staff, and the welcoming atmosphere. The loyalty app adds an extra layer of satisfaction, offering discounts and tracking visits. This positive emotional connection is also supported by recent survey results, where most respondents highlighted taste, convenience, and sustainability as the key factors influencing their coffee shop choice, all of which match Kofi Kofi's current strengths.

4. Brand Relationship (What kind of connection would I like to have with you?)

Many customers engage with Kofi Kofi on a regular basis, often as part of their morning routine or daily commute. This repeated interaction builds a long-term relationship that goes beyond the product. Through the loyalty program, social media interaction, and a consistent brand experience, Kofi Kofi has created a feeling of community and familiarity. Customers feel that Kofi Kofi "knows them", especially

when they get their usual order served with a smile by the same barista. This relationship is key to customer retention and word-of-mouth promotion.

Keller's model helps clarify that Kofi Kofi has not only created awareness but also developed deeper brand meaning and customer loyalty, which are crucial for sustainable growth. This strong brand equity can serve as a foundation for entering the Vienna market, where the same emotional and functional values can be introduced to a new audience.

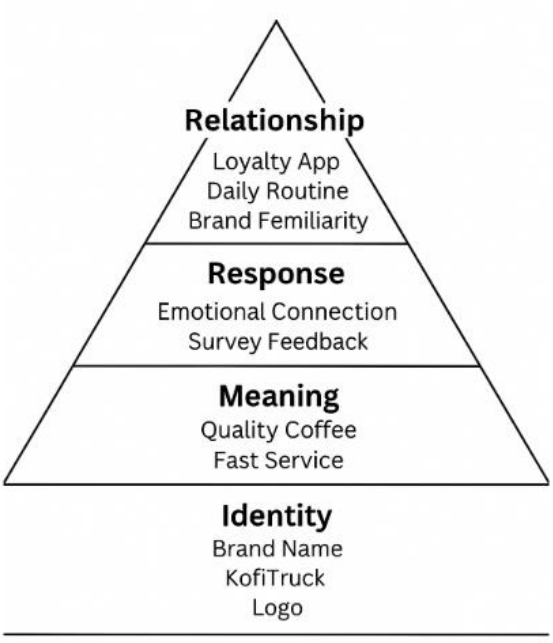


Image 1: Keller's Brand Equity pyramid for Kofi Kofi (own creation)

3.3.4 SME Expansion Strategy: Kofi Kofi's Position Post- Acquisition

As a small and medium-sized enterprise (SME), Kofi Kofi has historically relied on its agility, lean operations, and locally focused brand to scale within the Czech market. However, its strategic position shifted significantly in mid-2024, when the company was acquired by Trdlokafe, a Czech food retail chain operating under the larger Twistcafe Group. The acquisition was announced by Twistcafe's founder, Radek Klein, via LinkedIn and further covered by local media, including Hospodářské noviny and MediaGuru.cz. This change introduced new growth potential and operational capacity for Kofi Kofi, especially in terms of franchising and international expansion.

Following the acquisition, Kofi Kofi is no longer operating solely as a standalone SME, but rather as part of a broader expansion ecosystem. Twistcafe Group brings with it advanced retail infrastructure, a high-performance franchise model, and deep experience in launching scalable food and beverage concepts in new markets, including internationally. The Group's vision, as shared in a recent interview with WIRED.cz, is to position Czech brands like Trdlokafe, Bubblify, and Kofi Kofi on the global stage, using a combination of localized design, efficient operations, and customer-centric service.

This new structure benefits Kofi Kofi in several ways. Firstly, it gains access to centralized support systems, including digital tools for order management, loyalty tracking, logistics, and real-time sales monitoring. Secondly, it benefits from the group's shared marketing and franchise recruitment platforms, which significantly reduce the financial and operational burden on individual units, which are a major advantage for SME-based models expanding abroad. Finally, the acquisition allows Kofi Kofi to retain its unique Czech brand identity while also tapping into larger strategic capabilities, including market testing, scalable truck operations, and long-term investor backing. Beyond internal capabilities, recent changes in Kofi Kofi's branding and digital presence also suggest a shift in a strategic direction. The launch of a separate investor-facing website (investice.kofikofi.cz) shows a clear focus on franchising and business development. The tone and messaging highlight return on investment, operational simplicity, and scalability, themes that align closely with Twistcafe Group's growth-oriented model. Additionally, Radek Klein, the Group's CEO, regularly shares franchise-related updates and investment advice through his LinkedIn platform. These developments indicate that Kofi Kofi is evolving from a Czech lifestyle coffee brand into a structured, scalable franchise network, a transformation that may influence how it operates and how customers perceive it in future international markets. (Darek Smid, 2025) (Ondřej Charvát, 2024) (Media Guru, 2024) (Radek Klein, 2024).

3.3.5 Organizational Assessment Using McKinsey's 7S Framework

The McKinsey 7S Framework provides a comprehensive tool for analyzing internal organizational alignment by evaluating seven interconnected elements: Strategy, Structure, Systems, Style, Staff, Skills, and Shared Values. I used this model to assess how Kofi Kofi operates as an SME in transition from an independently run brand to one now integrated into the broader Twistcafe Group to present a clear and accessible overview, each element has been summarized and categorized with a qualitative status (e.g., "Strong", "Needs Attention", "Evolving") to reflect its current state within the organization. (Table 9)

Strategy

Kofi Kofi's core strategy has long been centered around offering high-quality, convenient coffee through mobile trucks and small kofiboxes, targeting busy urban locations and event spaces. The expansion into its own coffee roasting and development of a franchise model reflects a maturing strategic vision. Since joining the Twistcafe Group in 2024, the strategic focus has shifted more aggressively toward scalable franchising, regional growth, and operational efficiency aligning with Twistcafe's broader investment-driven approach.

Structure

Originally operating as a lean, founder-led startup, Kofi Kofi's structure is now being reshaped under the Twistcafe umbrella. While day-to-day operations at trucks and kiosks remain locally managed, decisions related to growth, branding, and infrastructure are increasingly centralized. This hybrid structure local execution centralized strategic direction allows Kofi Kofi to retain its personal touch while benefiting from group-level planning and shared services.

Systems

Kofi Kofi has developed a growing set of digital systems to support its operations, customer engagement, and expansion planning. On the operational side, the company uses point-of-sale systems such as Storyous (figure 9), which provide real-time data on sales, product performance, and employee activity. These platforms likely include basic inventory tracking features that help manage stock across mobile trucks and kofiboxes a key need for a company with a decentralized setup.

For customer engagement, Kofi Kofi uses a mobile loyalty card program, which offers repeat-visit rewards and promotions, a useful tool for retaining daily and weekly coffee buyers.

A major recent development under Twistcafe Group leadership is the launch of a dedicated investor platform at 'investice.kofikofi.cz'. This system includes onboarding tools, revenue calculators, setup guides, and franchise support materials. It also represents a shift toward a more professional, structured digital infrastructure designed not just for internal use, but for strategic partnerships and growth.

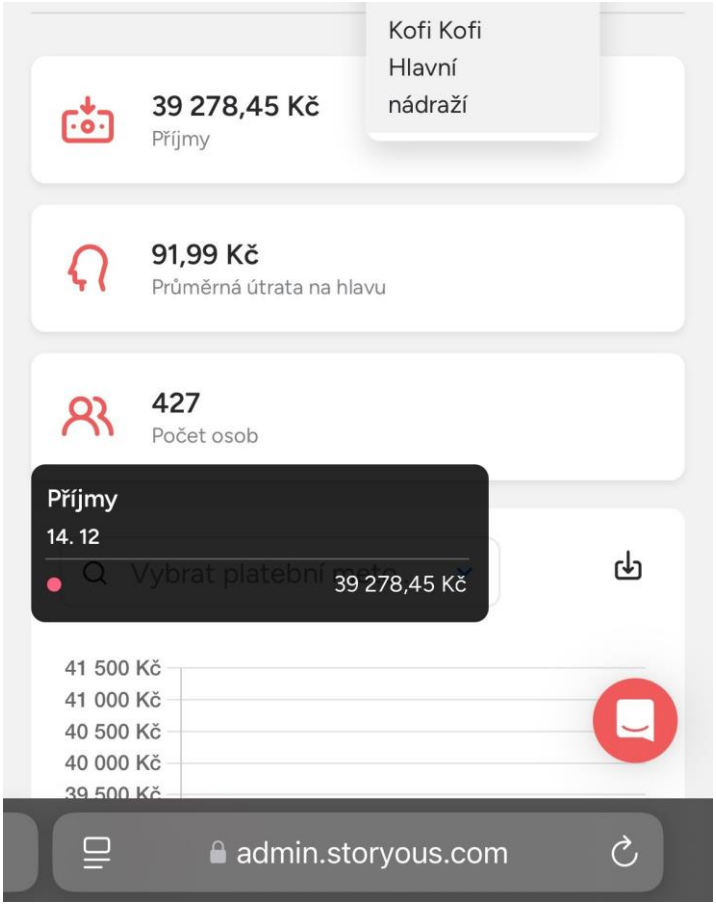


Figure 9: Example of Kofi Kofi's sales dashboard used across locations by Storyous (Radek Klein LinkedIn profile, 2024)

Style

The internal culture remains friendly and informal, especially at the kofi trucks and kofiboxes level. and the atmosphere is relaxed and cheerful which aligns with the brand's public identity of 'Coffee with a smile'. While strategic leadership now falls under the Twistcafe Group, there is no major shift yet in team culture or communication style. Maintaining this unique style will be important as the company scales.

Staff

Kofi Kofi traditionally hires young, energetic individuals, most employees are students and provides basic onboarding to support them in delivering fast and friendly service. While this approach worked well during the company's early growth, recent interviews suggest that training quality has declined following increased expansion efforts. One employee noted, "They're minimizing trainings because of cost. Most new hires have no coffee experience, and that really shows later in quality." The company's rapid growth has also led to large-scale hiring and depot planning, which may be stretching internal resources and affecting team development.

Skills

Kofi Kofi's core skills lie in quick-service coffee preparation, customer engagement, and logistical flexibility especially through its mobile truck model. These capabilities have allowed the brand to maintain quality and speed, even with a lean team structure. The launch of its own roasting operations has also added product-level expertise to the organization.

However, recent growth under Twistcafe Group and employee feedback suggest that formal training is limited, and many hires enter the company with no prior coffee experience. As the company continues to scale, especially through franchising, it will increasingly require structured training systems, digital fluency, and managerial skills that support operational consistency across multiple units and cities.

Shared Values

Kofi Kofi has built its brand around key values like quality, friendliness, speed, and sustainability. These values are still visible in day-to-day operations, but the influence of Twistcafe's investment-focused mindset may challenge their consistency over time. Ensuring these original values remain central even while expanding will be key to long-term brand loyalty and employee alignment.

7S Element	Status	Summary
Strategy	Evolving	Strategy is shifting toward franchising and growth, but still in transition; not fully aligned across all functions yet.
Structure	Strong	Effective mix of centralized strategic control and local execution (trucks, boxes)
Systems	Evolving	Recently added POS tools and new investor portal
Style	Strong	Youthful, informal, and customer-friendly culture remains intact.
Staff	Needs Attention	Rapid hiring, mostly students, and reduced training = operational pressure.
Skills	Needs Attention	Good service/logistics skills, but gaps in managerial, franchise-level skills and structured onboarding.
Shared Values	Strong	Core values are still clearly visible and practiced across teams.

Table 9: Kofi Kofi Organizational Alignment Assessment Using McKinsey's 7S Framework (own creation)

3.3.6 Insights from meetings with kofi kofi Employees

To gain a ground-level perspective on Kofi Kofi's internal operations, employee experience, and recent organizational changes, I conducted a series of informal interviews with current Kofi Kofi staff members across different locations in Brno during March and April 2025.

These conversations were carried out directly at both KofiTrucks and KofiBox cafés, where the staff generously shared their personal insights. In total, I engaged employees who ranged in experience from six months to three years. Some interviews were conducted in person, supported with voice recordings and field notes, while others continued through follow-up chats and digital communication.

Throughout this process, the employees were kind, open, and supportive of the research, offering not only practical insights but also honest reflections on how recent changes including the brand's acquisition by Twistcafe Group have impacted their daily work. Their input has been instrumental in shaping my analysis of Kofi Kofi's current position, internal dynamics, and future readiness for expansion. (Image 2) (Internal Interviews with Kofi Kofi Employees, 2025)

Image 2: Interviews with Kofi Kofi Employees (own creation)

1. Training, Hiring, and Internal Knowledge

Many employees highlighted the informal and fast-paced nature of the job. Since most team members are students with little or no prior barista experience, training is typically kept short and practical. One employee mentioned, “Usually, they teach you for one or two days, and you just learn while working.” Others mentioned that recently, due to budget limitations, some training sessions have been shortened, and this sometimes reflects in quality or consistency especially during peak hours.

2. Organizational Growth and Expansion Pressure

There was clear awareness that the company is growing fast. One employee said, “They’ve been opening new trucks and hiring so many new people...” Another added that there are plans to expand to other Czech cities and even abroad. From the employee’s point of view, the pace is exciting but can also feel overwhelming, especially without formal systems in place.

3. Supplies and Coffee Quality

When asked about where their ingredients come from, most staff shared that some items (like milk or pastries) are sourced locally, while others come from a central supplier. Interestingly, multiple employees mentioned that the coffee itself is now roasted in-house, as Kofi Kofi owns its own roastery, a fact also confirmed in blog posts and the company website. “They roast the coffee themselves now,” this insight reflects the company's strategic move toward vertical integration and maintaining control over its product quality.

4. Logistics and the Trucks

When asked how the mobile units operate, employees shared that the trucks are not built in Brno, but come from a central warehouse, already equipped and branded. The trucks are assigned to specific locations and stocked daily or weekly from a logistics hub. Several team members mentioned that even in challenging weather, the truck format allows them to stay flexible and serve high volumes in business districts or campus zones. Some had even worked both in trucks and in KofiBox cafés, and described a noticeable difference in pace, atmosphere, and statistics between the two models.

5. Changes After the Acquisition

When asked directly if they noticed any changes since Kofi Kofi was bought by Twistcafe Group, one employee said:

“Yes, for sure. There’re more budget cuts. They try to expand quickly, but it shows in small things like training or equipment. Still, it feels like the company wants to go big.”

Others mentioned increased marketing efforts, more frequent updates to the website, and the creation of an entire investor portal. “They’re looking for franchise partners now, and they even have this website just for investors,” one noted. This aligns with the new franchising strategy highlighted on investice.kofikofi.cz, suggesting that employees are aware of the company’s direction.

6. Team Atmosphere and Customer Interaction

Despite operational challenges, most employees spoke positively about their teams. “I like the people I work with. Everyone’s nice and supportive,” one barista said. Others echoed similar experiences, especially in the trucks, where teamwork is essential. One employee said, “We all help each other especially when it's busy in the morning.” This confirms that even during organizational transition, the core values of friendliness and community remain strong.

Summary of Findings

The interviews confirmed and deepened earlier analytical insights, particularly in areas such as training, logistics, and organizational readiness. Employees recognize the company’s ambition to grow and enter new markets, but also see the cracks caused by rapid scaling, especially in training and staffing. The fact that they still feel connected to the brand and proud of the work they do suggests that Kofi Kofi’s culture remains strong, but that future success will depend on maintaining that culture while improving support systems.

3.4 Analysis Summary

This section brings together the key insights gathered throughout the internal and external analysis of expanding the Czech coffee brand Kofi Kofi into the Vienna market through its current franchise-on-demand model. By highlighting the findings from consumer research, market conditions, brand identity, and organizational readiness, it provides a comprehensive overview of Kofi Kofi's strategic position. The purpose is to present a structured SWOT analysis and highlight critical gaps that need to be addressed before market entry. These insights will form the foundation for the strategic proposals in the next chapter.

3.4.1 SWOT Analysis

Strengths	Weaknesses
• Proven mobile coffee model (KofiTruck & KofiBox) • Strong brand recognition and loyalty in Czech market • High-quality local roasting and product control (vertical integration) • Youthful brand image, friendly service, and community engagement • Solid digital infrastructure (loyalty cards, e-commerce, POS systems, invest website)	• Kofi Kofi has limited direct experience outside the Czech market, though Twistcafe Group brings broader expansion support • Current digital marketing and customer communication are Czech-focused. • Need for localized training and onboarding infrastructure • Risk of inconsistency across decentralized franchise units
Opportunities	**Threats**
• High coffee consumption and strong café culture in Vienna • Growing demand for mobile and fast-service coffee concepts • Consumer interest in sustainability and locally sourced products • Public support for SMEs and entrepreneurial innovation in Vienna • Events, student hubs, and office zones suitable for mobile café placements	• Inflation and rising costs in central Vienna may affect pricing strategy and profitability • Highly saturated coffee market with strong local and international competitors • Regulatory compliance for franchise licensing, business registration, and qualifications

Table 10: SWOT Analysis for Kofi Kofi's Vienna expansion through franchise-on-demand model (own creation)

3.4.2 Gaps and Recommendations

While Kofi Kofi demonstrates strong internal capabilities and a promising market opportunity in Vienna, several strategic and operational gaps must be addressed to ensure a successful and sustainable expansion. These gaps are not signs of weakness, but rather important checkpoints that require attention before launching the franchise-on-demand model abroad. The following section outlines the key gaps and offers specific recommendations to close them.

Gap 1: Limited International Market Experience at Brand Level

Although the Twistcafe Group brings franchising expertise, Kofi Kofi itself has not yet operated outside the Czech Republic. Entering a new cultural and regulatory environment like Austria requires market-specific preparation.

Recommendation:

Pilot the Vienna expansion with one or two flagship franchise units in strategic locations (e.g., university campus or transit hub) to test local response, fine-tune operations, and gather feedback before wider rollout. This staged entry minimizes risk while allowing gradual adaptation.

Gap 2: Franchisee Training and Operational Consistency

The decentralized franchise-on-demand model relies on individual franchisees for execution. Without strong onboarding, training, and quality control, there is a risk of inconsistent service, which could damage brand perception.

Recommendation:

Design a structured franchisee support system that includes a digital onboarding toolkit, training modules (covering customer service, hygiene, sustainability, and brand tone), and regular quality checks. Incorporating mystery shopping or customer feedback loops can also help maintain service standards.

Gap 3: Need for Global Investor-Focused Marketing Strategy

Kofi Kofi is clearly aiming for international growth, but its current investor-facing content (e.g., the Czech and English pages) still targets mostly Czech-speaking markets. To attract motivated franchisees from other countries, the brand needs to elevate its global marketing presence.

Recommendation:

Develop a strong international franchise recruitment campaign. This includes Paid ads on global startup/investor platforms (LinkedIn), A multilingual pitch deck and explainer video, Clear ROI case studies from Czech franchisees and testimonials and success stories from current stand operators

4 Proposals

This chapter outlines a strategic expansion plan for Kofi Kofi's entry into the Vienna market using its franchise-on-demand model. The proposals are based on the findings from the previous chapters, combining consumer insights, internal brand analysis, and external market conditions. While the plan is tailored to Kofi Kofi's structure and positioning, it also serves as a flexible roadmap that other Czech SMEs can adapt when entering foreign markets with a scalable, low-investment approach. Each section focuses on practical, data-backed recommendations designed to reduce entry risk, ensure local relevance, and support long-term growth through franchise partnerships.

4.1 Equity Crowdfunding Strategy for SME Expansion

Expanding into international markets as an SME often presents capital access challenges, particularly for models relying on franchise deployment. KOFI KOFI's current growth strategy is rooted in franchising, which requires potential partners to invest CZK 3.5–4 million per unit (~€140,000–160,000). This entry barrier limits the brand's ability to scale quickly into high-potential urban markets like Vienna. To address this, KOFI KOFI could complement its franchise approach with an equity crowdfunding model, allowing the public to invest directly in new market launches, particularly those in Vienna, while preserving brand control.

This approach would enable small investors (including customers and local supporters) to co-finance new units in exchange for equity, bridging the funding gap without relying on large-scale institutional capital.

4.1.1 Model Design and Platform Selection

Equity crowdfunding refers to a funding mechanism where individuals invest small amounts of money into a business in return for equity (shares). In the EU, this model is regulated under EU Regulation 2020/1503, which allows companies to raise up to €5 million per year through certified crowdfunding platforms. This regulation is already active across EU member states, including Austria and the Czech Republic, and is being used by many startups and SMEs for market expansion. (European Union team, 2025)

How it fits KOFI KOFI's strategy:

Investment Target: Each new KofiTruck in Vienna requires approx. CZK 3.5–4 million (€145,000–160,000).

Investor Participation: Campaigns can be designed to accept contributions from €100–€5,000 per investor.

Ownership Model: Investors receive equity shares in the local legal entity that owns the Vienna unit (e.g., "KOFI KOFI Vienna GmbH").

Franchisor Control: KOFI KOFI retains control over brand, training, supplies, and operations. Crowdfunding investors are financial participants, not operators.

Platform Options Reviewed

Platform	Country	Languages	Fees	Funding Range	Key Strengths	URL
CONDA	Austria	German, English	~6–10% of raised amount + legal & admin	€50K–€2M per campaign	Austria-based, familiar with food & lifestyle brands, ideal local exposure	conda.eu
FundedByMe	Sweden	English	~8% + payment fees	€50K–€5M	Strong in consumer and franchise-backed projects	fundedbyme.com
Seedrs	UK/EU	English	6–7% + legal and success bonus	€100K–€10M	Most international, secondary market, investor dashboard	seedrs.com

Table 11: Evaluated Crowdfunding Platforms for KOFI KOFI Expansion (own creation)

Platform Recommendation: **CONDA**

CONDA is the most suitable platform for KOFI KOFI's Vienna launch because:

It is based in Austria, which increases campaign credibility with local investors

It supports early-stage and SME lifestyle brands

Fully compliant with EU Regulation 2020/1503

The platform provides hands-on support for campaign design, investor management, and localized marketing including content creation in both German and English

Familiarity with Vienna legal and financial procedures

4.1.2 Implementation Plan and Risk Mitigation

Implementing an equity crowdfunding strategy for SME expansion requires a structured, legally compliant, and investor-friendly approach. As KOFI KOFI plans to enter the Vienna market, this section outlines the recommended execution process using the CONDA platform, followed by a risk analysis and corresponding mitigation strategies.

Phase	**Key Activities**
Legal & Entity Setup	Establish an Austrian entity (e.g., KOFI KOFI Vienna GmbH) to receive investment and operate the local unit. Collaborate with a local legal firm and CONDA's compliance team to meet EU Regulation 2020/1503 requirements. Prepare the necessary documents: company statute, shareholder agreement, financial disclosures, and investment terms.
Campaign Preparation	Create a compelling campaign including financial projections (based on Section 4.5.1), visual materials, marketing copy, and investor perks (e.g., free coffee vouchers, investor certificates, or launch-day access). Clearly define minimum and maximum raise targets, investor eligibility, equity structure, and exit terms.
Pre-Launch Marketing	Promote the campaign through social media, email newsletters, local PR agencies, and influence partnerships. Engage with Austrian startup communities and Vienna-based lifestyle groups. Offer early-bird incentives to create urgency and traction.
Campaign Launch on CONDA	Launch a 60–90-day public equity crowdfunding campaign on conda.eu, with a minimum raise of €100,000 and a target of €145,000 to fund the Vienna KofiTruck. Monitor engagement, provide investor updates, and adjust outreach strategy based on campaign performance.
Post-Funding Execution	Upon successful fundraising, finalize permits and location setup in Vienna. Procure KofiTruck, hire and train local baristas, and execute launch marketing. Maintain transparent investor communication through quarterly updates and performance reports, as required under ECSPR rules.

Table 12: Phased Implementation Plan for Equity Crowdfunding Campaign: KOFI KOFI Vienna (own creation)

Risk Assessment and Mitigation Strategies

Risk	Impact	Description	Mitigation
Underfunding	High	Failing to reach a minimum raise threshold (e.g. €100,000)	Set minimum threshold; run strong pre-launch marketing; offer early-bird perks
Legal or regulatory delays	Medium	Challenges in meeting CONDA or EU documentation standards	Use experienced local legal counsel; utilize CONDA's legal templates
Investor dissatisfaction	Medium	Unrealistic expectations regarding returns or brand control	Use conservative projections (see 4.5.1); clearly define investor role
Operational delays post-funding	Medium	Delay in permit approvals, staffing, or equipment delivery	Begin procurement in parallel; use KOFI KOFI's existing vendor relationships
Reputational risk	Medium	Public perception damage if the unit underperforms	Deliver regular investor updates; offer transparent financial reports

Table 13: Risk Factors and Mitigation Strategies for Equity Crowdfunding Implementation (own creation)

Although the proposed equity crowdfunding campaign focuses on financing the Vienna KofiTruck, the same model is fully scalable across EU cities. Once the campaign is successfully executed and investor engagement is proven, KOFI KOFI can replicate the legal structure and crowdfunding process for other expansion cities using the same or alternative ECSPR-licensed platforms.

4.2 Market Entry Strategy

This section defines the most suitable approach for entering the Vienna market based on Kofi Kofi's current capabilities and strategic direction. Given the company's mobile café concept and franchise-on-demand model, the recommended strategy focuses on a flexible and low-risk market entry that can be tested, refined, and scaled over time. The proposed plan balances operational simplicity with brand consistency, making it both viable for Kofi Kofi and adaptable for other Czech SMEs seeking international growth.

4.2.1 Entry Mode Selection

For Kofi Kofi's expansion into the Vienna market, the recommended entry mode is a franchise-on-demand model the same model that currently drives its domestic growth in the Czech Republic. This approach offers a strategic fit for both the company's operational strengths and the demands of the Austrian market. It minimizes upfront investment, reduces risk for the brand owner, and empowers local entrepreneurs to operate under a proven system. Franchising is widely used by small and medium-sized enterprises (SMEs) as a practical international expansion strategy. It allows companies to scale into new markets without having to build or directly manage physical infrastructure abroad. In Kofi Kofi's case, the franchise-on-demand model adds an extra layer of flexibility by enabling franchisees to operate mobile coffee units with relatively low fixed costs, supported by the brand's supply chain, technology systems, and marketing materials.

According to Kofi Kofi's official investor materials, the franchisor provides guidance in key areas such as location selection, supplier access, POS integration, and onboarding processes. This makes the model not only scalable, but also accessible for first-time franchisees or small business owners, which is a key factor in Vienna's diverse and competitive coffee landscape. Additionally, this entry mode aligns closely with findings from the consumer survey, where convenience, mobility, and service quality were identified as top priorities among local coffee consumers.

Franchising offers a realistic and sustainable path for Kofi Kofi to enter a foreign market while maintaining brand consistency and operational efficiency. It also serves as a useful blueprint for other Czech SMEs looking to expand internationally through partnership-based models that limit upfront investment while maximizing local responsiveness**. (**Kofi Kofi invest 2024),

4.2.2 Phased Market Entry Plan

To minimize market entry risk and allow space for local learning, Kofi Kofi should adopt a phased approach to expanding into Vienna. Rather than entering at full scale, the company should launch with a limited number of franchise units in strategic locations, assess real-time performance, and then gradually scale based on demand, customer feedback, and operational readiness. (Stripe, 2025) **(**Kofi Kofi invest 2024)

A phased market entry plan offers several advantages:

- It allows the brand to validate its business model in a new cultural and competitive environment.
- It reduces the upfront investment required, both for the franchisor and initial franchisees.
- It gives the company time to adapt marketing, logistics, and training to local conditions.
- It builds early brand awareness through concentrated, high-visibility locations.

The recommended entry phases are as follows:

Phase 1 – Market Preparation and Partner Selection

Launch a franchise awareness campaign targeting potential local operators, especially young entrepreneurs and hospitality workers.

Identify high-traffic areas suitable for the first Kofi Kofi units, such as university campuses, metro stations, or business districts.

Sign 1–2 motivated franchise partners with local knowledge and strong service orientation.

Phase 2 – Pilot Launch

Begin with 1–2 mobile units in targeted locations.

Provide full training and brand support to ensure service consistency.

Run promotional campaigns to introduce the brand and collect initial customer feedback.

Monitor sales, consumer reactions, and operational challenges closely.

Phase 3 – Performance Review and Adjustment

Review franchisee performance, unit profitability, and local response after the first 3–6 months.

Adjust pricing, menu localization, or positioning based on real feedback.

Strengthening digital tools and marketing based on what works best locally.

Phase 4 – Expansion and Scaling

Open new franchise units in additional districts based on demand and insights from the pilot phase.
Launch a “franchise invitation” campaign to attract new operators based on proven success.
Explore partnerships with local event organizers or food delivery platforms to broaden reach.

This phased strategy provides a realistic path not only for Kofi Kofi but also for other Czech SMEs looking to enter competitive international markets. It balances control with flexibility and allows for strategic learning before committing larger resources.

4.3 Marketing and Communication Strategy

Successful market entry requires more than a strong business model, it also depends on building local awareness and creating a clear emotional connection with the target audience. This section outlines how Kofi Kofi can position itself in Vienna through targeted marketing, partnerships, and engagement strategies. While tailored to the brand's unique mobile café concept, the proposed approach also reflects adaptable principles that other Czech SMEs can apply when entering new international markets.

4.3.1 Awareness Campaigns

To build visibility in Vienna, marketing efforts should take place on two levels: the brand level, led by Kofi Kofi headquarters under Twistcafe Group, and the franchisee level, handled locally by each mobile unit operator.

At the brand level, Kofi Kofi should launch targeted awareness campaigns introducing the mobile café concept and building name recognition. Campaigns can align with high-traffic cultural events listed by the Vienna Tourism Board such as Top Events in 2025 celebrations, open-air festivals, and public concerts. These events offer ideal moments for pop-up stands, free sampling, and storytelling. Participation in major industry events like the Coffee Europe Expo would also strengthen visibility among B2B audiences, including potential franchisees, partners, and media. (Vienna Tourist Board, 2025) (Coffee Europe Expo 2025) (KOTLER, P.a.K.,L.KELLER.)

At the franchisee level, local operators can complement brand campaigns with grassroots visibility: handing out samples in university zones or placing eye-catching signage near metro stations. The mobile nature of Kofi Kofi makes this kind of agile, location-based awareness possible a major advantage for standing out in a city where tradition and innovation often meet.

4.3.2 Partnerships and Collaborations

Strategic partnerships can boost both early visibility and long-term relevance. Again, both the central brand and individual franchisees can play complementary roles.

At the brand level, Kofi Kofi could explore collaborations with local Austrian food producers, eco-friendly packaging startups, or small coffee roasters to develop location-specific offerings such as limited-edition drinks or “Vienna only” specials. These partnerships support product localization while reinforcing sustainability and innovation themes.

At the franchisee level, individual operators have the flexibility to form hyperlocal partnerships such as with bakeries, fitness centers, coworking spaces, or student groups to co-host pop-ups, bundle promotions, or cater for small events. These partnerships are low-cost but highly effective for creating consistent, neighborhood-level exposure. (KOTLER, P.a.K., L. KELLER.)

4.3.3 Consumer Engagement

A two-level strategy also applies to consumer engagement. At the brand level, Kofi Kofi already offers a loyalty system, e-shop, and social platforms, all of which should be adapted for the Austrian market. The loyalty system can include in-app challenges, referral bonuses, or limited rewards tied to local events.

At the franchisee level, engagement happens directly through service: offering samples of seasonal drinks, remembering regulars’ preferences, or displaying customer-generated content (like photos or reviews) on-site. Franchisees also play a key role in collecting local feedback and passing it back to the brand for continuous improvement. (KOTLER, P.a.K.,L.KELLER.)

4.4 Product and Pricing Strategy

Expanding into a new market requires more than simply replicating the existing offer — it also involves thoughtful adjustments that reflect local expectations without losing the core identity of the brand. This section outlines how Kofi Kofi can balance consistency with adaptability by localizing its product offering and establishing a pricing strategy that reflects market realities in Vienna. The approach remains fully aligned with the brand's franchise-on-demand model and offers a practical roadmap for other Czech SMEs expanding into culturally distinct yet economically accessible markets.

4.4.1 Localization of Product Offerings

Kofi Kofi's current menu is already well-structured for international scalability. As shown on its official drink list Kofi Kofi Menu, the brand offers a wide range of espresso-based drinks, iced beverages, flavored lattes, hot chocolate, and non-dairy alternatives such as soy, almond, and oat milk. This provides a strong foundation to enter the Vienna market without major changes. (Kofi Kofi official website).

However, small local adaptations can enhance customer connection. Vienna has a rich coffeehouse culture with expectations not just for quality, but also familiarity. To connect with local consumers, Kofi Kofi could introduce limited-edition drinks inspired by traditional flavors — such as a modern version of the Wiener Melange (Vienna blend is a specialty coffee drink like a cappuccino) or a honey-spiced latte using regional ingredients. These seasonal or event-based drinks align with the brand's current approach to product rotation and creative flavor launches, as seen in blog updates like its 'Pumpkin Spice' and 'Christmas Specials' campaigns. (Kofi Kofi official website)
Additionally, partnering with local Viennese bakeries to offer croissants or strudels alongside drinks would enhance perceived value and fit consumer expectations for a coffee and snack combo especially in city parks, business zones, and transit areas. This strategy also supports the SME principle of building local relationships to enrich product relevance without increasing operational complexity.

4.4.2 Pricing Strategy

Kofi Kofi's pricing in Vienna must reflect its positioning as an accessible yet quality-driven brand. The brand is not competing with budget vending machines, nor with the premium seating experience of historic Viennese cafés. Instead, it operates in the "affordable premium" segment offering craft-style drinks with speed, mobility, and customization.

Based on a review of local pricing, espresso-based drinks in Vienna typically range from €2.80 to €4.50, depending on location and format. Coffee-to-go from independent roasters and mobile carts tends to fall between €3.20 and €4.00, which provides a suitable pricing benchmark for Kofi Kofi's Vienna units.

Rather than setting strict prices across the network, Kofi Kofi as noted in its investor site provides support and recommendations while giving franchisees flexibility to adjust pricing slightly based on location. This keeps the model entrepreneur-friendly and responsive to local purchasing power, a core value for SMEs expanding abroad. (Kofi Kofi invest, 2024)

My consumer survey also highlighted that price matters, but is not the only factor quality, speed, and convenience play an equally important role in purchase decisions. This justifies pricing that remains competitive but not discounted to the point of undervaluing the brand.

4.5 Operational and Legal Considerations

Bringing a Czech SME into a foreign market involves more than just a strategic or marketing plan it requires operational readiness and full legal compliance with local business environments. This section addresses the two key areas that can impact Kofi Kofi's success in Vienna: understanding and fulfilling local legal requirements for franchising and ensuring that the day-to-day operations, especially staffing and service delivery, meet both brand standards and local expectations.

4.5.1 Navigating Local Regulatory Requirements

As outlined in Section 3.2.2, Austria does not have specific franchise legislation. However, any franchise model must still comply with the general commercial and civil codes including the Austrian Civil Code (ABGB) and the Commercial Code (UGB) as well as applicable EU directives on fair competition and commercial relationships. Based on legal consultation, the following elements are essential for Kofi Kofi's expansion under the franchise-on-demand model:

- A legally valid Franchise Agreement, clearly defining roles, obligations, and brand usage.

- A Pre-Contractual Disclosure Document (PCD), outlining business expectations, risks, and support offered to franchisees.
- A business license (Gewerbeberechtigung) under Austria's Trade Regulation Act (Gewerbeordnung)
- VAT registration for business operation

According to the company's official franchise presentation, Kofi Kofi also assists with securing necessary permits during setup, further reducing the regulatory burden on new franchisees. (Kofi Kofi invest, 2024) (Anan Kheir, 2025)

4.5.2 Staffing and Training Plan

Although franchisees will manage their own operations, Kofi Kofi must ensure consistent service quality across all units especially as it enters a market with high expectations for hospitality and customer experience.

According to Kofi Kofi's investor materials, the company supports franchisees with operational automation, a centralized POS system, and detailed training documentation for product preparation and service routines. These tools simplify day-to-day tasks, track inventory, and ensure smooth integration for new staff.

Staff in Vienna will be hired locally by the franchisee, in addition to providing training materials, the franchisor supports franchisees by recruiting and training staff, and even managing the café during the initial launch phase (6 months) a level of support that ensures brand consistency and operational confidence but Kofi Kofi can maintain brand standards through:

- A clear onboarding manual covering hygiene, preparation, and service flow.
- Digital tutorials or virtual barista training modules
- Standardized uniforms, menu layouts, and signage to maintain visual identity.
- Support Hotline or WhatsApp channel for real-time operational support.

This staffing model allows franchisees to focus on recruiting based on local fit and soft skills, while the franchisor provides everything needed for brand alignment and operational confidence. From an SME growth perspective, this approach keeps costs low while ensuring quality control, making it replicable across other markets as well. (Kofi Kofi invest, 2024)

4.6 Financial and Risk Management

Expanding Kofi Kofi into the Viennese market requires a thorough understanding of the financial commitments and potential risks involved. This section outlines the estimated investment, projected returns, and strategies to mitigate associated risks.

4.6.1 Investment and Revenue Projections

Expanding KOFI KOFI into the Vienna market requires careful projection of both the upfront investment and the expected revenues over the initial years of operation. In this section, I develop realistic financial projections for a small investor-operated KOFI KOFI franchise unit in Vienna for 2023 (the launch year), 2024 (current year), and forecasted outcomes for 2025 and 2026. These projections are grounded in available data from KOFI KOFI's franchise program and standard financial modeling techniques. I utilize break-even analysis, ROI calculations, and compound annual growth rate (CAGR) forecasting to ensure the projections are methodical and credible. The focus is on realism: all assumptions are justified with real-world data rather than optimistic speculation.

Initial Investment Requirements

Launching a KOFI KOFI franchise in Vienna entails a significant initial capital outlay. According to the company's data, the average price of a KOFI KOFI branch is about CZK 3.5 million (approximately €145,000) (Kofi Kofi invest, 2024)

This typically covers the fully equipped kofitruck (a mobile café on an electric bike), franchise licensing, initial training, and setup costs. The franchisor indicates a minimum investment of around CZK 1 million for smaller ventures, with actual costs varying by location. In practice, KOFI KOFI sets branch prices such that the investment is recouped within ~3 years, more expensive, high-potential sites cost more (e.g. up to CZK 10 million in Dubai's lucrative market) while smaller Czech towns might only require CZK 2–3 million. For Vienna, a major European capital with robust coffee demand, I can expect an investment requirement around the franchise network's average or slightly above (on the order of ~CZK 4 million) to secure prime location and cover higher local costs (e.g. permits, higher wages). This initial investment grants the franchisee a fully operational mobile café unit with the franchisor's support.

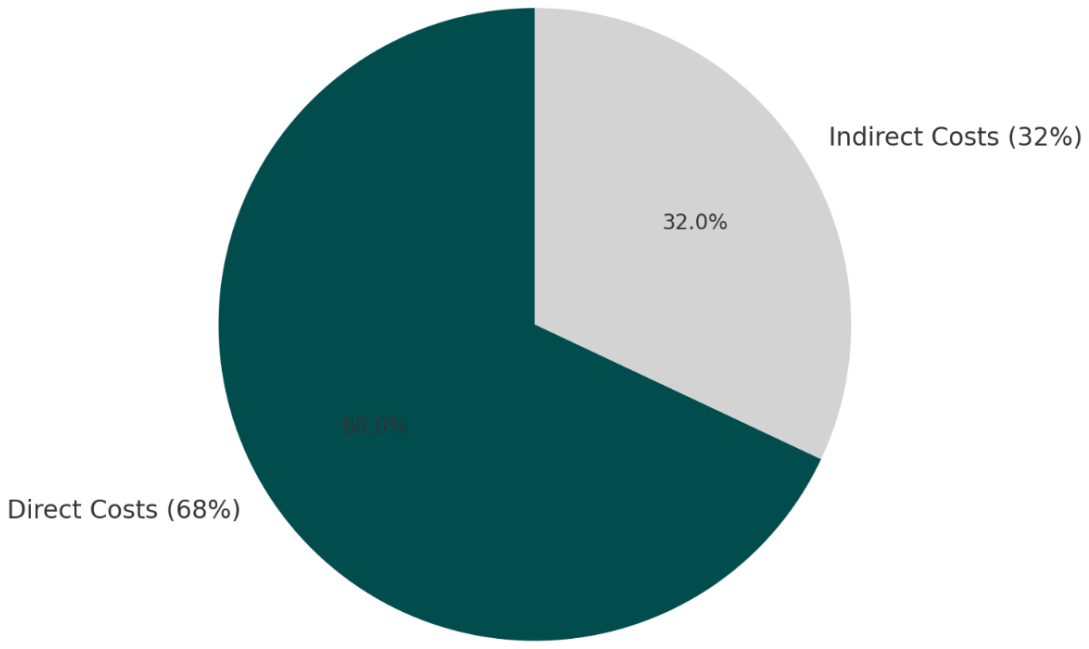
Key initial cost components likely include:

- Kofitruck Purchase & Equipment: The custom-built mobile coffee truck (electric bike), coffee machinery, and accessories (expected bulk of the cost).
- Franchise License Fee: An upfront franchise fee (often part of the branch price) granting the right to operate under the KOFI KOFI brand. The ongoing royalty is 5% of revenue, which I account for in operating costs.
- Initial Stock and Working Capital: Coffee beans (from KOFI's own roastery), supplies, and cash buffer for initial operating expenses.
- Site Acquisition & Permits: Costs to obtain permits or leases for operating the mobile café in high-traffic Vienna locations. The franchise's model is highly mobile and self-sufficient (no fixed water/electric hookup needed), keeping the site costs lower than a brick-and-mortar cafe, but some permit fees will apply.
- Staff Training and Launch Support: KOFI KOFI provides full management support for the first 6 months, including recruiting/training baristas and running the branch, which is bundled in the initial investment.

In summary (table 14), the investor should be prepared to commit roughly CZK 3.5–4.0 million upfront to establish the Vienna franchise unit. This capital investment will set the stage for revenue generation in subsequent years. The projections below assume the franchise was launched in early 2023, so that 2023 represents a partial first year of operation (ramp-up period); To understand the operational feasibility of the Vienna franchise, it is essential to break down both one-time setup costs and recurring operating costs.

Type	Direct or Indirect	Estimated CZK	Frequency	Notes
Setup (Fixed)	Indirect	2,200,000	One-time	Custom-built electric café unit
Setup (Fixed)	Indirect	500,000	One-time	Includes initial support & brand rights
Setup	Direct	300,000	One-time	First batch of beans, cups, cash buffer
Setup	Indirect	150,000	One-time	For operating in high-traffic zones
Setup	Indirect	100,000	One-time	Branding, digital marketing
Operating	Direct	960,000	Annual (monthly x12)	CZK 40k/month each incl. insurance
Operating	Direct	600,000	Annual	Based on ~40,000 drinks/year
Operating	Indirect	250,000	Annual	Based on CZK 5M projected revenue
Operating	Indirect	100,000	Annual	Equipment upkeep + business insurance
Operating	Indirect	150,000	Annual	Loyalty apps, social media ads
Operating	Indirect	80,000	Annual	City zoning and mobile café operation rights

Table 14: Estimated Setup and Operating Costs for KOFI KOFI Vienna Franchise (own creation)



Graph 10: Cost Structure During First Year of Operation (own creation)

A pie chart illustrates the proportion of direct vs. indirect costs during the first full year of operation. Direct costs (beans, wages, initial stock) represent approximately 68% of total yearly operating expenses, while indirect costs (royalty, marketing, permits) make up the remaining 32%. This structure highlights the operational efficiency of the mobile café model, with most spending directly tied to revenue-generating activities.

Projected Revenue Growth (2023–2026)

Revenues are projected on an annual basis, using realistic growth assumptions based on KOFI KOFI's existing franchise performance and Vienna market potential. I assume the Vienna kofitruck began operations during 2023, with an initial ramp-up period as it builds a customer base. By the end of the first year, the franchise should be approaching a stable sales rate. According to KOFI KOFI, a typical new branch's profit (not just turnover) exceeds CZK 80,000 per month after one year of operation, implying that by 2024 the Vienna unit should be hitting or surpassing this monthly profit threshold. This corresponds to a healthy revenue stream given industry norm for context, most coffee shops operate with net profit margins around 10–15% KOFI KOFI's mobile model, with lower overhead, can achieve net margins closer to ~20%, as suggested by its high ROI figures (discussed later). Thus, a monthly profit of CZK 80k might correspond to roughly CZK 400k–500k in monthly sales for a mature unit (assuming ~15–20% net margin), which is a reasonable target in a busy city like Vienna.

Table 15 summarizes the revenue and net profit projections for 2023 through 2026, along with key assumptions for each year. All figures are in Czech Koruna (CZK). 2023 is the first (partial) year of operations, 2024 is the first full year, and 2025–2026 are future projections. Notably, 2023 actuals are lower since the business was still ramping up, whereas strong growth is expected in 2024 as the unit hits its stride. Thereafter, growth is projected to moderate as the business matures.

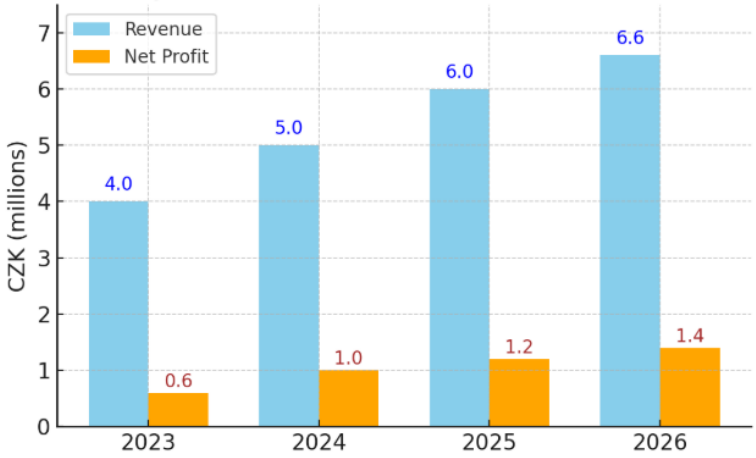
Year	Projected Revenue (CZK)	Projected Net Profit (CZK)	Notes / Assumptions
2023 (projected)	~4,000,000	~600,000	Launch year (roughly 9 months active); gradual customer acquisition and brand introduction in Vienna.
2024 (projected)	~5,000,000	~1,000,000	First full year of operation; reaching ~CZK 80k+ profit per month by year-end (~25% revenue growth vs 2023).

2025 (projected)	~6,000,000	~1,200,000	Strong growth (~20% YoY) as brand becomes established; repeat customers and possibly slight price increases.
2026 (projected)	~6,600,000	~1,400,000	Maturing business, growth stabilizes (~10% YoY). Efficiency improvements and high utilization drive slight margin gains.

Table 15: Summarizes the revenue and net profit projections for 2023 through 2026 for Kofi truck in Vienna (own creation)

The above projections reflect an annual revenue growth rate that is initially high then tapers. From 2023 to 2025, revenue is forecast to grow rapidly (on the order of 20–25% per year) as the Vienna franchise builds its reputation and customer base. This is consistent with experiential data – for example, one KOFI KOFI franchisee reported 25% yearly revenue increases on average in the early years. By 2026, growth is expected to moderate to single digits (around 10%), reflecting a move toward market saturation at the single-unit level. Overall, the compound annual growth rate (CAGR) for revenue over the 2023–2026 period is about 18% per annum, which is robust but reasonable for a successful small franchise. (CAGR means annual growth rate over multiple years in the high teens falls within the expected range for a growing small business; a 15–30% CAGR is considered good for small-cap companies in their growth phase.) This growth is driven by increasing sales volume as the kiosk attracts more regular customers, potential menu expansion (additional beverages or snacks), and general market growth (Vienna's coffee consumption is high year-round).

Critically, these revenue projections are grounded in realism. The 2024 revenue (~CZK 5 million) aligns with achieving a sustained daily sales volume on par with a busy coffee box, and the net profit (~CZK 1.0 million) represents roughly a 20% net margin, consistent with industry benchmarks for efficient coffee operations. By 2025–2026, the forecasts assume no dramatic expansions (e.g. we are not assuming the investor opens a second unit in this timeline, only that the single Vienna kofitruck optimizes its performance). Any unforeseen boosts such as securing an even higher traffic location or adding a second mobile unit would present upside beyond these projections, whereas challenges (extreme competition, lower footfall) could temper the growth. Overall, however, the figures presented are in line with KOFI KOFI's reported franchise averages and the strong coffee culture of Vienna, providing a solid baseline scenario for planning purposes.



Graph 11: Projected annual revenue and net profit (own creation)

Projected annual revenue and net profit for the Vienna KOFI KOFI franchise, 2023–2026. Revenue (blue) grows from CZK 4.0M to 6.6M over the period, while net profit (orange) grows from CZK 0.6M to 1.4M. The growth is especially rapid in the first full year (2024), then moderates as the business matures. These projections assume increasing sales and stable operational costs, yielding a net profit margin improving from ~15% to ~21% by 2026. (graph 11)

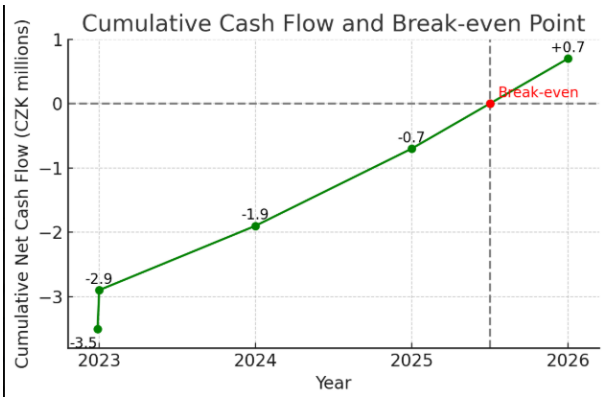
Break-Even Analysis

A break-even analysis evaluates the point at which the franchise's total revenues will equal its total costs, indicating that the initial investment has been fully recovered. In this context, the key break-even metric for the investor is the payback period: how long it takes for cumulative net profits to equal the initial investment outlay. I calculate this by tracking the cumulative cash flow of the venture over time, starting from the negative outflow at launch (the investment) and adding net profits each year. From the projections, the Vienna franchise is expected to generate approximately CZK 0.6M in net profit in 2023, CZK 1.0M in 2024, CZK 1.2M in 2025, and CZK 1.4M in 2026. Summing up these flaws:

- End of 2023: Cumulative net cash flow ≈ –2.9 million CZK (initial –3.5M investment + 0.6M profit). The business is not yet break-even, as the initial investment outweighs first-year earnings.
- End of 2024: Cumulative ≈ –1.9M CZK. By the end of the second year, losses have been halved in the sense that about 1.6M of the initial 3.5M outlay has been earned back.
- End of 2025: Cumulative ≈ –0.7M CZK. After three years, the franchise recovered roughly 80% of the initial investment through profits. Break-even is close but not yet achieved.

- Mid 2026: Break-Even Point – ~3.5 years after launch. Sometime around the middle of 2026, cumulative profit turns positive, meaning the initial CZK 3.5M investment is fully paid back.
- End of 2026: Cumulative ≈ +0.7M CZK. By the conclusion of the fourth year, the venture has not only broken even but produced a surplus of about 0.7M CZK beyond the investment.

This timeline yields a payback period of roughly 3 to 3.5 years. Graph 12 below illustrates the cumulative cash flow trajectory and the break-even point. Notably, KOFI KOFI's franchise model targets a break-even (payback) in approximately 2–3 years on average, and indeed many franchisees achieve this; for instance, an exemplary franchisee "Johana" reported reaching break-even in just 18 months (1.5 years). My projection for Vienna is slightly conservative in comparison, landing on the upper end of the 3-year range, which accounts for a cautious ramp-up and the higher cost base in a city like Vienna. This aligns with the company's promise of a ~3-year return period, while acknowledging that actual outcomes can vary based on local market conditions.



Graph 12: Cumulative Cach flow and break-even point (own creation)

Cumulative net cash flow of the Vienna KOFI KOFI franchise over time, showing the break-even point. The green line represents cumulative profit (after deducting the initial investment of ~CZK 3.5M at startup). The break-even occurs when this line crosses above zero, which is projected around mid-2026 (red point). Prior to break-even, the business is still recouping its initial costs (e.g. –0.7M CZK at end of 2025 indicates a remaining unrecovered investment). After break-even, the franchise becomes net positive, with ~0.7M CZK surplus by end of 2026.

From an operational standpoint, reaching break-even within 3–4 years is a solid outcome for a food/beverage franchise. Many independent coffee shops take 12–24 months just to start turning a monthly profit (covering operating costs) and can require 5+ years to fully repay initial investments in full. In my scenario, the Vienna mobile café starts generating positive operating profits much sooner – essentially from year one, thanks to KOFI KOFI's established brand and support – and then uses those

profits to gradually pay back the owner's initial capital. The franchisor also provides risk mitigation to help ensure a breakeven is achieved: if a location underperforms in the first year, they commit to replacing staff or relocating the unit at their expense to boost profitability. This guarantee adds confidence that even if initial assumptions falter, the business can be steered toward the break-even point in a timely manner. In summary, the break-even analysis indicates that an investor in a Vienna KOFI KOFI franchise should reasonably expect to recover their entire initial investment by about the third year of operations (approximately mid-2026 in this case). After that point, all earnings are true profit on the initial investment.

Return on Investment (ROI) Analysis

Closely related to break-even is the Return on Investment (ROI), which measures the profitability of the venture relative to the investment cost. ROI is typically expressed as a percentage, calculated by dividing the net profit by the initial investment cost. It answers the question: How efficiently is my invested capital generating returns?

For the KOFI KOFI Vienna franchise, i can evaluate ROI on an annualized basis. Using the projections:

- 2023: ROI ≈ 17%. This is calculated as ~CZK 0.6M profit divided by the CZK 3.5M investment. In the first (partial) year, the ROI is relatively low, which is expected during the ramp-up phase. The business was operational for only part of the year and still establishing itself, so the investment hasn't been fully utilized yet.
- 2024: ROI ≈ 29%. With ~CZK 1.0M profit on 3.5M investment, the return improves significantly. This approaches the company's average annual return of ~33% reflecting that the franchise is now running at near full capacity for the year.
- 2025: ROI ≈ 34%. Net profit of ~1.2M yields a return of about one-third of the initial cost. This indicates a very healthy performance – by the third year the investor is earning back about a third of their capital per year in profit.
- 2026: ROI ≈ 40%. Profit of ~1.4M on 3.5M investment gives roughly 40%. At this stage, the ROI exceeds the franchisor's average because the unit has likely benefited from cumulative improvements (loyal customer base, optimized operations). It's worth noting that by mid-2026 the investor's capital has been paid back, so late-2026 profit is essentially "infinite ROI" on the remaining at-risk investment (since the principal is no longer at risk). But considering the full year against original cost gives ~40%, which is an excellent annual return.

Over the four-year span, the average annual ROI starts moderate and rises to around the 30–40% range. KOFI KOFI advertises an annual profit/return of ~36% for franchisees, and my projections align with this figure by the time the business is mature. In fact, 33–36% ROI per annum is a key selling point of the KOFI KOFI franchise model, markedly higher than the ~20% typical for many franchises.

It is instructive to compare this ROI to other investment opportunities or benchmarks. A ~33% annual ROI is substantially higher than what one might expect from traditional investments of similar risk profile. For instance, investing in broad stock indices historically yields on the order of 7–10% annually, and standard food-service franchises might yield ~20% ROI with a 5–7-year payback. The KOFI KOFI model's mobile, low-overhead approach seems to be a key driver of these superior returns, as it allows high sales volumes (serving hundreds of customers a day in a busy spot) with relatively low fixed costs. Moreover, as the ROI does not factor in time beyond being annualized, it's important to highlight the speed of returns: achieving payback in ~3 years and then earning ~36% on the original capital each year thereafter is a highly attractive proposition for a small business investor.

In conclusion, the ROI projections for the Vienna KOFI KOFI franchise indicate a strong financial performance. By 2025, the franchise should be delivering returns in line with the company's average (around one-third of the investment in profit per year), and by 2026 it could surpass that. This level of ROI underscores the viability of the franchise-on-demand model in a vibrant market like Vienna. Importantly, these figures were derived using conservative to moderate assumptions, lending credibility to the analysis – the investor could realistically see these returns if the business is run competently. The combination of a relatively rapid break-even point and high ongoing ROI suggests that expanding KOFIKOFI into Vienna via franchising is a financially sound strategy, offering the investor both a timely recovery of their capital and robust profitability in the following years.

(SharpSheets, 2024). (Kofi Kofi invest, 2024), (Wayman, R. 2024) (Ramy Ali, 2025).

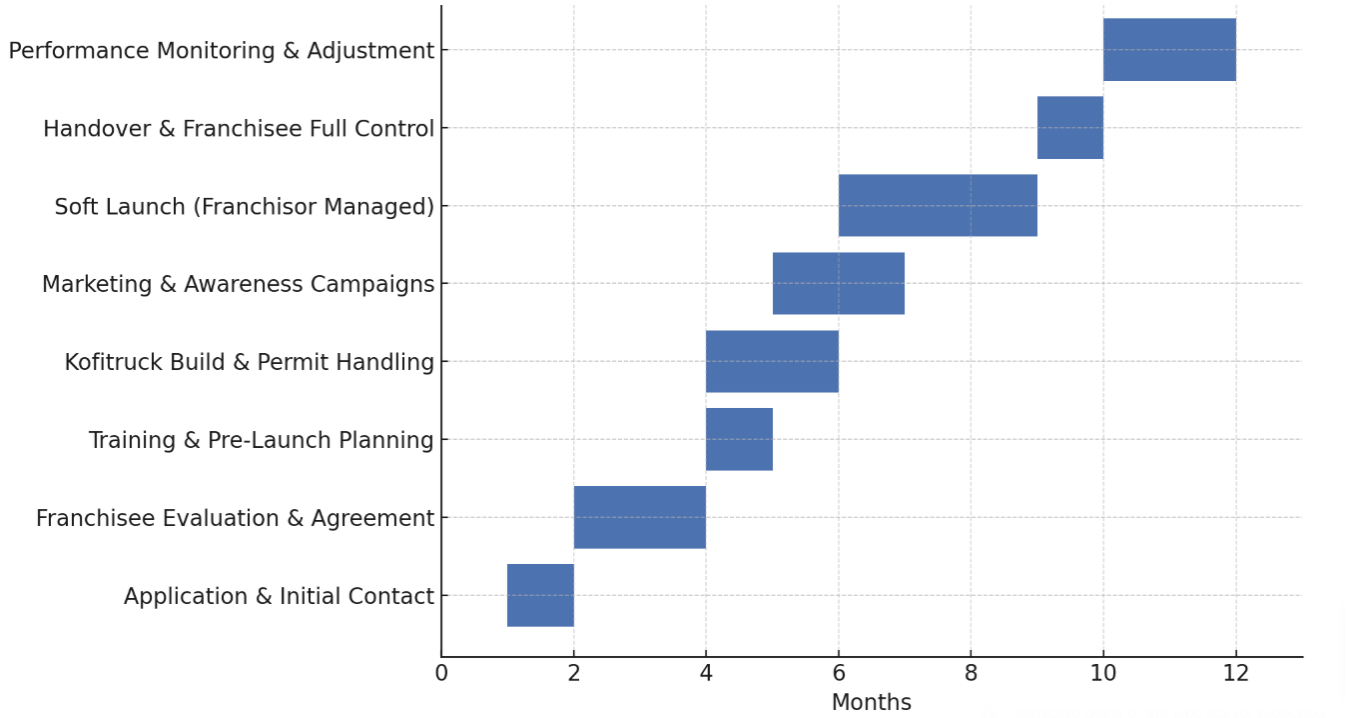
4.6.2 Risk Assessment and Mitigation Strategies

Risk Type	Description	Mitigation Strategy
Regulatory Complexity	Delays or challenges in getting permits abroad	Kofi Kofi supports permit processing, reducing legal entry burden
Cultural Fit	Viennese market may resist non-local brands	Local flavor adaptations + cultural event participation build trust
Supply Chain Delays	Delays in equipment, packaging, or coffee delivery	Diversified supplier relationships and inventory buffers
Labor Shortages	Difficulty hiring trained, reliable staff	Kofi Kofi offers recruiting and training support during launch phase
Economic Downturn	Decline in consumer spending	Flexible pricing, combo offers, and convenience appeal protect demand
Currency Volatility	CZK vs EUR fluctuations may impact Czech-based franchisor returns	EUR pricing, local expenses, and basic hedging tools reduce risk
Operational Risk	If the location underperforms in the first year, it could delay breakeven or harm investor confidence.	Kofi Kofi reduces this risk by offering hands-on support during the early stages of franchise operation including location analysis, staff training, launch management, and remain available for support 24/7/365 and If things don't go as planned in the first year, they automatically replace the staff or change the location at our expense to ensure profitability. This close involvement helps identify and address performance issues early, increasing the likelihood of a successful ramp-up.

Table 16: Risk Assessment and Mitigation Strategies for Kofi Kofi's Vienna Expansion (own creation)

4.7 Roadmap

The successful expansion of Kofi Kofi into the Vienna market depends not only on strategy, but also on the clarity and efficiency of execution. This roadmap outlines a practical 12-month rollout plan, designed to guide the franchise process from initial inquiry to full operational control. It reflects the company's actual onboarding process, the investor-facing commitments, and realistic SME timelines using Gantt-style visual timeline. (graph 13) (Kofi Kofi invest, 2024)



Graph 13: Roadmap and Timeline for Kofi Kofi Vienna Expansion (own creation)

Phase 1: Application & Initial Contact (Months 1–2)

Prospective franchisees begin by submitting an interest form via Kofi Kofi's official investor portal. Initial communication and response may take up to two weeks, followed by a brief exchange of information, business expectations, and potential partnership alignment.

Phase 2: Franchisee Evaluation & Agreement (Months 2–4)

Kofi Kofi reviews the application, interviews the candidate, and evaluates market readiness. Upon mutual agreement, legal and financial documentation is completed. This period includes preliminary planning for equipment, location selection, and permit strategy.

Phase 3: Training & Pre-Launch Preparation (Months 4–5)

Franchisees receive onboarding support, including remote and/or in-person training. They are introduced to Kofi Kofi's POS system, digital infrastructure, operational workflows, and branding standards.

Phase 4: Kofitruck Build & Permit Setup (Months 4–6)

In parallel with training, Kofi Kofi coordinates the building of the customized kofitruck and handles local permits. This includes equipment configuration, city approvals for mobile sales points, and coordination with local authorities.

Phase 5: Awareness Campaigns & Community Engagement (Months 5–7)

Pre-launch marketing begins, targeting local coffee lovers, commuters, and young professionals. This includes teaser campaigns, social media content, and appearances at local events or markets to generate anticipation.

Phase 6: Soft Launch with Franchisor Management (Months 6–9)

The kofitruck begins daily operation in a high-traffic area. For the first 6 months, Kofi Kofi manages operations including staff recruitment, training, and performance monitoring ensuring brand standards and service quality.

Phase 7: Handover to Franchisee (Months 9–10)

Ownership and operational control are formally transferred to the franchisee. By this time, the unit is functioning independently with trained staff, established routines, and a loyal customer base.

Phase 8: Monitoring & Optimization (Months 10–12)

The franchisee monitors KPIs (revenue, profit margin, customer feedback) and begins optimizing pricing, product mix, and marketing. Kofi Kofi remains available for support and strategic consultation.

Conclusion

This thesis set out to explore the international expansion potential of a Czech SME, using the case of KOFI KOFI's planned entry into the Vienna market. The aim was to develop a comprehensive, research-based strategy that would be both practically viable and adaptable for broader SME use. The study considered not only the brand's internal readiness but also the dynamics of the target market, financing alternatives, and competitive pressures.

A mixed-methods approach combined quantitative consumer research, qualitative staff interviews, and analytical frameworks such as PESTLE, SWOT, Porter's Five Forces, and McKinsey's 7S. This methodology enabled a multidimensional analysis of both external opportunities and internal alignment. Brand-specific tools, including Kapferer's Brand Identity Prism and Keller's Brand Equity Model, further assessed KOFI KOFI's positioning for cultural adaptation in Vienna.

Critically, the research compared multiple market enterprises and funding models, including franchising, licensing, joint ventures, and equity-based crowdfunding. While KOFI KOFI's current model is rooted in franchising, the analysis revealed that equity crowdfunding, under EU Regulation 2020/1503, offers an accessible, scalable funding path that can complement the brand's expansion without over-reliance on individual franchisees.

The financial modeling projected realistic break-even timelines of 3 to 3.5 years for a mobile unit in Vienna, with annual ROI figures in line with or exceeding industry benchmarks. A detailed cost breakdown and phased rollout plan confirmed the operational feasibility of this expansion. Legal, staffing, and cultural adaptation requirements were also addressed to ensure compliance with Austrian regulations and customer expectations.

In summary, the thesis proposes a dual-path strategy for KOFI KOFI: maintaining its franchise-based approach while integrating equity crowdfunding to accelerate growth and widen investor engagement. This hybrid model not only strengthens financial flexibility but also reinforces brand loyalty by involving the community in its growth journey.

While grounded in one company's case, the broader implications for SMEs are clear: with the right combination of market insight, brand consistency, and financing innovation, international expansion is not only possible, but also increasingly accessible. Future research could expand this work by analyzing long-term performance of crowdfunded franchises or the adaptability of mobile café models in non-EU markets. Ultimately, this thesis contributes a practical, tested framework for SME internationalization, one that blends academic rigor with business realism and supports real-world decision-making.

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Abbreviations

SMEs: Small and medium-sized enterprises

PESTLE: Political, Economic, Social, Technological, Legal, Environmental

SWOT – Strengths, Weaknesses, Opportunities, Threats

7S: Strategy, Systems, Skill, Staff, Style, Structure, Shared Values

TAM: Total Addressable Market

CBBE: Customer-Based Brand Equity

POS tools: Point of Sale tools

GVA: Gross value added

GDP: Gross Domestic Product

DNA: Deoxyribonucleic Acid

EU: European Union

ABGB: Allgemeines bürgerliches Gesetzbuch (General Civil Code)

UGB: Unternehmensgesetzbuch (Business Code)

PCD: Pre-Contractual Disclosure Document

WKÖ: Wirtschaftskammer Österreich (Austrian Federal Economic Chamber)

GewO: Gewerbeordnung (Austrian Trade Regulation Act)

Gewerberechtlicher Geschäftsführer: managing director under trade law.

Firmenbuch: Austrian Company Register

GmbH: Gesellschaft mit beschränkter Haftung (common legal form for companies in Austria)

VAT Number: Value Added Tax identification number

B2B: Business-to-Business

CAGR: Compound annual growth rate

YOY: Year-over-Year

ROI: Return on Investment

VC: Venture Capital

IPO: Initial Public Offering

MCDA: Multi-Criteria Decision Analysis

B2C: Business-to-Customer

ECSP: European Crowdfunding Service Providers

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Appendix

Appendix 1: Survey Questionnaire (own creation)

Survey Title:
Consumer Preferences

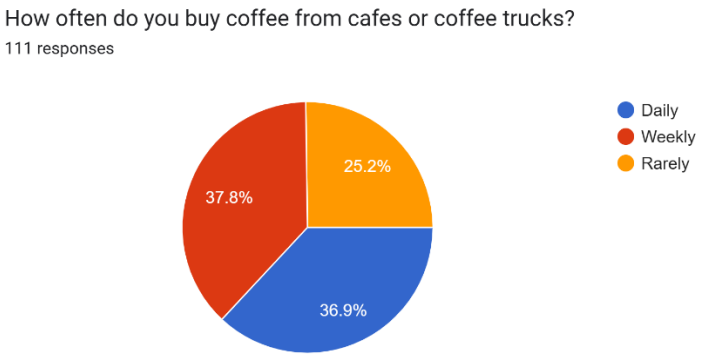
Introduction Text (as shown to respondents):
Dear Participant,
Thank you for taking the time to participate in this survey. This research aims to understand consumer preferences in Vienna's coffee market and the importance of sustainability in shaping your choices. Your responses will help guide strategies for Kofi kofi Czech coffee business looking to enter Vienna.

Survey Questions:

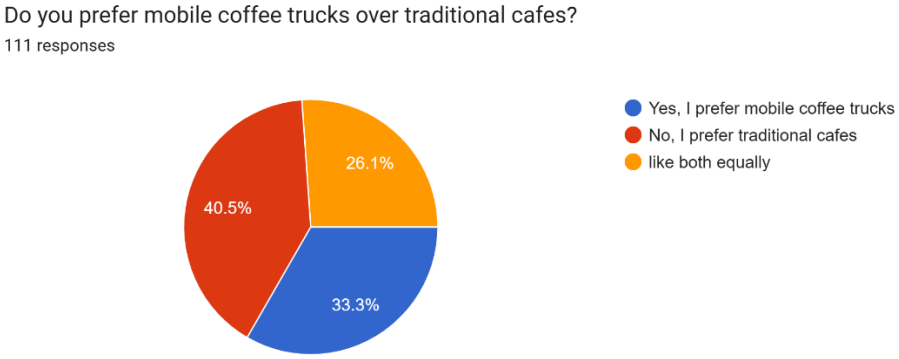
1. **How often do you buy coffee from cafes or coffee trucks?**
   - Daily
   - Weekly
   - Rarely
2. **Do you prefer mobile coffee trucks over traditional cafes?**
   - Yes, I prefer mobile coffee trucks
   - No, I prefer traditional cafes
   - like both equally
   - **What influences your choice of a coffee shop the most?**
   - Taste and quality of coffee
   - Pricing
   - Convenience (e.g., location, speed of service)
   - Brand reputation
   - Sustainability practices (e.g., eco-friendly packaging, ethical sourcing)
3. **Do sustainability practices (e.g., eco-friendly packaging, ethical sourcing) influence your decision to buy coffee from a specific brand?**
   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree
   - **What sustainability practices do you value the most from a coffee business?**
   - Eco-friendly packaging
   - Ethical sourcing of coffee beans
   - Waste management programs (e.g., recycling initiatives)
   - Community engagement or support

4. **What do you think for Kofi Kofi brand entering the Vienna market?**
   (Open field)

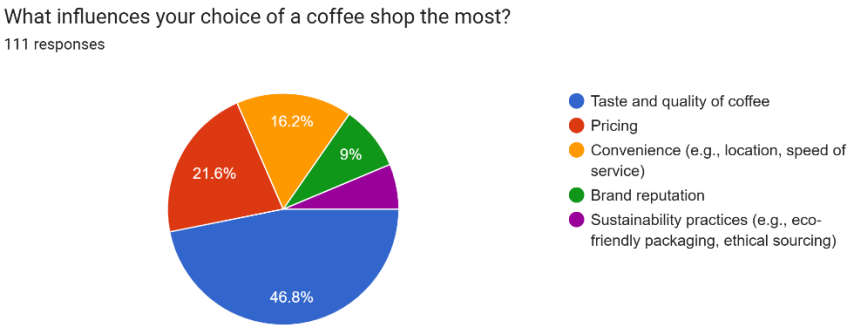
Appendix 2: Question 1 of Questionnaire (own creation)



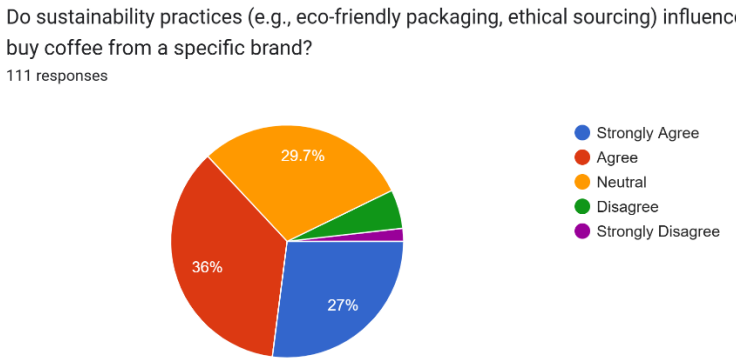
Appendix 3: Question 2 of Questionnaire (own creation)



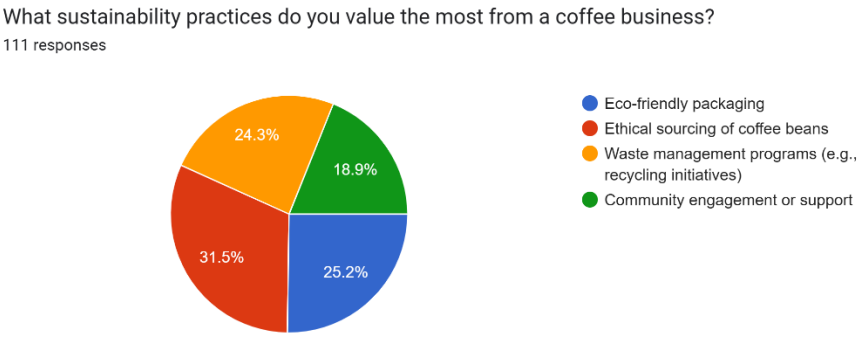
Appendix 4: Question 3 of Questionnaire (own creation)



Appendix 5: Question 4 of Questionnaire (own creation)



Appendix 6: Question 5 of Questionnaire (own creation)



Appendix 7: Question 6 of Questionnaire (own creation)

What do you think for Kofi Kofi brand entering the Vienna market?
It's really a good idea
Make a delicious and tasty coffe. Make a good branding on social media. Make a discount, interesting things for people.
Accessibility
Price
New ideas
To have variety
Good
Mot in Vienna so can't tell but cool designs are a plus
Turkish coffe
Something really good
Not sure Vienna big market and to entering need really a thoughtful plan
No I think if it stay in Czech republic and build a strong reputation and base it will be better
It's a good opportunity for expansion
Entering the Vienna market could be a promising opportunity for the Kofi Kofi brand. Vienna's vibrant cultural scene and supportive environment for new businesses offer a solid foundation for growth. The

city's strong economy and high standard of living mean a potential customer base with disposable incomes.
It will be very convenient
Expanding Kofi Kofi to Vienna offers strong potential due to its vibrant coffee culture and demand for specialty options. However, success will require differentiating from established competitors by emphasizing innovation, sustainability, and a localized yet modern approach. Strategic placement in high-traffic areas and catering to both locals and tourists are key, while adapting to Vienna's traditional coffee expectations and regulatory environment is essential.
Good
No opinion
i donâ€™t know kofi kofi brand
I wait it ðŸ©·
That would be great but it should really has a strong market investigation
It has become a popular brand and I think the taste will be on the special side
Amazing
Great
Ok
Great
I think it will be a good stage
Tbh idk it
I've never heard of it before
I don't know
Perfect ðŸ‘Œð¼
I don't know this brand
Never heard
yes i think it well be good opportunity
yeah i think it's good
i don't know
vienna is big market i don't know if it 's fit their or not
yes it's good idea
good why not
they will face new challenges but i think it's good idea
not sure
good
A good idea
Wish them the best
Yes
IDK
no i don't think it's good
It will be interesting
I donâ€™t know
Perfect
i don't know
I believe in trying

Good
big step
Nice
Good
Interesting
Perfect
Good
Nice
it will be good for them
Idk and I've never been to Vienna
good opportunity
it's good
I like the idea
Very excited to try it ðŸ¥°
there are a lot of coffee brand in vienna i don't believe they will success
it's big move
If this is an option why not
good
I have no clue
Ok
it's good
not sure if it's wise move
it will need alot of research and study
good move
idk
big move
I think KofiÂ Kofi has a solid chance in Viennaâ€”if you lean into the cityâ€™s rich cafÃ© tradition but offer a modern twist, locals will love it
Viennaâ€™s coffee scene is crowded, but spotlighting your specialty beans and sleek branding could set you apart.
Personally, Iâ€™d test the market with a pop-up in the first district; itâ€™s tourist-heavy and great for wordâ€˜ofâ€˜mouth.
Yes
Yes
good
not bad idea
I think it would be a great idea
good idea
Woow nice idea
I am unfamiliar with the meaning of "Kofi Kofi"ðŸ˜…
Cool
Here we go
Woow idea
I like the idea

I like it and specially cause Vienna market is near me
I like the idea
Great
Would try
I think it would be useful and wonderful
Entering the Vienna market offers Kofi Kofi an opportunity to tap into a vibrant coffee culture.

Appendix 8: Interview Questions with Kofi Kofi Employees (own creation)

1. How long have you worked for Kofi Kofi?

2. What do you personally think makes Kofi Kofi special or different from other coffee brands?

3. Do you think Kofi Kofi could work in a city like Vienna? In your opinion, what will be the problem (main challenge)?

4. What's one thing Kofi Kofi should improve?

5. Do you know how much it costs to build and launch a new truck?

6. Where do your supplies come from? (Milk, beans, cups, pastries)

7. In your opinion, what makes Kofi Kofi so popular and successful here?

8. Have you heard anything about Kofi Kofi expanding into other cities or countries?

9. Is the coffee roasted locally or does it come from somewhere else?

10. Do customers care more about price, quality, or speed?

11. Do many customers use the loyalty program?

12. Did u notice any changes after the twistcafe group bought Kofi Kofi

13. How often are the trucks/boxes restocked?

14. Who maintains the trucks or Kofi Boxes when there's a problem?

15. In your opinion, which concept do you think would be more successful in another country: the coffee trucks or the Kofi Box?

16. Can you tell me your work-life like in Kofi Kofi?