

# QUALITY – A FACTOR FOR INCREASING COMPETITIVENESS ON THE ROMANIAN CAFE MARKET

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**Abstract:** *In any market, quality is an important competitive advantage that contributes to attracting and retaining customers. The cafe market in Romania is dominated by several international names and a number of local entrepreneurial businesses. To attract and satisfy customers, cafes apply various quality strategies. The study analyses the quality strategies applied on the Romanian cafe market and how customers perceive the quality of products and services on this market. A quantitative marketing research was carried out in order to achieve the objective of the paper.*

**Key words:** *consumer satisfaction, competitive advantage, quality.*

## 1. Introduction

Quality management supports a quality-focused approach and involves achieving all management objectives and not just quality ones. The execution of certain actions for the development of competitiveness is determined by quality and productivity as a result of management (Anton, 2010).

Quality is the most important competitive advantage of a company and can lead to the support of other operational competitive advantages (Su, Linderman, Schroeder and Van de Ven, 2014). Surrounded by strong competition, in order to be successful on the market, cafe managers are increasingly obliged to put the needs and requirements of customers and consumers first. This success will only happen when potential customers know, buy and trust their products and services (Neacşu, 2020). Customers are now better informed, more demanding and increasingly prefer to purchase products and services of the highest possible quality at reasonable prices.

In making a decision with respect to creating an image, the companies must take into account the correlation of the image with the expectations and exigencies of the target market (Balaşescu, 2019).

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## 2. Romanian Cafe Market

Hundreds of coffee shops and artisanal roasters have recently opened in Romania, raising the standard for brewing, but also offering the consumer a new perspective on coffee consumption, especially in terms of freshly brewed product. These locations offer originating coffee, with clear descriptions, both in terms of the regions of origin of the coffee varieties used and their taste and aroma characteristics (Matei, 2018).

The American Starbucks group, which came into a franchise system, is the leader on the Romanian cafes market. Instead, strong players, such as Costa Coffee or Caffe Nero, are not yet active on the Romanian market. There are not many statistical data on the cafes market in Romania. The main players in this market are international companies operating in a franchise system (Starbucks, McCafe - McDonald's coffee division, Tucano) and a number of local entrepreneurs. Romanian entrepreneurs who have developed coffee chains that even number several hundred units are gaining ground in this segment. Some examples would be 5 to Go and Ted's Coffee Co. Currently, the cafes market in Romania is strongly fragmented. Against the background of the increase of the quality of life and of a good economic evolution, the Romanians became more and more willing to go out for coffee, thus, lately the local entrepreneurs have developed more and more such businesses, the cafes specialized in selling specialized coffee, even with internal roasting (Rosca, 2018).

The main coffee chains in Romania are: 5 to go, McCafe, Starbucks, Tucano, TED'S Coffee Co.

5 to go was born in 2015, with the launch of the first cafe in Bucharest, near Lahovari Square. Four years later, 5 to go exceeds 100 open locations in Bucharest, but also in other cities such as Iasi, Constanta, Cluj, Ploiesti, Pitesti, Craiova, Braila, Brasov, Sinaia, Ramnicu Valcea, Campina, Targoviste, Suceava, Bacău while at the same time being the most accessed franchise in the country. The coffee used is a high quality one that stands out with its intense, full-bodied, creamy aroma, which is a unique blend, created especially for the 5 to go coffee chain (HORECA, 2019).

After McCafé enjoyed success in Australia, where it was launched in 1993, and then in several European countries, McDonald's Romania brings the concept of "coffee as an experience" in its restaurants. The first McCafé was opened in Romania on December 6, 2010, and currently the chain has 36 cafes, of which 17 in Bucharest; 2 in Buzau, Constanta and Timisoara; and 1 each in Alba, Piteşti, Bacău, Brăila, Braşov, Cluj, Craiova, Galaţi, Tg. Mureş, Slatina, Ploieşti, Sibiu and Focşani.

Starbucks is known as the world's leading coffee brand. It entered the Romanian market in 2007 as a result of a joint venture with its European partner, the Greek group Marinopoulos. The total number of Starbucks cafes in Romania reaches 47, as follows: 27 in Bucharest, 3 in Timisoara, 2 each in Constanta, Cluj-Napoca, Craiova, Iasi, Ploiesti, Brasov, and a cafe in Oradea, Sibiu, Galati, Pitesti and in Baia Mare (Starbucks, 2020). Starbucks Romania operates through the international restaurant developer AmRest, which includes several international brands, including KFC, Pizza Hut, Burger King, La Tagliatella and Starbucks.

Tucano Coffee is more than a coffee shop. It's a harmonious blend of Latin American Indian culture and California coffee culture. The first cafe was opened in 2011, in the Republic of Moldova. In 2014, the first coffee shop in Romania was inaugurated in Bucharest and, in the same year, one in the United Arab Emirates. Today, Tucano Coffee is a dynamic international network of 32 coffee shops in 8 countries (RePatriot, 2020). Currently, Tucano Coffee has 15 units in Romania, in the cities of Bucharest (4), Iasi (2), Constanta (1), Timisoara (2), Arad (1), Oradea (1), Cluj-Napoca (1), Sibiu (1), Brașov (1) and Ploiești (1) (Tucano Coffee, 2020).

In 2003, the company Coffee Shop Solutions appeared, which started its activity with the distribution of some brands of coffee, tea, chocolate to HoReCa. In 2013, it launched its own coffee brand, Ted's Coffee Co., with which it expanded into shopping malls, office buildings and high-traffic areas. Today Ted's Coffee has 30 locations open in 8 cities in the country: 21 in Bucharest, 2 in Timisoara and Sibiu; and a cafe in Oradea, Cluj-Napoca, Brașov, Iași and Ploiești (Ted Coffee, 2020).

In Romania, coffee is bought by everyone who goes to the malls and after a shopping session they relax with a coffee, but also by the people who work in the mall. Cafes located in the city centre or in the area of tourist attractions are more aimed at tourists, people who go for a walk and who have a higher purchasing power. Emphasis is placed on the image of the product, on the descriptions made by the baristas, on the ambiance of the cafe and lastly on the price. By comparison, in the neighbourhoods, customers pay attention to price, trying to buy the best product in terms of quality and price. Companies also prefer the location of cafes near student campuses and office buildings, being the ideal place for both business meetings and relaxing moments with friends or colleagues. The "to go" cafes, present on the market in large numbers and which are constantly evolving, arose from the need of the modern man to quickly have a coffee on the way to work. Dynamic, hurried consumers who do not have the time or do not want to consume coffee in cafes, ensure an important part of the sale of coffee "bundle". The "to go" cafes satisfy the need to drink good coffee and most of them continue the mission of educating the public, constantly increasing the gourmet segment of this market. In crowded cities, with dynamic people, in a continuous bustle, the spectacular evolution of to go cafes should not be surprising (Matei, 2018).

### **3. Quality Strategies used on the Romanian Coffee Market**

Currently, in order to attract and satisfy customers, cafes apply various quality strategies, such as: maximum performance strategy, quality domination strategy, quality concentration strategy, quality differentiation strategy, assortment renewal strategy, excellence strategy and technological advantage-oriented competitive strategy.

**The strategy of domination through quality** consists in maintaining a market segment and a large sales volume. Starbucks cafes apply the strategy of domination through quality because they constantly investigate customer requirements and monitor the product in operation. Starbucks has a very high sales volume which means that it is very easy for them to bring new products to market and test them to see if they catch on to the public or not. 5 To Go cafes apply this strategy of domination through quality

because they keep their pre-established customer segment, ie those who want to drink cheap and good coffee, taking it with them.

**The strategy of differentiation by quality** is used by all companies in the field of cafes. This implies competitiveness through maintainability, availability and accessibility. The strategy is based on the practice of affordable prices for consumers, on the intensification of the promotional activity, on the knowledge of opinions on the quality of services, reaching higher levels of quality compared to the competition. Starbucks cafes apply this strategy of quality differentiation because they are always trying to come up with new products that are geared towards quality classes and higher levels of quality than the competition. They have drinks and products that address all social classes, but they also have high quality products that address a different type of customer and that differentiate them from the competition, for example coffee bags at 250g which are very diverse, classified by the origins of one comes from or mixtures of several origins and which also differ in price.

**The assortment renewal strategy** leads to the creation of new product lines, mobilizing the full potential of the company. Starbucks and Tucano coffee chains apply this strategy of sorority renewal because they always have a new range of products ready that appears depending on the season, or a product that is specific and that gets better from year to year. For example, every fall, Starbucks comes with the famous Pumpkin Spice Latte which has changed from year to year to become the favourite drink of those who fast or do not drink milk because it has become vegan, ie no longer contains white chocolate, and in combination with vegetable milk it becomes a drink suitable for any type of customer. This year, Tucano came with Cheeky Chilli Latte which caught on very well among customers due to the taste of chilli in combination with milk and coffee, which satisfies several taste buds.

**The strategy of excellence** represents the immediate answers to the clients' needs. Starbucks cafes use the idea of connecting with the customer, ie those who enter the cafe and choose to serve a coffee are asked in detail what they would like to drink, for example if they want something sweet or less sweet, something with or without milk, cold or hot, to create a personalized drink suitable for that type of customer. If they are not satisfied with what they received, they can choose to have their drink restored. Customers also have the chance to express their opinion regarding the visit to the cafe through a questionnaire called "customer's voice", where they can say if they were satisfied or not, those in the cafe then improving the services according to the opinion and customer needs.

One of the quality strategies used by all cafe chains is that of **assortment diversification**, offering customers a rich assortment of coffee and a wide assortment of dishes, refreshments and desserts (Madar, 2018).

#### 4. Research Methodology

In order to determine the opinions and attitudes of Romanian consumers regarding the quality of services on the cafe market, a quantitative marketing research was conducted based on a sample of 368 respondents residing in Romania.

The research objectives were:

- Identifying the opinions of the subjects regarding the quality of products and services in cafes;
- Determining the degree of customer satisfaction regarding the quality of products and services in cafes;
- Identifying the reasons why the subjects frequent the cafes.

In this research, a non-random sampling method was used, respectively, the voluntary sampling of the respondents, based on a survey. The method of survey conducted in the electronic environment was used to collect data. The questionnaire (which includes 22 questions) was designed on the Google Forms platform and was distributed to various social networks. Being distributed online, the questionnaire collected 368 respondents, the researcher having no control over those who complete it. After collecting the information using the questionnaire, the processing of statistical data was done with the SPSS system (Statistical Package for Social Sciences).

## 5. Research Results

At the beginning, the research aimed to identify the reasons that determine the respondents to frequent a cafe (Figure 1). Thus, most respondents go to a cafe because they want to meet friends (29.9%), in the interest of business (26.6%), to drink coffee or to eat (21.5%), but also to relax in a pleasant atmosphere (18.5%).

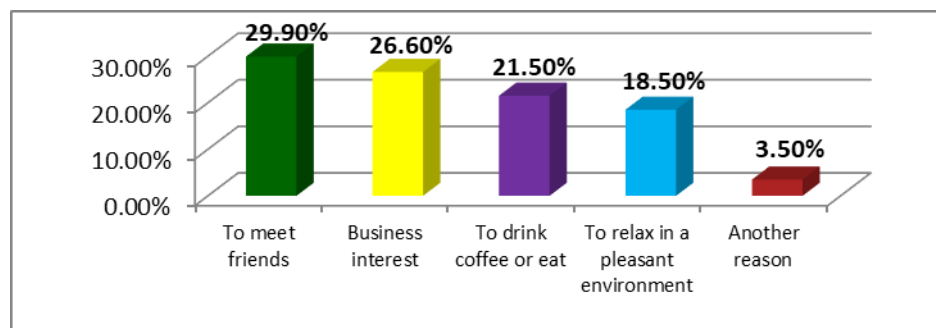


Fig. 1. *The reasons why respondents attend a cafe*

Regarding the assessment of the quality of coffee from the perspective of the surveyed subjects, it can be seen that there were three characteristics that were more important for customers than the rest: aroma (56%), flavour (22%), final taste (17.9%). The least appreciated quality characteristics by the respondents were: acidity (1.9%), colour (1.1%) and body (1.1%) (Figure 2). To this question, the subjects' answers regarding the quality characteristics focused mainly on the final product, the cup of coffee they receive from the barista. Thus, they mention "taste", "savour" or "flavour" when it comes to quality. They expect to find properly brewed coffee and can tell the difference when it is not. The aroma, flavour and final taste are affected by the preparation process and can change dramatically depending on the extraction rate. Weak, under-extracted coffee will create a little body with a bitter taste, while strong

and too-extracted coffee will taste bitter, too strong mud. Properly brewed coffee is one of the biggest reasons why customers visit a cafe instead of making coffee at home.

Commercially, Brazilian arabica coffee is classified according to the quality of the drink obtained after roasting and preparation. There are correlations between the quality of the finished product (prepared coffee) and the chemical attributes that were observed in the green (unroasted) beans. Thus, chemical analysis of green beans can be used as an additional tool for assessing the quality of coffee (Farah, Monteiro, Calado, Franca and Trugo, 2006).

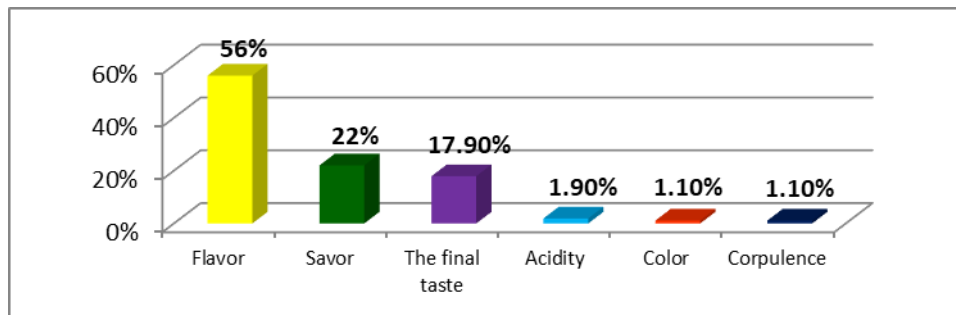


Fig. 2. *The most important quality characteristics of coffee for respondents*

The most consumed drinks by the respondents in the cafes are: coffee with milk (24.5%), cappuccino (21.2%), freshly brewed simple coffee (18.4%), coffee with flavours (16.3%), espresso (10.9%) and hot chocolate (8.7%) (Figure 3). Although a large proportion of consumers worldwide drink coffee with milk, in the future, due to the increasing consumption of gourmet coffee, the need to add flavours (cinnamon, syrups, etc.) to coffee is expected to decrease, or even to add sugar.

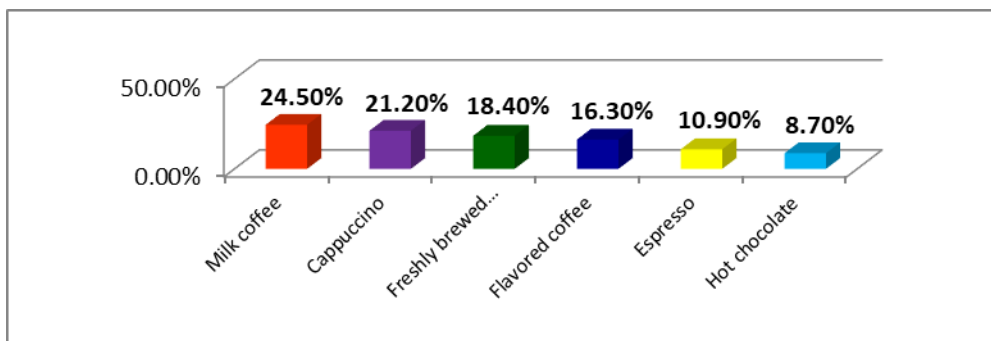


Fig. 3. *The most consumed drinks at cafes by respondents*

The aim was to identify the respondents' opinion on how employees in cafes should present themselves. Subjects believe that a cafe employee should be kind and friendly (28.5%), create a pleasant atmosphere (22.3%), make you feel welcome (21.2%), be attentive to your needs (15.8%), but also to be helpful and provide useful advice when you want to buy a coffee (12.2%) (Figure 4).

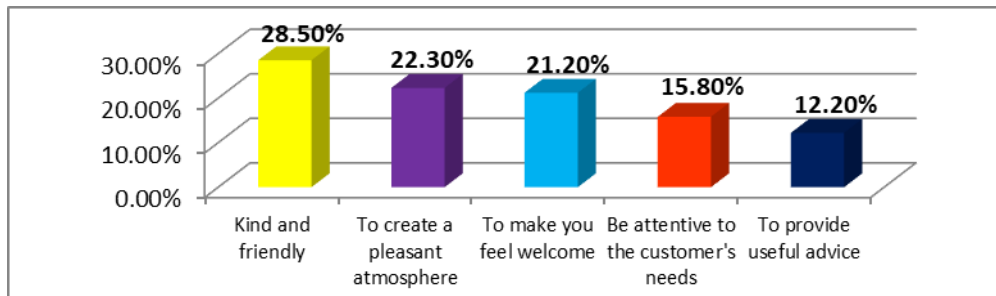


Fig. 4. *Respondents' opinion on appropriate behaviour for cafe employees*

The research also aimed to identify the opinion of the subjects on the most appreciated additional services in cafes. It can be seen in Figure 5 that most customers want to find music in cafes (47.5%), WI-FI (31.3%), gift cards (9.8%), but also newspapers, magazines and books (11.4%) (Figure 5). Thus, cafes offer them these benefits because managers are aware that most customers want to go out to a cafe with friends, to talk or in the interest of business, to relax in a pleasant atmosphere.

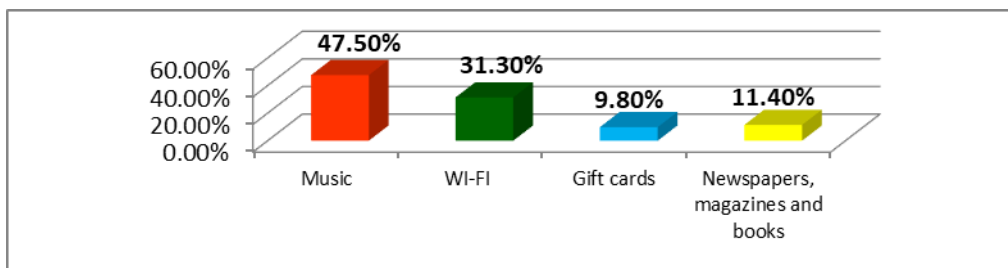


Fig. 5. *The most appreciated additional services in the cafes*

## 6. Conclusions

Cafes offer coffee lovers a select range of coffee (arabica) brought from around the world: from Latin America, Asia-Pacific and Africa, from plantations in Kenya, Brazil, Costa Rica and other countries famous for the coffee they produce.

Worldwide, the consumption of quality coffee is increasing. An upward trend is also observed in the diversity of coffee-based specialties and preparation methods (Matei, 2018). Currently, the coffee market in Romania is distinguished by the application of various quality strategies that contribute to attracting consumers and increasing customer satisfaction. In this market, there is a need to educate consumers so that they acknowledge and appreciate quality coffee. For the constant education of the consumer and implicitly for the increase of the consumption of quality coffee, the new coffee shops could organize tastings for their customers, these being a way to present the differences of taste and aroma between coffees.

Cafe owners and managers should also invest in staff education so that bartenders, in turn, educate the consumer. A modern barista must be communicative, passionate about coffee, and always up to date with the latest in the field. It is the link between the consumer and the complex world of coffee origins, processing methods or responsible

roasting. Last but not least, it ensures an impeccable preparation, which supports the information transmitted to the guest. Employers need to be selective about hiring staff to provide quality services.

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