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Digital Marketing in the Coffee Industry: A Case Study of Nespresso

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Iscte-Iul

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Resumo

A rápida expansão das plataformas digitais transformou o marketing, alterando a forma como as empresas se relacionam com o público. Esta dissertação explora o impacto do marketing digital no crescimento do negócio na indústria do café, centrando-se na Nespresso. Como líder no sector do café em cápsulas, a Nespresso utiliza eficazmente estratégias de marketing digital, como a personalização e a integração da Inteligência Artificial [IA], para reforçar as relações com os clientes, aumentar as vendas e construir uma identidade de marca mais forte. O estudo enquadra estas estratégias no contexto mais vasto das tendências globais, incluindo o aumento do E-commerce e do marketing baseado em dados, enquanto aborda desafios como a privacidade de dados e a alteração de preferências dos consumidores.

O estudo investiga a forma como a Nespresso utiliza as ferramentas digitais para melhorar a visibilidade da sua marca e proporcionar experiências personalizadas aos clientes. Ao analisar a abordagem da Nespresso, este estudo oferece uma perspetiva de como as empresas do sector dos bens de consumo podem atuar no mercado atual, que é acelerado e impulsionado pela tecnologia. No âmbito do estudo, foi realizada uma entrevista semiestruturada com a diretora de marketing da Nespresso, que fornece informações reais sobre as práticas de marketing digital da marca.

De um modo geral, esta investigação contribui para a compreensão do papel evolutivo do marketing digital e como ajuda marcas como a Nespresso a manterem-se competitivas, a aprofundarem o envolvimento dos clientes e a utilizarem eficazmente a tecnologia para impulsionar o desempenho empresarial num ambiente de marketing em rápida mutação.

Palavras-chave: Marketing Digital; Personalização; IA; E-commerce; Estratégias de Marketing

Classificação JEL: M16 International Business Administration; M31 Marketing

Abstract

The rapid expansion of digital platforms has transformed the marketing landscape, changing how businesses connect with their audiences. This dissertation explores the impact of digital marketing on business growth in the coffee industry, focusing on Nespresso. As a leader in portioned coffee, Nespresso has effectively utilized digital marketing strategies such as personalization and Artificial Intelligence [AI] integration to strengthen customer relationships, increase sales, and build a stronger brand identity. The study places these strategies within the broader context of global trends, including the rise of e-commerce and data-driven marketing, while addressing challenges such as data privacy concerns and shifting consumer preferences.

The research investigates how Nespresso leverages digital tools to enhance its brand visibility and deliver personalized customer experiences. By analysing Nespresso's approach, this study offers insights into how companies in the consumer goods sector can navigate today's fast-paced, technology-driven market. The dissertation is informed by a semi-structured interview with Nespresso's marketing director, providing real-world insights into the brand's digital marketing practices.

Overall, this research contributes to understanding the evolving role of digital marketing and how it helps brands like Nespresso remain competitive, deepen customer engagement, and effectively use technology to drive business performance in a rapidly changing marketing environment.

Keywords: Digital Marketing; Personalization; AI; E-commerce; Marketing Strategies

JEL Classification: M16 International Business Administration; M31 Marketing

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List of abbreviations

AI – Artificial intelligence

SEO – Search Engine Optimization

PPC – Pay-Per-Click

ARPANet – Advanced Research Projects Agency Network

HTTP – Hypertext Transfer Protocol

KPIs – Key Performance Indicators

SERPs – Search Engine Results Pages

UGC – User-Generated Content

B2B – Business-To-Business

B2C – Business-To-Consumer

iOS – iPhone Operating System

CRO – Coffee Report and Outlook

CRM – Customer Relationship Management

FMCG – Fast-Moving Consumer Goods

GDPR – General Data Protection Regulation

1. Introduction

In recent years, the proliferation of digital platforms has fundamentally reshaped the landscape of marketing, influencing the methods businesses use to engage with their target audiences. Digital marketing, a term encompassing the use of internet-based channels and technologies to promote products and services, has seen a significant rise, especially in the retail and service sectors (López García, Lizcano, Ramos, & Matos, 2019). In this context, the coffee industry, with its global footprint and competitive market, has leveraged digital tools to enhance customer engagement and increase brand visibility (Khanom, 2023).

This dissertation investigates the role of digital marketing in promoting business growth within the coffee industry, with a specific focus on Nespresso. Given the company's standing as a leader in portioned coffee, understanding how digital marketing strategies boost their business is crucial to identifying best practices and future trends. Specifically, this research focuses on how Nespresso has tailored its digital marketing strategies to foster customer relationships, generate sales, and build a stronger brand identity (Dwivedi & et al., 2021). Moreover, the study contextualizes these efforts within the broader global trends of digital marketing, such as personalization, AI integration, and the rise of e-commerce.

The relevance of this study lies in the increasing reliance on digital marketing by companies seeking to remain competitive in today's fast-paced, technology-driven market (Kotane, Znotina, & Hushko, 2019). Digital marketing offers businesses the ability to reach a global audience, create targeted advertising campaigns, and engage customers in a two-way conversation (Ponde & Jain, 2019). For companies like Nespresso, digital marketing presents opportunities to not only attract new customers but also retain existing ones through personalized, data-driven strategies.

Furthermore, this study is particularly relevant given the growing consumer expectations for personalized experiences, a trend that is increasingly driven by advancements in AI and data analytics (Durmaz & Ela Akan, 2023). By examining Nespresso's efforts to implement hyper-personalization in its marketing, the study contributes to the broader discourse on the future of digital marketing in the context of consumer goods.

This study seeks to answer the following key research questions:

1. *How do digital marketing strategies at Nespresso boost business performance?*
2. *What role does personalization play in Nespresso's digital marketing?*

3. *How are global digital marketing trends, such as AI and e-commerce, influencing Nespresso's strategies?*
4. *How does the company balance global digital strategies with local market needs?*

These questions aim to unravel the complexities of digital marketing within Nespresso and provide a comprehensive understanding of how the company utilizes digital tools to engage with customers and foster business growth.

The main objectives of this research revolve around several key aspects of Nespresso's digital marketing strategies.

First, it seeks to examine how Nespresso utilizes digital marketing tools to enhance its brand visibility and boost sales within the competitive coffee market (objective 1). In doing so, the study will delve into the ways the company leverages various digital platforms and technologies to strengthen its presence and attract more customers.

Second, the research aims to explore the role of personalization and AI in shaping Nespresso's digital marketing efforts, especially in terms of improving customer engagement (objective 2). This will include an analysis of how the company uses data-driven techniques to offer personalized experiences to its customers and the impact of these strategies on customer satisfaction and loyalty.

Furthermore, the research will assess the challenges Nespresso faces in its digital marketing initiatives (objective 3). These challenges include issues such as data privacy concerns, the growing competition in the coffee industry, and the rapidly changing preferences of consumers. By understanding these obstacles, the study will provide insights into how the company navigates a dynamic and often complex marketing landscape.

Regarding the structure of the research, this dissertation includes six comprehensive chapters, each focusing on different aspects of the research to offer a clear and organized exploration of the topic. The first chapter *Introduction* sets the stage for the study by presenting the background information and context that underpin the research.

The second chapter *Literature Review* delves into the existing body of work on digital marketing, offering a thorough examination of the evolution of this field. This chapter explores the historical development of digital marketing strategies and tools, including key techniques such as Search Engine Optimization [SEO] (Schultheiß & Lewandowski, 2021), social media marketing, and content creation. Special attention is given to the emerging trends of

personalization and the use of AI, both of which play critical roles in modern digital marketing (Qurtubi, Febrianti, Sugarindra, Hidayat, & Suyanto, 2022). Additionally, it discusses the challenges associated with data privacy concerns, a crucial issue in today's digital landscape. The literature review also highlights the global trends that are shaping digital marketing practices, particularly within the coffee industry, providing a strong theoretical foundation for the study.

Chapter 3 *Nespresso – a case study* provides a comprehensive exploration of the brand and its role in the coffee industry. It also includes a timeline of key milestones in Nespresso's history, from its initial launch to its ongoing efforts in sustainability and innovation. This case study offers valuable insights into how Nespresso's strategies have shaped its growth and positioned it as a leader in the coffee industry.

The fourth chapter, *Methodology*, explains the research design and approach used in the dissertation. It details the qualitative research methods employed, focusing on a semi-structured interview conducted with a marketing executive from Nespresso Portugal (Adams, Khan, Raeside, & White, 2007). This chapter justifies the selection of Nespresso as a case study, explaining the relevance and appropriateness of this choice for the research objectives. It also outlines the data collection and analysis procedures, giving insight into how the findings were gathered and interpreted (Mehrad & Zangeneh, 2019).

In the fifth chapter *Results* the dissertation presents not only the results but also the study implications. It synthesizes information from the interview and the literature review to provide a detailed analysis of how Nespresso's digital marketing strategies contribute to the company's business growth. The discussion offers key insights into the role of personalization in Nespresso's marketing efforts and the impact of e-commerce on the company's overall business model. This chapter provides an in-depth evaluation of the effectiveness of these strategies, making connections between the research findings and the broader context of digital marketing in the coffee industry.

Finally, the sixth chapter, *Conclusion*, wraps up the dissertation by summarizing the main findings of the research. It discusses the implications of these findings for the future of digital marketing within the coffee industry, particularly in light of the challenges and opportunities presented by globalization and regional adaptation. The conclusion also offers practical recommendations for Nespresso and other companies looking to enhance their digital marketing strategies. These recommendations focus on optimizing digital marketing efforts by effectively

balancing global trends with the specific needs of local markets, providing actionable insights for future business strategies.

This introduction outlines the critical aspects of the research and offers a detailed roadmap for the structure of the dissertation. It highlights the importance of digital marketing and personalization, ensuring a comprehensive understanding of the study's scope and significance.

2. Literature review

In this chapter, drawing from scientific articles, reports, and online sources, we delve into the realms of digital marketing and the historical origins of coffee.

2.1 Digital marketing in business

This section provides a thorough overview of digital marketing, charting its development from the early 1990s with the advent of the first clickable ads to its current status as a diverse and essential aspect of modern marketing. It defines digital marketing, differentiates it from traditional marketing, and discusses key strategies like SEO, Pay-Per-Click [PPC], content marketing, and more. The advantages of digital marketing, such as cost efficiency, precise measurability, and customization, are weighed against its disadvantages, including the need for continuous learning, high competition, and privacy concerns. Through this examination, the chapter aims to offer a balanced understanding of digital marketing's role and impact in today's business environment.

2.1.1 Historical evolution of digital marketing

Digital marketing has catalysed a significant evolutionary transformation in the business environment, reshaping strategies, and approaches to benefit profit-making endeavours and increase return on investments. In every industry, whether small-scale enterprises or startups, marketing serves as the primary conduit for reaching products and services to potential buyers (Kotler, 1972). The traditional methods of marketing, such as hoardings and paper advertisements, have been eclipsed by the emergence of digital strategies, driven by the introduction of technology and the Internet. While digital marketing has become dominant, traditional methods still hold relevance, leading many businesses to adopt a hybrid approach that incorporates both traditional and digital channels (Faruk, Rahman, & Hasan, 2021).

The role of technology, particularly the widespread use of electronic devices like smartphones and computers, has facilitated this transition from physical to digital marketing. These devices have become indispensable tools for marketers and consumers alike, enabling seamless access to websites, applications, and online transactions. Within the realm of digital marketing, a diverse array of channels is utilized, including social media platforms, blogs, vlogs, articles, videos, and paid promotions. Marketers leverage these channels to advertise

brands and engage with consumers in innovative ways, transcending geographical barriers and maximizing outreach. Overall, the impact of digital marketing on modern business practices is profound, driving innovation, expanding reach, and fostering deeper connections between businesses and consumers.

The evolution of marketing has seen distinct eras marked by shifts in cultural norms and technological advancements (Busca & Bertrandias, 2019).

In the first era, characterized by collaborative systems, computer scientists laid the groundwork for the Internet, fostering a decentralized culture reminiscent of hacking. This era prioritized competence and self-governance, with auto-filtering software combating spam to preserve the collaborative ethos.¹

The transition to traditional market systems marked the second era, as private company-owned networks integrated with existing ones like the Advanced Research Projects Agency Network [ARPANet]². Commercial websites emerged, focusing on e-commerce and targeted advertising through tools like Hypertext Transfer Protocol [HTTP] cookies³. Despite these changes, the clash between traditional market systems and collaborative cultures persisted, creating a dual system on the internet.

The third era saw the assimilation of collaborative culture into traditional markets, influenced by business books and technological integration. Companies began embracing virtual communities, leading to the development of co-creation systems where consumers contribute to value creation. Intellectual discourse, such as the Cluetrain Manifesto⁴, advocated for more human-like companies and decentralized management structures.

In the fourth era, known as prosumption market systems, the libertarian ideology facilitated the blending of collaborative culture with traditional markets. Individuals gained decision-making power, leading to roles blurring in prosumption markets. This era witnessed the rise of the sharing economy and discourse advocating collaboration over traditional market systems, impacting market roles and marketing strategies significantly.

¹ Set of traits and modes of behaviour that make up the character or identity of a group or community.

² The ARPANet was a computer network built in 1969 to transmit sensitive military data and interconnect research departments in the United States.

³ Text files that a website sends to a user's browser with data about their profile and browsing behaviour.

⁴ Book written in 1999 covering 95 theses on the impact of the information revolution on organisational communication.

2.1.2 Conceptualisation

Digital marketing encompasses the virtualization of traditional marketing techniques within an internet-based framework. As per Kotler's definition, it involves developing, selling, and promoting products or services through online channels (López García, Lizcano, Ramos, & Matos, 2019). Social media applications serve as the primary platforms for communication and interaction between customers and businesses in the realm of digital marketing. Originally focusing on product and service marketing, the scope of digital marketing has expanded over time to include customer acquisition, preferences, brand promotion, and awareness. It encompasses various technological infrastructures such as SEO, email marketing, content marketing, and social media marketing (Jafarova & Tolon, 2022).

Businesses that effectively integrate their expertise with digital technologies can significantly enhance their international networking capabilities, ultimately bolstering market share and competitiveness (Kotane, Znotina, & Hushko, 2019). Digital marketing tools enable businesses to promote their offerings through multiple digital channels like social media, search engines, email, and websites to reach their target audience.

This approach, also known as Internet marketing or web marketing, has supplanted traditional marketing practices since the late 20th and early 21st centuries. The integration of digital applications into daily life has heightened the efficiency of digital marketing campaigns, leading consumers to prefer digital platforms over physical stores for conducting business transactions.

2.1.3 Traditional marketing vs. digital marketing

Traditional marketing continues to be a relevant choice for many businesses despite the burgeoning dominance of digital methods. This form of marketing utilizes established, one-way communication channels such as newspapers, magazines, radio, and television to reach consumers (Jobber & Ellis-Chadwick, 2019). Although perceived by some as outdated due to changing life preferences, competitive pressures, and shifts in consumer purchasing behaviour, traditional marketing still holds strategic value. Studies indicate that one significant disadvantage is the inability of traditional marketing to adapt swiftly in offering compelling advertising campaigns or competitive pricing, which can result in decreased profitability as businesses struggle to attract and retain customers. However, counterarguments in academic

research highlight the enduring benefits of traditional marketing, specifically its capacity to build trust and appreciation for a brand (Mehmeti-Bajrami, Qerimi, & Qerimi, 2022).

Traditional marketing	Digital marketing
Geographical limitations restrict customer outreach	Presence of two-way communication
Primary communication channels include print, mail, and telephone	Utilizes online advertising, email marketing, social media, etc
Lack of interaction with customers	Interaction with customers is facilitated
Communication flows only one way	Communication flows both ways
Continuous exposure to customers around the clock is not feasible	Continuous exposure to customers 24/7
Feedback on products/services typically occurs during working hours	Response or feedback can be received at any time
Traditional marketing methods are costly	Digital marketing is relatively inexpensive
Advertising campaign development requires extended time for creation and rollout	Advertising campaign development is quicker compared to traditional methods
Assessing campaign effectiveness is challenging	Campaign success is easily measurable through analytics

Table 1 – Traditional marketing vs digital marketing

Source: Adapted from (Ponde & Jain, 2019)

2.1.4 Digital marketing steps

Businesses have shifted their commercial operations from traditional mediums like newspapers, magazines, television, and radio to utilizing technology, the internet, and websites. By embracing digitalization, companies establish a technological infrastructure that not only provides access to a global audience but also facilitates direct interaction with consumers (Durmaz & Ela Akan, 2023).

According to the *Journal of Contemporary Research in Business, Economics and Finance*, there are four key stages involving digital marketing:

Acquisition is the initial stage, which focuses on attracting customers to the company's website or digital environment. Businesses must be present on relevant platforms and at opportune times to effectively reach their target audience. Strategies for acquisition often include leveraging search engines, advertising partnerships, mobile marketing, and other digital tools to draw customers to the desired online environment.

Conversion follows the acquisition phase, where the focus shifts to converting website visitors to achieving specific goals set by the brand. This involves analysing metrics such as website clicks, time spent on the site, engagement with content, or completing desired actions

within the website. The conversion stage aims to guide users towards desired outcomes and interactions.

At *Measurement and Optimization*, businesses analyse their digital marketing efforts to identify successes and areas for improvement. It involves measuring Key Performance Indicators [KPIs], comparing performance against competitors, and gathering insights to inform future strategies. Without proper measurement of digital platforms, brands cannot develop effective long or short-term strategies.

The *Retention and Growth* phase focus on fostering long-term customer loyalty and satisfaction. This involves ongoing efforts to retain existing customers and encourage repeat business through excellent customer service, technical support, and other post-purchase activities. Building strong relationships with customers is essential for sustaining growth and maximizing lifetime customer value.

2.1.5 Digital marketing strategies

When formulating a digital marketing strategy for a brand, it's crucial to employ the appropriate tactics to effectively reach the intended target audience. Enhancing brand awareness, driving sales, and fostering recognition are pivotal objectives for any brand⁵. To devise successful strategies, brands must possess a deep understanding of their core business, accurately identify their target audience, keep a vigilant eye on their competitors, and continuously address customer needs. Each brand must chart its unique path forward, tailored to its specific goals and circumstances (Ponde & Jain, 2019).

According to Statista, in 2022, social media and websites/blogs stood out as the most adopted digital marketing strategies among companies. These platforms provide extensive reach, engagement possibilities, and a range of tools for targeting specific audiences.

⁵ <https://www.forbes.com/advisor/business/digital-marketing-strategy/>

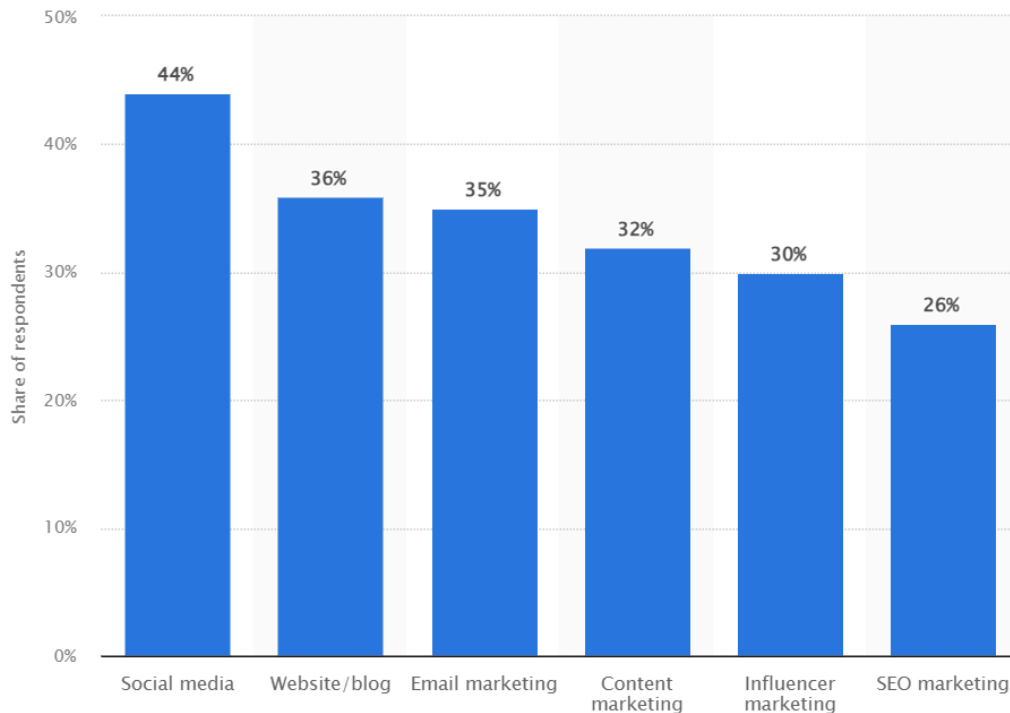


Figure 1 - Leading digital marketing channels as of July 2022

Source: Statista. Available in <https://www.statista.com/statistics/235668/interactive-marketing-adoption-worldwide/>

The *SEO* tool refers to the collective set of processes aimed at optimizing websites to align with the operational algorithms of search engines. The goal of SEO is to secure better positions for websites in Search Engine Results Pages [SERPs] for relevant keywords. A search engine functions as a website where various web pages are indexed and categorized based on algorithms, allowing internet users to swiftly locate desired information. By fine-tuning websites according to the search engine's operational structure, SEO endeavours to enhance visibility and prominence, thus facilitating higher rankings in search results.

The search engine stands as the most utilized service on the internet, exerting significant influence on users seeking information (Schultheiß & Lewandowski, 2021).

Email marketing is a powerful internet-based marketing tool utilized to target potential customers, offering easily measurable returns. This strategy involves sending commercial messages to a list of prospective customers via email, commonly referred to as email or email marketing. The primary aim of email marketing is to craft engaging emails that captivate recipients and address their needs effectively. Tailoring emails to suit the preferences and interests of each customer is crucial for achieving success in brand promotion.

By leveraging effective email software, businesses can segment their email lists based on various factors such as customers' spending habits or preferred discount periods. This segmentation allows for personalized and targeted email campaigns, enhancing their efficacy. One of the significant advantages of email marketing is its cost-effectiveness, making it an attractive option for businesses seeking to maximize their marketing budget (Peter & Vecchia, 2021).

Content marketing is a digital marketing approach aimed at capturing the attention of potential customers by providing informative content about a product or service, ultimately leading to sales conversion. Unlike traditional marketing methods, content marketing focuses on delivering valuable information without pressuring or confusing customers (Efendioğlu, 2019). This strategy is typically executed in two ways: content created directly by the brand to influence purchase intentions, and content generated by internet users such as bloggers, YouTubers, and influencers expressing their opinions about the product.

In recent years, content marketing has emerged as the preferred and rapidly accelerating marketing strategy for brands. According to a survey among global marketers, 91% of respondents utilize content marketing, with 77% incorporating it into their medium and long-term brand strategies. Research indicates that User-Generated Content [UGC] offers more personalized experiences and insights into product and service usage processes compared to marketer-generated content, which often focuses on original product photos and features (Dencheva, 2023).

Social media marketing involves leveraging social media platforms to promote and sell products and services. Unlike purchasing ads on these platforms, it revolves around creating and sharing new and curated content that provides value to your audience. This content may include product reviews, testimonials, memes, infographics, or other forms of educational and entertaining material.

The primary objective is to expand your social media following to a substantial size, allowing you to directly promote products or services to your target audience. While growing your following may require time and consistent effort, it's essential to produce content that resonates with your target group and encourages sharing. In many cases, social media marketing is complemented by social media advertising to accelerate audience growth and cultivate a loyal following. By combining both strategies, businesses can effectively engage with their audience, build brand awareness, and drive sales (Dwivedi et al., 2021).

In 2023, according to Statista, Facebook had secured its position as the predominant social media platform favoured by marketers globally. According to a comprehensive international survey, 89 percent of social media marketers utilized Facebook to promote their businesses, while 80 percent engaged in promotional activities via Instagram. With nearly 3.1 billion active users, Facebook retained its status as the most widely used social network worldwide⁶, making it the primary choice for marketers across both the Business-To-Business [B2B] and Business-To-Consumer [B2C] sectors. Nevertheless, amidst the rapidly evolving social media landscape, characterized by emerging contenders vying for audience and marketer attention, Facebook confronts escalating competition. As platforms like Instagram and YouTube gain traction, numerous advertisers are contemplating scaling back their Facebook endeavours in the foreseeable future.

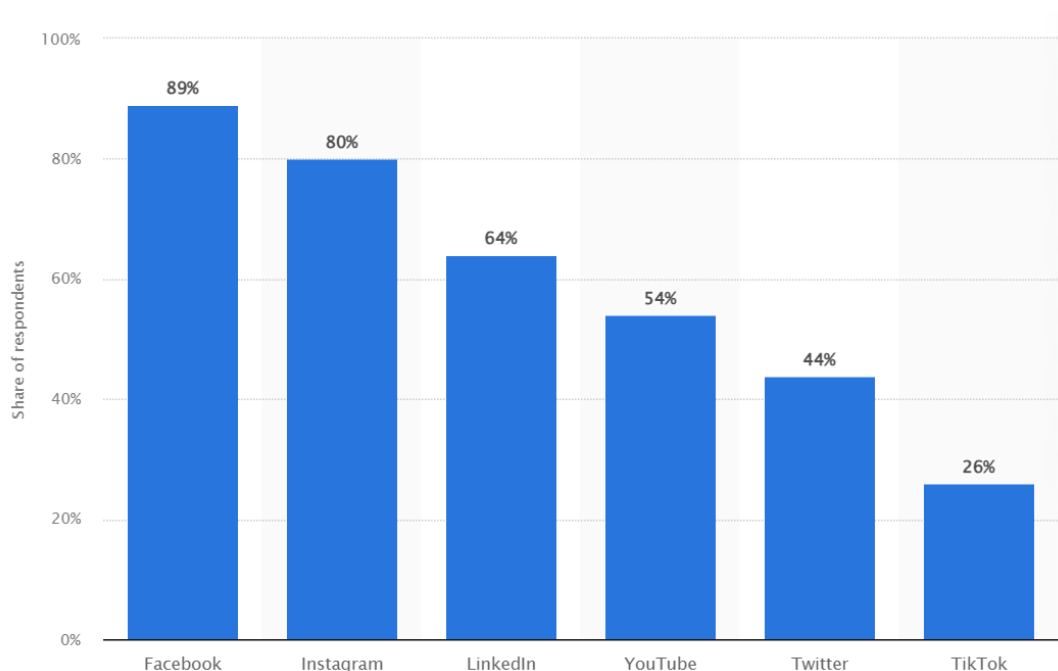


Figure 2 - Leading social media platforms as of January 2023

Source: Statista. Available in <https://www.statista.com/statistics/259379/social-media-platforms-used-by-marketers-worldwide/>

Website marketing involves leveraging a brand's website as a primary platform for providing information about products or services and directly selling to consumers online. It encompasses the use of the internet as a virtual storefront for conducting business transactions (Durmaz & Ela Akan, 2023).

⁶ <https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/>

When customers visit a brand's website, several important considerations come into play. The website should be designed clearly and understandably, reflecting the brand's identity. It serves as a platform to showcase basic brand information and details about sales terms and conditions, with the capability for e-commerce transactions. To ensure successful internet marketing via the website, businesses should adhere to several key steps (Grubor & Jakša, 2018):

- Establishing a dedicated website for the brand.
- Optimizing the website to be compatible across various devices, including desktop computers, iPhone Operating System [iOS] and Android phones, and tablets.
- Incorporating a blog section on the website to facilitate communication with customers, providing inspiring and engaging content.
- Ensuring that videos and photos featured on the website are clear and effective in communicating the brand's message and offerings.

Influencer marketing has emerged as a prominent marketing tool, particularly in recent times. Brands leverage phenomena to reach their target audiences, harnessing the power of social media influencers to influence consumer behaviour and preferences. This approach, often referred to as "influencer marketing," involves paying individuals to promote products and encourage purchasing.

In phenomenon marketing, individuals with large followings on social media platforms such as Facebook, TikTok, Instagram, and Twitter create and share content about products and services, sharing their experiences with their audience. These influencers can attract customers through various means, including organizing sweepstakes and campaigns on their social media accounts (Tafesse & Wood, 2021).

This channel operates as a digital form of word-of-mouth marketing, with brands relying on influencers to increase sales and promote brand awareness. Crucially, brands must select influencers who align with their target audience to maximize effectiveness. By collaborating with influencers, brands can establish strong connections with consumers who resonate with the influencers' image or views, thereby enhancing brand awareness and engagement (Vrontis, Makrides, Christofi, & Thrassou, 2021).

2.1.6 Main advantages and disadvantages of digital marketing

When aiming to craft effective digital marketing strategies tailored to achieve company goals while aligning with the organization's profile and capacity, it's crucial to thoroughly understand the advantages and disadvantages inherent in digital marketing. By gaining this insight, businesses can assess which digital marketing tools are best suited to their marketing activities and to what extent. It's important to note that successful digital marketing strategies should not solely focus on technology, but rather integrate traditional marketing principles (Qurtubi, Febrianti, Sugarindra, Hidayat, & Suyanto, 2022).

A common issue in digital marketing lies in dismissing traditional marketing methods. It's vital to recognize that digital marketing isn't a replacement for traditional marketing; instead, it serves as an advanced component within an organization's communication mix. In essence, digital marketing builds upon traditional marketing principles and approaches, leveraging technological advancements to enhance communication strategies. Without integrating traditional marketing concepts, it's challenging to develop a comprehensive and effective marketing strategy for business growth (Veleva & Tsvetanova, 2020).

Advantages of digital marketing include a multitude of benefits that empower businesses to effectively reach their target audience and achieve their goals. One of its key strengths lies in its high level of interactivity, allowing for dynamic and personalized communication with consumers. This interactivity, coupled with the global reach of digital platforms, enables companies to overcome geographical barriers and engage with customers worldwide in real time. As a result, digital marketing fosters responsiveness to user needs and preferences, providing opportunities for quick adjustments and flexibility in marketing strategies⁷.

Moreover, digital campaigns provide measurable results, allowing marketers to track consumer behaviour and analyse the effectiveness of their efforts accurately. This data-driven approach facilitates targeted marketing, enabling companies to tailor advertising messages to specific customer segments for increased relevance and impact. The convenience offered by digital platforms further enhances the consumer experience, providing easy access to product information and seamless online purchasing options.

In addition to driving traffic to company websites, digital marketing facilitates direct communication and interaction between businesses and consumers, fostering trust and loyalty. Companies can also leverage digital tools to analyse competitors' actions, inform strategic

⁷ <https://business.adobe.com/blog/basics/digital-marketing-benefits>

decision-making, and maintain a competitive edge in the market (Shkarlet & Dubyna, 2020). With greater control over marketing activities and efficient research capabilities, digital marketing offers a cost-effective alternative to traditional channels, making it particularly attractive for startups and small to medium-sized enterprises.

Overall, the innovation opportunities presented by digital platforms, such as mass customization and co-creation, further enhance the value proposition of digital marketing, positioning it as a powerful tool for business growth and success⁸.

Regarding the *disadvantages of digital marketing*, the utilization of digital marketing exposes businesses to significant vulnerabilities, particularly in terms of competition. Digital campaigns can be swiftly replicated by competitors, leading to the imitation of trademarks and corporate identities, which can mislead consumers and erode market share. Moreover, the intangible nature of online interactions necessitates a nuanced understanding of consumer psychology, often overlooked by marketers reliant on traditional consumer behaviour models. Consequently, digital marketing efforts may fall short of expectations due to a lack of tailored engagement strategies.

Furthermore, digital marketing campaigns run the risk of being perceived as unprofessional if not meticulously designed and targeted. Negative feedback and comments circulating online can tarnish a company's reputation, driving customer attrition and undermining brand credibility. Moreover, concerns regarding privacy and data security undermine consumer trust in digital marketing initiatives, impeding participation and engagement. Additionally, the inundation of online advertising messages can provoke consumer irritation, adversely affecting their perception of companies⁹.

Despite its potential, digital marketing is not universally applicable, as certain products, services, and demographics remain beyond its reach. Technical dependencies and errors further compound challenges, with malfunctions such as broken links and non-loading promotional materials compromising campaign effectiveness. The proliferation of digital tools presents another obstacle, as marketers struggle to select the most suitable options amidst a crowded marketplace.

⁸ <https://digitalmarketinginstitute.com/blog/5-benefits-of-having-a-digital-marketing-strategy>

⁹ <https://bankingjournal.aba.com/2020/01/the-pros-and-cons-of-digital-marketing/>

Furthermore, the rapid pace of technological advancements necessitates continuous adaptation, posing resource constraints for many companies. Inadequate alignment of digital marketing efforts with overall marketing strategies often leads to inefficiencies and misallocation of resources. Lastly, an overemphasis on technical aesthetics at the expense of substantive content undermines the long-term efficacy and sustainability of digital marketing endeavours¹⁰.

2.2 The coffee business

Coffee stands as one of the world's most beloved non-alcoholic beverages, cherished for both its enticing aroma and invigorating caffeine kick. The process begins with the roasted beans of the *Coffea* plant species, a native of sub-Saharan Africa and various islands scattered across the Indian Ocean. From these humble beans, brewed magic emerges, captivating taste buds and fuelling daily rituals around the globe (Wen, Yee, Yau, & Yee, 2014).

2.2.1 History

The history of coffee is a fascinating journey spanning centuries and continents. It's a tale filled with legends, discoveries, controversies, and cultural transformations. The story often begins in the ancient coffee forests of Ethiopia, where legend has it that a goat herder named *Kaldi* first noticed the energizing effects of coffee beans on his goats. Intrigued, he brought this discovery to the attention of a local monastery's abbot, who then experimented with the beans, leading to the creation of a stimulating beverage. This marks the mythical beginning of coffee's journey.

As coffee cultivation spread across the Arabian Peninsula in the 15th century, it became an integral part of Arabian culture. Coffee houses, known as *Qahveh Khaneh*, emerged as vibrant social hubs where people gathered not only to enjoy coffee but also to engage in conversations, music, games, and exchange of information. These establishments earned the nickname "Schools of the Wise" due to their role as centres of intellectual exchange¹¹.

The introduction of coffee to Europe in the 17th century sparked both fascination and fear. While some regarded it with suspicion, associating it with the "bitter invention of Satan," others

¹⁰ <https://www.iienstitu.com/en/blog/how-to-overcome-the-disadvantages-of-digital-marketing>

¹¹ <https://www.ncausa.org/About-Coffee/History-of-Coffee>

embraced it enthusiastically. In Venice, its arrival prompted condemnation from the clergy, leading to a controversy that even reached Pope Clement VIII. His personal approval of coffee helped to dispel doubts and paved the way for its acceptance across Europe.

Coffee houses rapidly proliferated in major European cities, serving as venues for lively discussions and intellectual discourse. The flourishing coffee house culture gave rise to various businesses and institutions, with establishments like Lloyd's of London tracing their origins back to these vibrant social hubs. By the mid-17th century, cities like London boasted hundreds of coffee houses, attracting diverse clientele ranging from merchants and shippers to artists and intellectuals. These spaces played a crucial role in shaping not just social interactions but also commerce and culture during this period.

2.2.2 Coffee around the world

The taste and quality of coffee are influenced by a multitude of factors, ranging from the type of coffee plant and the composition of the soil to the weather conditions during growth. These variables, including altitude and climate, work together to create distinct flavours in coffee beans. Additionally, the processing methods used after harvesting, such as natural or washed processing, contribute to the final taste. Even within a single plantation, variations in these factors can result in differences in coffee quality.

2.2.2.1 Production

According to the Coffee Report and Outlook [CRO] from April 2023¹², in 2021/22 the coffee production landscape saw a mix of ups and downs across different regions, influencing global output and market dynamics. Overall, while some regions experienced setbacks in coffee production due to various factors like off-biennial cycles and adverse weather conditions, others saw growth driven by favourable market conditions and weather.

Despite being the largest producer, *South America* experienced a significant drop in output, decreasing by 7.6% in the 2021/22 coffee year. This decline was mainly due to off-biennial

¹² The CRO is a bi-annual report by the International Coffee Organization, which is publicly available on the website. It provides a snapshot of the 2021/22 coffee years production and consumption.

production in Brazil and adverse weather conditions in several key origins. The region's output fell to 77.6 million bags, the largest drop since 2004/05.

Asia & Pacific saw a notable increase in production, up by 8.7% in the 2021/22 coffee year. Factors contributing to this growth included relatively high coffee prices and favourable weather conditions, especially in Vietnam. Asia & Pacific's output rose to 52.1 million bags, increasing its market share of the world's output.

Coffee production in *Africa* decreased slightly by 0.8% to 19.1 million bags in the 2021/22 coffee year. Despite this decline, Africa's market share of the world's output saw a slight increase.

Caribbean, Central America & Mexico experienced a minor decrease of 0.5% in coffee production, maintaining its market share of the world's output at 11.7%.

Regarding the species, in the coffee year 2021/22, production of Arabica decreased by 7.2% to 94.3 million bags, down from 101.6 million bags, marking the sharpest fall in output in 19 years. This decline paralleled the decrease observed in the coffee year 2003/04, when world Arabica production plummeted by 10.5%. Conversely, Robusta production witnessed an increase, reaching 74.2 million bags globally, marking a 7.1% rise. Asia & Oceania, the largest producer of Robusta, spearheaded this growth, experiencing a 10.1% surge in output to 45.2 million bags in the same period. Consequently, Asia & Oceania expanded its share of the world's Robusta coffee output to 61% in the coffee year 2021/22, up from 59% in the previous year.

Categories	Coffee Production, 60 – kg Bags		
	2020	2021	2022
Total	170,876	168,485	171,268
Species			
Arabica	101,577	94,248	98,559
Robusta	69,290	74,237	72,709
Regions			
Africa	19,281	19,132	19,405
Caribbean, Central America & Mexico	19,747	19,655	19,726
South America	83,937	77,596	82,424
Asia & Pacific	47,912	52,102	49,713

Table 2 – Coffee production around the world (2020-2022)

Source: Adapted from CRO from April 2023.

2.2.2.1.1 The world's biggest producers of coffee

In 2020, Brazil led the global coffee production, yielding approximately 69 million 60-kilogram bags of coffee, followed by Vietnam in second place with around 29 million 60-kilogram bags. This data underscores the significant role of coffee as one of the most consumed hot beverages worldwide, enjoyed by people across diverse cultures and regions¹³.

Brazil stands out as a formidable force in global coffee production, contributing almost 40% of the world's coffee supply. The country boasts regions with climates exceptionally suited for coffee cultivation, covering approximately 27,000 square kilometres of land dedicated to coffee plantations. Major coffee-growing areas include Minas Gerais, São Paulo, and Parana (Deshmukh, 2021).

Vietnam strategically tapped into the global coffee market by specializing in the cultivation of the more cost-effective Robusta bean. Robusta beans, known for their higher caffeine content compared to Arabica beans, impart a stronger and more bitter flavour to the coffee.

2.2.2.2 Consumption

According to the CRO, in the coffee year 2021/22, global coffee consumption saw a notable uptick, rising by 4.2% to reach 175.6 million bags. This growth follows a modest 0.6% increase in the preceding year. The surge in consumption can be attributed to the resurgence in activity following the lifting of COVID-19 travel restrictions and a robust 6.0% expansion in the global economy throughout 2021. These factors combined to drive up the demand for coffee worldwide.

Africa's coffee consumption is heavily concentrated, with the top six countries dominating 74% of the market share, equivalent to 9.5 million bags during the coffee year 2021/22 out of the total 13.6 million bags consumed across the continent.

Caribbean, Central America & Mexico were the second-tier countries, in the coffee year 2021/22, that spearheaded the overall expansion in consumption across the region. Their growth overshadowed the decrease in demand from the largest consumer within the region, highlighting the shifting landscape of coffee consumption patterns at a country level.

¹³ <https://www.statista.com/statistics/277137/world-coffee-production-by-leading-countries/>

Brazil maintains a dominant position in the *South American* coffee market, representing a staggering 83.3% of the region's coffee consumption in the coffee year 2021/22.

In North America, coffee consumption surged to 27.4 million bags, indicating a notable increase. Similarly, Canada experienced a significant uptick in consumption, rising by 10.2% to reach 4.3 million bags during the same period. The substantial rate of expansion observed in both countries is indicative of the pent-up demand that accumulated during the years of COVID-19 restrictions. As restrictions eased, consumers eagerly resumed their coffee habits, resulting in a notable surge in consumption levels.

In the *Asia & Pacific* region, there isn't a single dominant market, but rather a situation where countries are more equal in their influence, with Japan leading the field. This is influenced by factors such as the development of the coffee market and population size. Countries like China and India, with large populations, have lower coffee market development, while smaller population countries like Japan, Korea, and Australia tend to have higher coffee market development and higher income per capita.

Europe's coffee market is significantly influenced by the coffee consumption of the European Union countries, which constituted 75.5% of the region's coffee consumption in the coffee year 2021/22. Experiencing a notable increase of 7.5%, the European Union countries coffee consumption surged to 41.8 million bags during the same period.

Categories	Coffee Consumption, 60 – kg Bags		
	2020	2021	2022
Total	168,569	175,605	178,534
Regions			
Africa	12,552	12,877	13,403
Caribbean, Central America & Mexico	5,882	5,967	6,124
South America	26,381	26,895	27,379
North America	30,228	31,679	32,078
Asia & Pacific	41,289	42,828	44,162
Europe	52,237	55,359	55,388

Table 3 – Coffee consumption around the world (2020-2022)

Source: Adapted from CRO from April 2023.

3. Nespresso — a case study

A case study is a research method employed to gain a detailed and comprehensive understanding of a complex issue within its real-world context (Yin, 2009). Yin suggests that case studies are valuable for explaining, describing, or exploring events or phenomena within their natural settings. The case study method can provide further understanding of the gaps in delivery or the reasons behind selecting one implementation strategy over another (Stake, 1995).

Nespresso is a renowned brand in the coffee industry, known for its premium coffee capsules and innovative machines. It operates globally under Nestlé, promoting sustainable coffee cultivation and exceptional coffee experiences.

The journey began in 1986 with the launch of its pioneering portioned coffee system, swiftly expanding across Switzerland, Japan, and Italy. Through strategic partnerships and innovative product designs, Nespresso achieved significant milestones, focusing on sustainability, product diversification, and global expansion, shaping its iconic trajectory.

Nespresso is synonymous with meticulously crafted coffee capsules and state-of-the-art machines, meticulously designed to preserve the freshness and flavour of each brew. With an extensive range of blends, Nespresso caters to diverse tastes, ensuring customers find their perfect cup. Moreover, the company goes beyond just offering coffee products. Their online platform showcases exclusive recipes featuring Nespresso products, inspiring customers to explore creative culinary creations.

3.1 An overview

“CULTIVATING COFFEE AS AN ART TO GROW THE BEST IN EACH OF US”¹⁴

Nespresso, a renowned brand in the coffee industry, is a subsidiary of Nestlé, a prominent Swiss multinational food and beverage corporation¹⁵. Nestlé acquired Nespresso, along with its patents and technologies, upon its official launch in 1986. Over the years, Nespresso has emerged as one of Nestlé's most prosperous and recognizable brands.

¹⁴ https://nestle-nespresso.com/about_us/the_purpose

¹⁵ https://nestle-nespresso.com/about_us/who_we_are

The company has a global presence spanning 81 countries, across 515 cities, and it maintains a network of 802 boutiques. As part of the AAA Sustainable Quality™ Program¹⁶, Nespresso collaborates directly with over 120,000 farmers across 15 countries to advance the cultivation of high-quality sustainable coffee.¹⁷

3.2 A timeline

Nespresso S.A. was founded in 1986, introducing the world's first portioned coffee system.¹⁸ Starting in Switzerland, Japan, and Italy, Nespresso launched the C-100 and C-1100 machines with four coffee varieties. During their pioneering years (1986-1994), the Nespresso Club offered personalized services, expanding into Swiss households through a partnership with Turmix¹⁹. In addition, the introduction of the C-200 machines and signature chocolate squares marked further milestones.

From 1995 to 1999 was the time of laying the foundations. Nespresso focused on digital and household sectors, launching their first website and enhanced online presence, introducing the breakthrough C-250/554 machines, and expanding globally. Nespresso debuted the Nespresso Professional line and introduced innovative product designs, which led to an increase in the retail presence in the most prestigious venues in Paris.

Between 2000 and 2005, Nespresso achieved significant milestones, opening its first boutique, launching the Essenza machine, and focusing on creation. Production capacity expanded with a dedicated centre, while the Boutique Bar concept debuted. Accessories were rebranded, Volluto became the first AAA-sourced blend, and Essenza received the Red Dot Design Award²⁰.

From 2006 to 2012, Nespresso prioritized sustainability with *Ecolaboration*™, committing to eco-friendly practices. The company opened a state-of-the-art production centre and joined

¹⁶ The AAA Program is an initiative for sourcing coffee that aims to secure a steady supply of top-quality coffee. It seeks to enhance the well-being of farmers and their communities and safeguard the environment.

¹⁷ https://nestle-nespresso.com/about_us/our_commitment

¹⁸ https://nestle-nespresso.com/about_us/story

¹⁹ Turmix is a Swiss brand for household appliances.

²⁰ The Red Dot Design Award is an international competition recognizing excellence in product, industrial, brand, communication, and concept design.

the Aluminium Stewardship Initiative. New machines and boutiques were introduced alongside achieving capsule recycling goals.

Since 2013, Nespresso intensified sustainability efforts, forming the Nespresso Sustainability Advisory Board and achieving coffee sourcing goals. They introduced new coffees, launched the Nespresso Cube, and initiated the Positive Cup strategy. The expansion continued with the Vertuo system and the Reviving Origins program, as well as the efforts to extend recycling globally, with Nespresso partnering for innovative recycling schemes.²¹

3.3 Products and services

Nespresso produces coffee capsules, commonly referred to as coffee pods, comprising single-serve units filled with pre-ground coffee. These capsules are meticulously crafted to preserve the freshness and distinct flavour of the coffee. Nespresso provides an extensive range of coffee blends and flavours, catering to diverse taste preferences and offering customers the flexibility to select their desired profiles of taste and aroma.²²

In addition to coffee capsules, the company also specializes in the creation and production of coffee machines tailored to accommodate their proprietary coffee capsules. These machines are engineered to be intuitive and user-friendly, commonly equipped with programmable cup sizes, milk frothing capabilities, and automated brewing functions. Renowned for their convenience and ability to consistently produce premium-quality coffee, Nespresso's machines are celebrated for their reliability and commitment to delivering exceptional coffee experiences.²³

The company also offers a diverse range of accessories to complement its coffee machines, including milk frothers, water filters, and travel mugs. Many customers seek out these add-ons to elevate their coffee enjoyment, contributing to Nespresso's overall sales and brand loyalty.

Besides its existing product lineup, Nespresso maintains an online platform dedicated to showcasing recipes that exclusively feature Nespresso products, including coffee, biscuits, and syrups. This online resource provides customers with creative ideas and inspiration for

²¹ <https://nestle-nespresso.com/our-history>.

²² https://nestle-nespresso.com/our_products/coffee.

²³ https://nestle-nespresso.com/our_products/product.

incorporating Nespresso offerings into various culinary creations, further enhancing the brand's appeal and versatility.

Nespresso provides a subscription service known as the "Nespresso Club," which stands as a pinnacle of personalized service within the brand, offering a range of benefits and assistance to its members.

Customers enjoy the convenience of 24/7 capsule ordering through various channels, be it by phone, online, or in Nespresso boutiques, with guaranteed delivery within just 2 working days. Moreover, members have exclusive access to Nespresso's team of coffee experts, who provide tailored advice on capsule flavours, technical support, special offers, and updates on new coffee flavours. This level of personalized assistance not only enhances the coffee experience but also reinforces the brand's luxury image. Additionally, the Club keeps members engaged with recipe suggestions that exclusively feature Nespresso products, including coffee, biscuits, and syrups. Serving as the brand's primary means of communication, the Nespresso Club cements Nespresso's commitment to delivering a premium coffee experience and building lasting relationships with its discerning clientele.²⁴

²⁴ https://nestle-nespresso.com/our_products/services

4. Methodology

This chapter outlines the nature of the study, the research methods employed, the participants involved, and the data collection process. The primary method of data collection is through interview with a representative of the company under study.

4.1 Research model

In any research study, the methodology plays a critical role in shaping the quality and validity of the findings. Qualitative and quantitative data represent two primary categories of research approaches, each with distinct objectives, techniques, and designs (Seawright & Gerring, 2008).

Qualitative research focuses on exploring subjective phenomena that cannot be numerically measured, aiming to gain insights into how individuals perceive and interpret their experiences. It is exploratory and flexible, utilizing data sources such as interviews, photographs, journal entries, video footage, and personal narratives (Vaismoradi, Turunen, & Bondas, 2013). This approach often involves gathering data in natural settings through direct interaction with participants, allowing researchers to develop theories and concepts based on observed patterns and trends.

Conversely, *quantitative research* is numerical and objective, aiming to answer questions like "when" or "where." It provides precise, measurable, and statistically analysable data through methods such as polls, surveys, experiments, and meta-analyses. Typically conducted in controlled environments, quantitative research focuses on testing hypotheses and determining causal relationships between variables using structured tools like questionnaires. This approach allows for the analysis of large sample sizes and the identification of statistical trends and patterns that can be generalized across broader populations (Muijs, 2011).

The primary objective of qualitative research is to understand the "how" and "why" of human behaviour and experiences. Researchers use techniques like ethnographic studies, focus groups, one-on-one interviews, and the examination of various records, often gathering data from smaller, non-random samples with flexible and open-ended study designs. In contrast, quantitative researchers employ structured methods to test specific hypotheses with large, random samples in controlled settings (Johnson, Onwuegbuzie, & Turner, 2007).

Data interpretation in qualitative research involves analysing data within its context to uncover trends and patterns, leading to new theories and concepts (Sandelowski, 2000). This

contrasts with quantitative research, where the main goal is to test predefined hypotheses using statistical methods.

For this research, a qualitative method is employed to gain a deep understanding of how digital marketing can promote the business under study. This approach is chosen to explore subjective insights and experiences that cannot be captured through numerical data (Mehrad & Zangeneh, 2019). The primary method of data collection is a semi-structured interview with a representative of the company. This approach allows for flexibility in exploring various topics while maintaining a consistent framework for comparison.

4.2 Interview

As previously mentioned, the study utilizes a semi-structured interview as its primary tool. Semi-structured interviews are vital in qualitative research, offering a balance of consistency and flexibility. They are based on a set of predetermined open-ended questions, ensuring key topics are consistently covered. This structure aids in comparing responses across participants, while allowing the interviewer to ask additional questions that emerge during the conversation. This flexibility enables the exploration of unexpected themes and deeper insights (Warren & Karner, 2005).

The open-ended nature of questions encourages interviewees to express their thoughts and experiences in their own words, providing rich, qualitative data. The conversational style of semi-structured interviews can put interviewees at ease, fostering more candid responses. Typically scheduled in advance, these interviews take place in comfortable, private settings, ensuring both interviewer and interviewee are focused (Rubin & Rubin, 2005).

Semi-structured interviews are ideal for exploratory research because it helps delve into complex and sensitive topics, offering comprehensive understanding from participants' perspectives. They can be used alongside other methods to triangulate data and enhance research validity, but in the beginning of new research projects, interviews have been suggested in the literature as one of the appropriate tools for data collection (Adams, Khan, Raeside, & White, 2007). Often serving as the primary data source, they provide detailed, context-rich information (Crabtree & Miller, 1999).

Therefore, an interview script was crafted. This script is organized into seven dimensions, each designed to address the research question:

Dimensions of analysis	Questions
A - Characterisation of the interviewee	<ol style="list-style-type: none"> 1. Please introduce yourself. 2. What position do you hold at Nespresso? 3. How long have you held it? 4. What are your key responsibilities?
B – Company background	<ol style="list-style-type: none"> 5. Can you give me a brief overview of your company and its position in the coffee market? 6. Can you share a specific campaign or initiative that was particularly successful? 7. What made it successful?
C - Digital marketing at Nespresso	<ol style="list-style-type: none"> 8. What are the key components of your digital marketing strategy? 9. How do you integrate social media into your overall marketing plan? 10. Which platforms do you use for marketing? 11. Which digital platforms have you found to be most effective for reaching your target audience? 12. What is your target audience?
D - Content and engagement	<ol style="list-style-type: none"> 13. What type of content do you find resonates most with your audience? 14. How do you engage with your customers online? 15. What tools or methods do you use to foster this engagement?
E - Analytics and measurement	<ol style="list-style-type: none"> 16. What metrics do you focus on to gauge the effectiveness of your digital marketing efforts? 17. Can you share any insights or surprising trends you've noticed from your analytics?
F - Challenges overtime	<ol style="list-style-type: none"> 18. What are some of the biggest challenges you face in digital marketing in what regards to the coffee industry? 19. How do you overcome these challenges?
G - Future and innovation	<ol style="list-style-type: none"> 20. What emerging trends or innovations are you excited about in the context of coffee digital marketing? 21. How do you stay current with the latest digital marketing trends and technologies applied to businesses? 22. What are Nespresso's plans for digital marketing and future business development innovations?

Each topic included questions focused on Nespresso's stance on the issue, aiming to understand the interviewee's perspective on how digital marketing attracts new business, fosters professional relationships, and shapes Nespresso's identity.

The interview was conducted via videoconference using Microsoft Teams on August 1, 2024, at 2.30 p.m., lasting approximately 30 minutes.

To gather results pertinent to answering the research question, it was essential to interview a Nespresso employee with management duties and expertise in digital marketing. After informal contact and subsequent formalization via email, Andreia Vaz, Nespresso's marketing manager, agreed to participate and have the interview recorded. Both the interviewer and the interviewee conducted the interview in English.

5. Results

This chapter provides the results and discusses them, focusing on the different aspects of the interview framework, which include: the characterization of the interviewee; company background; digital marketing at Nespresso; content and engagement; analytics and measurement; challenges overtime; future and innovation; and additional information. Furthermore, it outlines the study's implications on “How the digital marketing boosts the business at Nespresso?”.

5.1 Characterisation of the interviewee

The interviewee, Andreia Vaz is the “Marketing Director for Nespresso Portugal” (Appendix A, l. 10-11).

As the Marketing Director, her role involves a comprehensive set of responsibilities that cover all aspects of the company's marketing efforts. She is primarily responsible for crafting and implementing the overall consumer strategy, which includes defining the product offerings and ensuring that these products are well-suited to the needs and preferences of the market (Appendix A, l. 15-16). This involves working closely with her team to design and adapt the product offerings specifically for the target consumers. In addition to product strategy, she oversees all the various communication elements that make up the marketing mix, ensuring that the messaging is consistent and effective across all channels (Appendix A, l. 17).

A significant part of her role also includes managing the Customer Relationship Management [CRM] system. Given that “Nespresso is a direct-to-consumer business [...] which doesn't happen in most traditional or big competitors of Fast-Moving Consumer Goods [FMCG] within coffee” (Appendix A, l. 18-20), her responsibility is to manage the entire active consumer base, developing programs and initiatives that encourage consumers to purchase more frequently and remain loyal to the brand.

Furthermore, her role extends to overseeing trade marketing, which is split into two key areas: B2C and B2B. Nespresso not only sells coffee directly to consumers but also supplies coffee to businesses, including “offices, [...] hotels, restaurants and cafes” (Appendix A, l. 26-27).

Lastly, she has also “the responsibility of ensuring that coffee quality is pretty much disseminated throughout the company and coffee is the driver for people to choose the best options in the market.” (Appendix A, l. 28-30).

5.2 Company background

Regarding the background of the company, I started by asking the interviewee about Nespresso’s overview and its position in the coffee market. The interviewee attempted to provide some background information, though she acknowledged not having all the details immediately available, since I asked about Nespresso Global and not Nespresso Portugal. She suggested visiting Nespresso.com for more information, estimating that the brand operates in about 80 countries, and it is focused on portioned coffee, specifically selling coffee capsules (Appendix A, l. 41-42). As mentioned in chapter three and confirmed by the interviewee, Nespresso it is owned by Nestlé, which is “the main operator in F&B in the world” (Appendix A, l. 44).

Within the coffee market, Nestlé operates in various categories, including portioned coffee, roast and ground coffee, and soluble coffee (Appendix A, l. 47). In the portioned coffee segment, Nespresso and Dolce Gusto are two of the most prominent brands, particularly in Portugal, where they hold strong positions (Appendix A, l. 48-49). While the interviewee initially planned to discuss Portugal in more detail, she expressed uncertainty about its relevance. Also, the interviewee did not disclose specific market shares or details.

The interviewee was also asked to share a specific campaign or initiative that had been particularly successful and to explain what contributed to its success. She provided an example of the recent launch of Lisbon Bica, a coffee variant inspired by the traditional Portuguese espresso, Bica. The campaign was launched around Easter and targeted the Portuguese market (Appendix A, l. 61-64). Bica is known for its intensity, scoring 10 on a scale of 1 to 13, making it much more bitter, intense, and “very different from other espresso coffees in the world” (Appendix A, l. 67), which tends to have an intensity of around 5-6.

The campaign was notable because it was developed and executed entirely locally, unlike most of Nespresso’s communications, which are usually managed by the global brand team at headquarters (Appendix A, l. 70-72). The local team was able to create a full media mix for the campaign, and the results exceeded expectations. Sales outperformed targets during the campaign period, and they continue to track positive results for the rest of the year (Appendix A, l. 73-75).

One of the key business objectives was to reactivate customers who had not made purchases in a while (Appendix A, l. 76). Nespresso retains consumption data, and the Bica launch helped them reconnect with customers who hadn't ordered in over a year or more (Appendix A, l. 78-81). Additionally, the campaign successfully attracted new customers, introducing them to both the Bica variant and Nespresso as a brand. Overall, the campaign was highly successful "in terms of sales, in terms of mix. in terms of best-selling" (Appendix A, l. 84-85).

5.3 Digital marketing at Nespresso

The interviewee was asked about the key components of Nespresso's digital marketing strategy, and she outlined three main components with an additional element. First, from a marketing perspective, the goal is to generate awareness and engagement, primarily through three channels (Appendix A, l. 89-91).

The first component is social networks, which are crucial for "generate content, generate conversation, generate buzz around a certain campaign, like Bica, for example" (Appendix A, l. 91-92). The Bica campaign involved extensive social media activity before, during, and after its launch, with teasers, content updates, and new recipes. They also shared stories about the history of Bica and its cultural significance, highlighting how coffee fuels Portuguese creativity (Appendix A, l. 96), and very often ties into cultural references (Appendix A, l. 98-100). According to the interviewee, "activate content around topics that relate with the campaigns [...] and [...] produce [...] content locally" (Appendix A, l. 101-102) is a key part of this strategy.

The second component involves influencers who are important for reaching audiences beyond Nespresso's own channels. These influencers, who often operate "into the cultural space of lifestyle" (Appendix A, l. 103), create and share content that integrates coffee into daily life, helping to extend the campaign's reach to different audiences (Appendix A, l. 104-106).

The third component is digital paid media, where Nespresso invests in banners, video content, and ads on platforms like YouTube and video-on-demand services such as Seek and Play (Appendix A, l. 107-109). Paid media plays a crucial role in driving traffic to Nespresso's website to convert visitors into customers.

The "plus" or fourth component is e-commerce. Nespresso uses e-commerce in a "more tactical way with campaigns that drive specifically conversion of sales" (Appendix A, l. 110-

111), whether for coffee machines or coffee itself during specific periods of the year. Together, these four elements form the foundation of Nespresso's digital marketing strategy.

Subsequently, the interviewee was asked how social media is integrated into their overall marketing plan and which platforms, aside from YouTube, they use for marketing. She explained that the primary social networks they utilize are Instagram and Facebook (Appendix A, l. 116), as these platforms still reach a large portion of their audience. Pinterest is also used when the content is "a bit more stylish on the lifestyle" (Appendix A, l. 117-118), making it a valuable platform for specific campaigns.

"TikTok is also an important one, getting more and more expression in Portugal" (Appendix A, l. 119). While TikTok is activated globally, in Portugal, they approach it carefully, as it has traditionally been associated with a younger audience. However, as the platform's user base expands beyond just younger demographics, they are exploring how to use TikTok more effectively, though it is not always part of every campaign (Appendix A, l. 121-122).

When asked which digital platforms are most effective for reaching their target audience, the interviewee explained that their primary target audience is Generation Y, or millennials, who are currently in their 30s and 40s, representing a significant portion of their customer base (Appendix A, l. 125-127). They also target the younger Generation Z, particularly those aged 25 and older. In addition, they have a distinct group of older consumers, those aged 50 and above, who are primarily found on Facebook (Appendix A, l. 128).

To effectively reach Generation X, Generation Y, and Generation Z, the company focuses on platforms like Facebook and Instagram, as these are the most important for engaging these key demographic groups (Appendix A, l. 129-130).

5.4 Content and engagement

When asked about the type of content that resonates most with their audience, the interviewee explained that "videos are the best format to resonate with the audience because they are interactive, they keep people engaged and watching until the end; whereas posts are a little bit more limited because you scroll down and there's nothing to see apart from a static image" (Appendix A, l. 134-136). Within the video format, actionable content, such as recipes, tends to perform best, whenever they share a new recipe, people save it and return to it later.

Additionally, high-quality photography also garners engagement, with users saving aesthetically pleasing images.

She also mentioned that some content featuring cultural elements, like Portuguese nuances, in the case of Bica, was particularly popular. However, the interviewee emphasized that the majority of engagement comes from videos, especially those that include recipes and practical tips (Appendix A, l. 144).

When asked about how they engage with customers online, the interviewee explained that their approach is closely tied to the type of content they create. They emphasized the importance of making content relatable and localized. For instance, when filming a recipe, they ensure that the shoot takes place in a Portuguese house, so it feels specific to the audience, rather than generic content aimed at a global market. This sense of locality helps customers feel like the content is made specifically for them (Appendix A, l. 149-151).

In addition to the content itself, they mentioned that tools like videos and comments play a crucial role in fostering engagement. They noted that “sometimes witty comments like smart comments make people comment back as well” (Appendix A, l. 152-153), creating more interaction. The interviewee highlighted that every aspect—whether it's the format, imagery, or written copy—contributes to engagement.

Furthermore, they have a dedicated customer service team that monitors all online touchpoints. This team is trained to use the brand’s tone of voice and responds to most, if not all, customer comments (Appendix A, l. 155-157). In some cases, they even reach out to customers to ask permission to share or use their generated content, which tends to resonate well, as people appreciate having their contributions recognized. UGC is also occasionally reposted to further engage the audience (Appendix A, l. 160).

5.5 Analytics and measurement

When discussing the metrics used to measure the effectiveness of digital marketing efforts, the interviewee highlighted a focus on KPIs such as follower count and engagement (Appendix A, l. 164-167). She explained that the number of followers reflects how many people are interested in the content, and an increasing follower count indicates that the content is relevant and well-received. Engagement, or how many of those followers interact with the posts, is another crucial metric. In Portugal, they noted positive results, with engagement rates ranging between 3.7%

and 4%, which is higher than the global average of 3.3%. This shows that their audience is actively engaging with the content (Appendix A, l. 168-170).

For paid media campaigns, the interviewee stated that different KPIs are used, “like reach, like impressions and click-through rate” (Appendix A, l. 173) (CTR), which measure how many people saw the content and how many clicked on it. They also monitor average time spent on the content or page, as well as conversion rates in cases where the campaign is focused on driving purchases. The conversion rate tracks “how many people, how many of the prospects that actually went to the page, clicked on buying and actually bought” (Appendix A, l. 176-177). These metrics help to evaluate the overall success of the marketing funnel.

When asked about any insights or surprising trends from their analytics, the interviewee noted that while there haven't been any unexpected trends, there are interesting observations. For instance, if the landing page to which users are directed is not optimized, the bounce rate tends to be high (Appendix A, l. 182-183). This suggests that while the initial hook or trigger may successfully drive traffic, the page itself fails to retain visitors. A high bounce rate indicates that the “whole funnel needs to be thought through to make sure that the campaign and the circle is completed” (Appendix A, l. 186-187).

The interviewee also mentioned noticing certain search trends. For example, during the "Bica" campaign, one of the most searched items was the history of Bica, revealing strong interest in the story behind it (Appendix A, l. 189-190). This led them to develop content that focused on that narrative, showing how trends can be leveraged to create a deeper connection with the audience. Overall, the insights highlighted the importance of aligning content and campaigns with both user interests and a well-structured funnel (Appendix A, l. 191-192).

5.6 Challenges overtime

When discussing the challenges faced in digital marketing within the coffee industry, the interviewee indicated that there are not many significant obstacles. In Portugal, they “benefit from the fact that the coffee industry is coffee in portion, which means that for consumers portion is seen as something of high quality and highly convenient and in the case of Nespresso, highly Premium” (Appendix A, l. 196-198). This strong perception means that their communications, storytelling, and brand positioning resonate well with the audience. The brand is highly trusted, and Portugal ranks among the top three markets for Nespresso in terms of brand equity, following Switzerland and France (Appendix A, l. 200-202).

Rather than challenges in digital marketing itself, the interviewee pointed out that any difficulties lie more in the supporting infrastructure (Appendix A, l. 205-206). For instance, when running paid media campaigns that drive traffic to the website, it's crucial to "make sure the website is bulletproof" (Appendix A, l. 207). Usability plays a key role in keeping visitors engaged, making it simple for them to explore, choose products, and complete purchases. While their website and digital app are good, the interviewee acknowledged that there is room for improvement (Appendix A, l. 210). They see future opportunities in enhancing the digital ecosystem around coffee, ensuring it integrates seamlessly into consumers' digital lives, rather than focusing on current marketing challenges (Appendix A, l. 212-214).

Since the question "How do you overcome these challenges?" had already been addressed, I decided to skip it and move on to the next topic.

5.7 Future and innovation

When asked about future trends and innovations in coffee digital marketing, the interviewee expressed excitement about hyper-personalization. She believes this concept, along with AI, has the potential to revolutionize the customer experience within the coffee ecosystem (Appendix A, l. 220-221). However, they emphasized that achieving this will require deeper insights into consumer behaviour, something that's currently limited by regulations like General Data Protection Regulation [GDPR] and concerns about data privacy (Appendix A, l. 222-223). Consumers must first allow companies access to their personal data in order for hyper-personalization to thrive.

Once consumers give their consent, the interviewee believes hyper-personalization could become a "game-changer" in coffee digital marketing (Appendix A, l. 225). The vision includes creating tailored experiences, such as a virtual coffee assistant who knows the customer's daily habits, reminding them when it's time for their morning coffee, or even managing their coffee inventory automatically (Appendix A, l. 227-229). This personalization would go beyond just providing a great cup of coffee — it could enhance the customer's energy management, social interactions, and even culinary experiences by pairing coffee with food (Appendix A, l. 231-233).

While these innovations are still far from reality, the speaker is hopeful that the coffee industry will move closer to realizing these possibilities in the future (Appendix A, l. 235).

When asked how they stay up-to-date with the latest digital marketing trends and technologies for businesses, the interviewee highlighted two key approaches.

First, they stressed the importance of navigating “online a little bit to understand what's going on with other businesses” (Appendix A, l. 238-239). For them, companies like Amazon serve as valuable references, particularly in areas such as personalization and e-commerce. Additionally, they mentioned the significance of staying informed about the startup world, especially businesses that operate solely online or through apps. Platforms like Kickstarter, which showcase innovative ideas seeking funding, also provide insight into emerging trends and technologies (Appendix A, l. 242-244).

The second approach involves relying on specialized companies that focus on trend forecasting. The speaker mentioned Trend Hunter, a United States of America - based company that produces detailed reports on future trends (Appendix A, l. 246-247). These reports, according to the speaker, are essential for “people and marketing teams to look into the future and anticipate the future” (Appendix A, l. 248).

In response to a question regarding Nespresso's plans for digital marketing and future business development innovations, the interviewee emphasized that the company's strategy is closely aligned with the idea of hyper-personalization, which was previously discussed. She explained that Nespresso aims to enhance the coffee consumer experience by leveraging AI to create personalized offers and experiences, allowing customers to enjoy coffee in ways that are more meaningful to them (Appendix A, l. 252-255).

Nespresso is making efforts in various areas to achieve this vision. Additionally, the interviewee highlighted the importance of e-commerce as a core sales platform for the company, particularly because Nespresso sells directly to consumers (Appendix A, l. 256-258). Improving the e-commerce platform is a key priority, with a focus on making the coffee-buying process simpler for non-experts while providing a more exciting experience for coffee enthusiasts. Balancing these two aspects is central to Nespresso's digital marketing and business development approach moving forward (Appendix A, l. 261-262).

5.8 Study implications

During my research I focused on investigating “How digital marketing strategies boost business performance at Nespresso?”. To provide a solid theoretical foundation, I based much of my research and literature review on international data. This broader perspective allowed me to analyse global trends, best practices, and emerging innovations in digital marketing within the

coffee industry. By doing so, I aimed to understand how companies like Nespresso leverage digital tools to enhance customer engagement, drive sales, and create personalized experiences.

However, the data extracted from my primary research, specifically through an interview with the Marketing Director for Nespresso Portugal, presented a more localized view. The insights gathered were largely focused on the Portuguese market, providing a detailed look at how digital marketing is applied in this specific region. While the interview shed light on important strategies such as hyper-personalization and e-commerce in Portugal, the findings were not fully representative of Nespresso's global operations. The regional context revealed nuances in consumer behaviour and market dynamics that may not directly align with trends seen on a global scale.

This contrast between the international literature and the locally focused primary data highlights a key implication of the study: while digital marketing principles can be applied globally, their implementation and effectiveness are highly dependent on regional factors. It underscores the importance of tailoring strategies to specific markets, as consumer preferences, digital habits, and regulatory environments can differ significantly. Therefore, businesses must strike a balance between global best practices and localized approaches to effectively maximize the potential of digital marketing.

6. Conclusion

This research aimed to explore the role of digital marketing in boosting business at Nespresso, globally. By combining an extensive literature review of global trends with insights from an interview with the Marketing Director of Nespresso Portugal, the study sheds light on the key strategies that have shaped Nespresso's success and how these strategies are tailored to local contexts. This conclusion reflects on the connections between the global data in the literature review and the more localized insights gathered from the interview, illustrating the broader implications for Nespresso's business and the potential for further innovation in digital marketing.

As this study draws to a close, it is essential to revisit the key research questions and objectives that guided the investigation. Regarding the key questions:

1. How do digital marketing strategies at Nespresso boost business performance?
2. What role does personalization play in Nespresso's digital marketing?
3. How are global digital marketing trends, such as AI and e-commerce, influencing Nespresso's strategies?
4. How does the company balance global digital strategies with local market needs?

The research has three main objectives: (1) Explore how Nespresso uses digital marketing tools to enhance its brand visibility and sales. (2) Examine the impact of personalization and AI in improving customer engagement. (3) Assess the challenges Nespresso faces, including data privacy concerns, competition, and evolving consumer preferences.

The literature review provided a solid foundation for understanding how digital marketing has evolved over the years, particularly in terms of personalization, customer engagement, and e-commerce. The global rise of digital marketing has redefined how businesses operate, transitioning from traditional one-way communication to interactive and data-driven models. Companies now rely on digital tools to engage customers, build brand loyalty, and drive sales through personalized experiences. Global studies emphasize the effectiveness of strategies such as SEO, social media marketing, and content creation to foster customer engagement and maximize brand visibility. The key trends identified in the literature, including the rise of AI and data analytics, point to the growing potential of hyper-personalization, where businesses tailor experiences to individual customer preferences. However, the effectiveness of these strategies often hinges on regional market dynamics and consumer behaviour.

In the interview with the Marketing Director of Nespresso Portugal, it became clear that while Nespresso aligns with global trends, its approach to digital marketing is deeply influenced by local factors. This aligns with the broader literature, which suggests that global strategies must be adapted to the specific needs of local markets in order to be fully effective. One of the most illustrative examples of this is the Lisbon Bica campaign, which was specifically designed for the Portuguese market. This campaign, inspired by the traditional Portuguese espresso known as Bica, was entirely developed locally and exceeded sales targets, reactivating long-dormant customers and attracting new ones. The campaign's success demonstrates how localizing digital marketing efforts to reflect cultural nuances and consumer preferences can yield significant results.

This localization strategy is supported by findings in the literature²⁵, which emphasize that digital marketing must be adaptable and flexible in order to cater to diverse consumer bases across different regions. The Lisbon Bica campaign capitalized on the cultural significance of coffee in Portugal, using storytelling and local content to resonate with the target audience. This mirrors global best practices in digital marketing, where companies are encouraged to integrate localized content into their broader strategies to create a more personalized experience for consumers (Dencheva, 2023). In this way, Nespresso has successfully adapted its global digital marketing strategies to the Portuguese market, enhancing consumer engagement and driving sales.

The interview also provided insights into the key components of Nespresso's digital marketing strategy, which includes social media, influencer partnerships, paid media, and e-commerce. Social media plays a crucial role in generating content, driving conversation, and building buzz around campaigns like Lisbon Bica. Platforms such as Instagram and Facebook are used to reach a broad audience, while more specialized platforms like Pinterest and TikTok are also utilized depending on the type of content and target demographic. This approach is consistent with global trends in digital marketing, where social media has become an essential tool for businesses to engage directly with consumers and build brand loyalty (Mehmeti-Bajrami, Qerimi, & Qerimi, 2022). The literature supports the notion that social media, when combined with influencer marketing and paid media, can significantly increase a brand's reach and foster deeper customer relationships (Dwivedi & et al., 2021).

²⁵ <https://business.adobe.com/blog/basics/digital-marketing-benefits>

In terms of personalization, the interview revealed that Nespresso is keen on advancing its capabilities, particularly through the use of AI. Hyper-personalization, as discussed in the literature, is seen as a potential game-changer in the way businesses engage with customers. By utilizing AI to better understand customer preferences and behaviours, companies can offer more tailored experiences, from product recommendations to automated services. Nespresso envisions a future where a virtual coffee assistant could anticipate customer needs, such as ordering more coffee when supplies are low, based on the user's habits and preferences. While these innovations are still in the early stages, they align with the broader trends identified in the literature, where the integration of AI and data analytics is transforming how companies interact with their customers.

However, the interview also highlighted some challenges in achieving full hyper-personalization. As noted by the Marketing Director, data privacy regulations, such as the GDPR, limit how much customer data can be collected and used for personalization. This reflects a key theme in the literature, where privacy concerns are seen as a significant barrier to implementing advanced personalization strategies. While AI and data analytics offer vast potential, companies must navigate these regulations carefully to avoid infringing on consumer privacy. The interview emphasized that consumers must be willing to share their data for personalization efforts to succeed, which presents both a challenge and an opportunity for businesses like Nespresso.

E-commerce also emerged as a critical component of Nespresso's digital marketing strategy. The interview underscored the importance of continuously improving the e-commerce platform to make the coffee-buying experience seamless and enjoyable for both novice and expert consumers. This focus on e-commerce aligns with global trends, where online platforms have become essential sales channels, particularly in the post-pandemic world where more consumers prefer to shop online. The literature highlights the growing importance of e-commerce in modern business strategies, noting that companies must invest in user-friendly platforms that offer both convenience and engagement (Grubor & Jakša, 2018). For Nespresso, enhancing the e-commerce experience is a top priority, particularly as the company sells directly to consumers, unlike many of its competitors.

A recurring theme in both the literature and the interview is the importance of measuring the effectiveness of digital marketing efforts. The Marketing Director discussed the use of KPIs such as follower count, engagement rates, reach, impressions, and conversion rates to assess

the success of digital campaigns. This data-driven approach is consistent with global practices, where businesses use analytics to measure customer behaviour and optimize their marketing strategies accordingly. The literature emphasizes that the ability to track and analyse performance in real-time is one of the key advantages of digital marketing, enabling companies to make data-informed decisions and improve their marketing outcomes.

The interview also shed light on the importance of UGC in fostering customer engagement. Nespresso actively encourages customers to share their experiences and often reposts UGC to further engage the community. This practice, which is widely supported in the literature, helps to build trust and loyalty by involving customers in the brand narrative. UGC is seen as a powerful tool for brands, as it not only provides authentic content but also enhances the customer's sense of connection to the brand.

In conclusion, this dissertation demonstrates that while global digital marketing strategies provide a strong foundation, their success often depends on how well they are adapted to local contexts. Nespresso's ability to localize its digital marketing efforts in Portugal, as seen in the Lisbon Bica campaign, is a prime example of how global brands can effectively cater to regional markets. At the same time, the company is poised to leverage AI and hyper-personalization in the future, aligning with broader trends in digital marketing. However, the challenges of data privacy and e-commerce optimization remain areas where further innovation is needed. Overall, the research highlights the importance of a balanced approach, where global best practices are tailored to meet local needs, and where technology and data are used responsibly to enhance the customer experience.

Regarding recommendations, for Nespresso, I recommend placing a greater emphasis on developing personalized marketing strategies that are specifically tailored to the unique characteristics of each country or population segment. This approach would allow the brand to resonate more deeply with local consumers by addressing their specific preferences, cultural nuances, and buying behaviours.

Additionally, for future research, I suggest expanding the scope to explore how Nespresso's digital marketing strategies could be applied or adapted to other markets, particularly those that have different consumer dynamics and digital habits. For instance, studying markets like China, where platforms such as WeChat and Weibo dominate social media, could provide valuable insights into how Nespresso might optimize its presence and engagement on alternative social networks that are crucial in regions outside of the Western digital ecosystem.

This conclusion ties together the theoretical insights from the literature review with the practical findings from the interview, providing a comprehensive view of how digital marketing boosts business performance at Nespresso. Through a mix of global strategies and local adaptations, Nespresso continues to innovate and thrive in the competitive coffee market.

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Appendix

Appendix A – Interview

Interviewer Jessica Rodrigues [JR]: This interview will be conducted as part of a master's research project. The study aims to understand the impact that digital marketing has on promoting the coffee business. This interview is extremely important as it will help to validate the facts gathered during the literature review. Thank you very much in advance. And starting with the interview, hello and thank you for taking the time to speak with me today. Do I have your permission to record and use the transcription?

Interviewee Andreia Vaz [AV]: Yes.

[JR]: Thank you, and to start, could you please introduce yourself?

[AV]: Well, hello Jessica, I'm Andreia, Andreia Vaz and I'm the Marketing Director for Nespresso Portugal.

[JR]: Okay, now tell me a bit about your role in the company – How long have you held it? What are your key responsibilities? Etc.

[AV]: Well, as the Marketing Director my role in the company is, of course to be responsible for all the different elements of the marketing, starting with the consumer strategy and product definitions – so the product offer design when it comes to adapting it to our market lies in my team as well, and then all the different elements of communication within the marketing mix. Hmm, I also have the responsibility of CRM, so, as you know, Nespresso is a direct-to-consumer business, so we sell directly to the consumers, which doesn't happen in most traditional or big competitors of FMCG within coffee. Hmm, a few small ones are also selling to consumers, but big FMCG companies have a retailer model and as part of that, I also have the responsibility of our CRM. So, the Relationship Program where, in fact, the responsibility is to manage the whole active base of consumers and to develop programs that allow us to drive frequency of consumption. I also have two other responsibilities; I have the responsibility of the trade marketing –trade marketing business to consumer and trade marketing business to business. Nespresso also has a business unit which is B2B, so, we also sell coffee to offices, and to, eureka, hotels, restaurants and cafes. And therefore, I have the trade responsibility for both and then I also have the responsibility of ensuring that coffee quality is pretty much disseminated throughout the company and coffee is the driver for people to choose the best options in the market.

[JR]: Okay, thank you so much, I think the questions are pretty aligned to what you are saying. Now regarding the company background. Can you give me a brief overview of your company and its position in the coffee market?

[AV]: By position in the coffee market, what exactly do you mean? Position as in?

35 [JR]: I mean, like, globally, what's the position that you have? Like, are you the biggest producer, hmm what kind no, but to which countries do you sell.

[AV]: Okay, but you mean Nespresso Global? Not just Nespresso Portugal?

[JR]: Nespresso Global yes. If you have that information of course, otherwise it's okay.

[AV]: Well, I'll try to give a bit of background even though in terms of global information I
40 don't have it from the top of my head but we can go. If you go into the website, Nespresso.com you will find information in how many countries we are I think we are in 80 different countries if I'm not mistaken, but, of course, Nespresso is a brand fully dedicated to portion coffee. So, our business core model is just to sell portion coffee, so the capsules business and it's a company that belongs to Nestlé. Nestlé is one of the, well, the main operator in F&B in the world, as a
45 food company and coffee is one of our biggest businesses at Nestlé. We have, and we play in many different categories within Nestlé, sorry, within the market, within the coffee market. So, we play in portion coffee, we play in roast and ground, we play in soluble coffee, so the different segments where coffee has a role. Within portion, Nespresso and Dolce Gusto are definitely two of the biggest brands in the segment. In Portugal for sure, worldwide, I don't know so, this
50 would not be a fact mentioned by me, but in Portugal, Nespresso and Dolce Gusto have a very strong position in the market. I cannot reveal market shares or our position, that's why I was asking what exactly you meant but we do have, you know, a strong position in the market. When it comes to hmm, maybe I've answered your question right? Because I was going to talk a little bit more about Portugal but I'm not sure if it's interesting for you. Portugal is mostly a portion
55 market, so soluble is worth much less and roast and ground as well.

[JR]: Yes, because I'm conducting the study globally, but I think it's pretty important if I have also information in Portugal, it's great, it's perfect. Next, can you share a specific campaign or initiative that was particularly successful? And what made it successful?

[AV]: Well, I have a very good example, we recently launched Lisbon Bica I'm not sure if you...
60 Because you live in Switzerland, right? So, maybe you haven't seen it but if you were in Portugal around Easter time you probably have seen some elements of the campaign. We

launched a specific variant inspired in our Bica espresso “The Portuguese espresso” and we were very lucky to have the opportunity to develop that particular coffee variant for Portugal, inspired in Bica – and Bica is a very particular type of coffee because it's very intense, so in a scale of 1 to 10, which is normally how we measure intensity in coffee, Bica is... Sorry, between 1 to 13 Bica is a 10, so normally the Portuguese Bica is very bitter, very intense and that's why the profile of taste is very different from other espresso coffees in the world. The regular and the average is around 5-6 where, you know, if you would say most of the population would prefer a coffee within 5-6 of intensity and our Bica is a 10 so it's quite a big difference. So that particular campaign was really really big for us, we launched it in April, we did the full campaign and the comms fully locally. Normally all the comms are developed by our headquarters, by our global brand team and this one in particular we were very lucky to been able to develop the full media mix locally. And it was really successful, like in terms of sales we over-delivered on the sales within the period, we're still, of course, tracking the results until the end of the year but we are ahead of our targets. And two of our main objectives in terms of business is always to, one, reactivate customers because as I said when you buy with us we hold your consumer consumption information, we don't know a lot of personal details about the consumers, we don't know your date of birth, we don't hold personal information but we hold your consumption data, so one of our big drivers for the business is to reactivate people, so you've ordered one year ago or three years ago and we have your consumption data and we always try to go back to the base and reactivate those people. So Bica allows us to do that okay so we had a lot of people who were consumers from three years ago that haven't come back and they came back so we were able to reactivate hmm we were able to recruit new consumers including to try Bica and Nespresso for the first time and all in terms of sales, in terms of mix. in terms of best selling variant it was quite successful and quite popular.

[JR]: Well thank you that was very interesting, it's a great initiative from where I stand hmm and I will for sure taste it when I come back to Portugal. Hmm now let's dive into digital marketing. What are the key components of your digital marketing strategy?

[AV]: Well, we have three different components with a plus. Okay so from a marketing standpoint where the main purpose is to generate awareness or engagement we mostly work with three different things. One, social networks, super important for us to generate content, generate conversation, generate buzz around a certain campaign, like Bica, for example, so we activated a lot in social networks pre, like a teaser, and post, during and after Bica, constantly

bringing new recipes, new content of stories. For example, with Bica we activated a lot the
95 history of Bica and how Bica was born, and of course, we also used from a concept point of
view the Portuguese creativity being fuelled by coffee, hmm and that was the cultural insight
that we used at the time. We identified that most of our social defining moments in the
Portuguese society, coffee was present so if you look into some illustrations of Fernando Pessoa
writing in cafes you will see that Bica was there, if you go into Almada Negreiros portraits you
100 will see that Bica was there in the cafes. Socially, the coffee was a very important trigger, so we
activate content around topics that relate with the campaigns on social and we produce a lot of
content locally as well. Within social we also have another important driver which is
influencers. So we use a group of people who tap into the cultural space of lifestyle – because
coffee is part of your day-to-day life – and basically we use influencers to activate the different
105 content and they do their own content and posts. So that reaches other audiences that we don't
on our own channels. And number three, we also push all that with digital paid media. So we
produce banners, video content to go into YouTube, into some specific channels of video on
demand. So for example, Seek, Play, the interfaces of TV of the channels. So paid media also
plays a very key role to generate traffic into our webpage to convert, and that is the fourth plus
110 that I was mentioning. On top we have e-commerce so we activate e-commerce on a more
tactical way with campaigns that drive specifically conversion of sales, so either to our
machines or to buying coffee in particular moments of the year. So those four are pretty much
the components of digital marketing that we use at Nespresso.

[JR]: Okay, now, you kind of answered this but how do you integrate social media into your
115 overall marketing plan? But which platforms do you use for marketing, besides YouTube and?

[AV]: Well, the social networks that we mostly use are Instagram, Facebook – they still reach
a big share of our audience – Pinterest when we have content that is a bit more stylish on the
lifestyle, Pinterest is a really good platform as well. Hmm and those are the most important
ones. TikTok is also an important one, getting more and more expression in Portugal. We
120 activate TikTok worldwide, in Portugal we need to tackle well the content because it's been
associated to a very young audience even though nowadays the users are not just as young so
we need to tackle TikTok in a more particular way so we use it sometimes, not always.

[JR]: Hmm now which digital platforms have you found to be most effective for reaching your
target audience? And what is your target audience?

125 [AV]: Hmm hmm, well our target audience is Generation Y, so millennials, who are now pretty
much between 30s and 40s somethings right and they make up a big share of our consumption,
and then of course the younger targets than that, Generation Z you know 25 plus. We also have
a very particular base of consumers who are a bit older who are plus 50 and those are on
Facebook. So to reach Gen X, Gen Y, Gen Z you need to be into platforms Facebook and
130 Instagram and that's why those are the most important ones for us.

[JR]: Okay thank you, that was very enlightening. Now regarding the content and engagement.
Content is a big part of digital marketing, what type of content do you find resonates most with
your audience?

[AV]: Well, videos are the best format to resonate with the audience because they are interactive,
135 they keep people engaged and watching until the end; whereas posts are a little bit more limited
because you scroll down and there's nothing to see apart from a static image and within that
within video format the type of content that works the best is really actionable content, so either
recipes, for example, every time we post a new recipe people save the content and they like to
go back to it and, or, specific photography that is really well done and some people like to save
140 it and to keep it and to really just engage with it from a beautiful point of view. From a beauty
point of view Bica was a little bit like that we had a few beautiful shots done with some cultural
Portuguese nuances, like the Portuguese Guitar, like the Portuguese Window in the house, you
know the Portuguese light in the sun so a few of those people really like and they save them,
but the majority is when we have videos and when we have recipes and usage tips.

145 [JR]: Hmm how do you engage with your customers online? What tools or methods do you use
to foster this engagement?

[AV]: Again, I think it relates with the previous question because we know the type of content
so we want to make sure that the content is relatable. Giving you an example, if we are shooting
a recipe we want to make sure that the shoot happens in a Portuguese house, that they don't feel
150 it's just global content created for millions of consumers so we want to bring those nuances of
locality that people feel "ah this is for me, this is for my country" and then of course the tools
apart from the content, the video, the comments, sometimes witty comments like smart
comments make people comment back as well, so everything plays a role really in terms of the
type of content, the format and what you post as an image and what you post as copy. And then
155 we have a dedicated team within our customer service that looks through all the different touch
points online and they reply back, so they are trained on the tone of voice of the brand and we

always reply back to most comments, to pretty much all of them and sometimes we even go back to some consumers and ask them if we can share or use some of the content they generated. And that also works really well because people get very, you know, happy to see their content recognized. Sometimes we use some UGC to also post back and to engage.

[JR]: Wow that's wonderful, that's great. Now the analytics and measurement. Measuring the success of digital campaigns is crucial. What metrics do you focus on to gauge the effectiveness of your digital marketing efforts?

[AV]: Well, the KPIs are always around followers, numbers of followers – How many people you actually have getting and being interested in your content and the bigger number of followers you get, it's a good indicator that the content is good and relevant, number one, and number two engagement, right? So how many of those followers actually react to the content that you post and, in Portugal we actually have a good result. We have between 3.7 and 4 the average globally is 3.3 so, which means that in our case you know we definitely can see that most of our consumers engage, they react and they like the content. Those are the most important ones and then of course if you are looking into paid media, you look into other KPIs, right? So this is for social and for how you drive social when it comes down to paid media, you look into other KPIs like reach, like impressions and click-through rate so how many people of those who saw actually clicked, how long they stayed on the content you offered so the average navigation time on the content or the page and then of course if you have a conversion campaign you look through conversion rate right? So how many people, how many of the prospects that actually went to the page, clicked on buying and actually bought, right? So that's pretty much how the funnel works.

[JR]: Okay thank you. Can you share now any insights or surprising trends you've noticed from your analytics?

[AV]: Hmm not really surprising trends but you see some interesting things happening in moments, for example, when the content of the landing page you're sending people to is not optimized, the bouncing rate is very high, so it means if you have a very high traffic and people are going to the page, means that, one, they are interested in the trigger, in the hook you gave them but when they get there, if they quickly leave, it means that the hook, the network to catch them is not well done, right? So that's an indicator to make sure that your whole funnel needs to be thought through to make sure that the campaign and the circle is completed, right? And then you see some search trends also coming up, so for example, during during Bica, one of our

most searched items was in fact history of Bica, so people were very interested in what was the
190 story, the real story behind Bica and a lot of the content we also posted and developed was
around that story okay, so again, it really depends on how you drive those trends as well and
how people really connect with the story and the narrative that you are creating.

[JR]: Okay, thank you. Now the challenges overtime. What are some of the biggest challenges
you face in digital marketing in what regards to coffee industry?

195 [AV]: That's a very good question I think I'm not sure if we have real big challenges to be
honest, I think in Portugal we benefit from the fact that the coffee industry is coffee in portion,
which means that for consumers portion is seen as something of high quality and highly
convenient and in the case of Nespresso, highly Premium so we really don't have any issue in
coming across with our comms, with our stories with our positioning of coffee, because people
200 really know the brand well and they trust the brand and in fact, Portugal has one of the highest
brand equities in the world so we are in the top three behind Switzerland, which is the biggest
of course and behind France if I'm not mistaken, which is the second biggest market. Portugal
comes at a third place so we are pretty much on the top, hmm so I would say we don't have big
challenges in the digital marketing. I think sometimes the challenge is to make sure that it's not
205 so much on the marketing side of paid media and getting the tools and the placement right, it's
more about the infrastructure behind that. So for example if you are paying media digital media
to take people into the website, make sure the website is bulletproof you know? The usage and
the usability is so good that you will hook people because it's easy to navigate, it's easy to
choose, it's easy to buy and I think probably that's where we need to make more advancements
210 because of course we have a good website, but it could be much better, and the digital app could
also be much better so I think for me it's more about the future, it's not so much about key
challenges we have today, but more about opportunities for the future in which I think the coffee
as an ecosystem can play a role in digital, in the digital life of people, rather than specific
challenges today.

215 [JR]: I will come to that I think below. How do you overcome these challenges? You already
answered that very well, so I guess we can skip this one. And now I think it's the final, future
and innovation. The Digital Marketing landscape is always evolving. What emerging trends or
innovations are you excited about in the context of coffee digital marketing?

[AV]: It's one thing, hyper-personalization. And we are very far away from that world you know,
220 I think hyper-personalization and AI can definitely change the way we provide an experience

of an ecosystem to consumers. Again I think it comes down to getting to know our consumers really well and of course consumers need to let that happen because with GDPRs and all the concern about personal data, companies are very limited in what they can do so consumers need to allow and authorize that to happen but once they do I think if we can crack ways to drive and deliver that hyper-personalization I think it can be a game-changer in the coffee digital marketing because we can tailor your whole experience for a day you know, Jessica, we know “I’m the Nassy I’m your personal assistant of coffee, and I know you always wake up at 8 a.m. and you want to get your Longo in a cup, da-da-da-da-da-da. You’re running out of coffee. Do I need order more?” You know what I mean? So there’s a whole world of opportunities in hyper-personalization, and making your life much easier around coffee, and making sure that coffee has a place in your day-to-day. Hmm that goes, you know, way beyond just a great cup of coffee, I don’t know, it works around your energy levels, it can help you around socializing with your friends, it can be a trigger for you to enjoy the most amazing foot paring in the world. You know what I mean? So you can get a lot out of the world of coffee, and I think we’re still not there. But hopefully, in the future, we’ll go a bit closer to that space.

[JR]: Thank you. Hmm now how do you stay current with the latest digital marketing trends and technologies applied to businesses?

[AV]: Oh, there are two things. One, you need to navigate online a little bit to understand what’s going on with other businesses. For me, there are some good references, you know, Amazon is always a good reference for me in what they do in terms of personalization, what they do in terms of e-commerce, and then also startup businesses that are digital. And you have plenty of businesses that just operate online and just operate in an app. So for me, investigating, knowing what’s going on in the startup world is also very important. Sometimes I look into Kickstart, which is a platform of new ideas that require funding. And if you scroll a bit around there, you get a glimpse of what’s happening out there in the world. And the second is, of course, we have specific companies that also give us this. For example, Trend Hunter is a good one in the U.S. who works specifically on trends, and they do loads of reports around trends, and they are fundamental for people and marketing teams to look into the future and anticipate the future.

[JR]: Thank you. And finally, that’s the last question. What are Nespresso’s plans for digital marketing and future business development innovations?

[AV]: Well, I think it’s very much aligned with what I mentioned before, which is moving towards a world where we can personalize more the experience of our coffee consumers,

together with AI and how we empower AI to connect that hyper-personalization with an offer,
with an experience hmm that actually allows you to enjoy coffee and the ecosystem of coffee
255 in a much more relevant way for you. And that's pretty much, I think, towards that direction
that Nespresso is doing different efforts in different areas to tackle that. And then, of course, e-
commerce, e-commerce is a kind of fundamental foundational platform for sales, especially for
us because we sell directly. And keep improving the platform and keep improving the
experience of buying. And how can you buy into coffee? And how can we make your experience
260 of buying coffee much easier if you're not an expert and much more exciting if you are an
expert? So I think it taps into those two different spaces, and the gravity between both is very
much the same, I would say.

[JR]: Okay thank you so much. I think I have all the information that I need. I'll be happy to
send you my dissertation once it's finally done. And thank you so much for your comments,
265 your overview, your feedback. It was really important.

[AV]: Thank you.