

# The Study of Coffee Consumers' Characteristics in Middle Taiwan

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**Abstract-** In Taiwan, the coffee consumption market is increasing considerably. Consumer's purchasing behavior is important to understand in the field of marketing research. This study attempts to examine the characteristics of coffee consumers' opinions and purchasing behaviors by using a sample collected from several chain coffee stores in Taiwan. There are several interesting results of this study. Firstly, not the perceived brand, the quality of coffee is the main factor for the majority coffee consumers' purchasing selection. It also showed that over 37% coffee consumers concerned the ambience of coffee store. And the high price coffee stores have high degree satisfaction with coffee satisfied, environment, service, and indicating consumer's position. And the masstige coffee has high CP value for consumers. Those results may indicate an insight of coffee consumption market in Taiwan.

**Keywords-** Consumer, Consumption market, Masstige

## I. INTRODUCTION

Companies are focusing on getting consumers' attention with product and service innovations on market entry where there are limited resources in this competitive environment. According to the results of Yang et al. (2015) the perceived brand awareness is one of the main drives for coffee consumers. It's noted that personal tastes, search for novelty and creation of memorable experience is the main driving factor of buying motives rather than conventional coffee buying motives. All of those factors contribute to the change of the marketing strategy in the realm of coffee business, from the traditional marketing strategy with the emphasis of function and benefits of a product into the one that focused on creating a memorable experience for customers.

In Taiwan, most coffee shops provide minimum service, usually comparable to fast food restaurants, where the customers purchase and pick up their food and beverage orders at the counter, and then proceed to the sitting or dining area for their enjoyment (Ko and Chiu, 2006). Coffee consumers have diversified perceptions depending on the product attributes (Shih et al., 2008). Those coffee chains obviously offer very broad range of price, from premium price, high price coffee

like Starbucks, and the cheaper coffee one can easily find in small coffee stores. This study leads to gain more insight on coffee consumer preferences and coffee purchasing behavior.

## II. LITERATURE REVIEW

The coffee industry is not only interesting but also offers many challenges as it has become increasingly competitive, demanding efficiency in all areas of operations for success (Joo, Stoeberl, & Fitzer, 2009). The coffee has become an important part of Taiwanese life and coffee chain stores consist of different kinds of brands in Taiwan (Shih et al., 2008).

As franchised chains, such as Starbuck Coffee, Yes Coffee, Dante Coffee, and Seattle Coffee, enter Taiwan, the population of coffee drinkers grows significantly (Shih et al., 2008). There are numerous coffee brands and each brand has a different branding strategy and product attributes in Taiwan's market. For example, Shih et al., (2008) stated, "Starbucks creates functional value mainly via product attributes and appropriate features (such as product taste, package, customization, hot drinks for cold days, and cold drinks for warm days). They conducted a similar study on consumer preference on instant coffee purchasing behaviors then got five factors which are consisting of taste, name brand, price, package, and content volume. Masstige means the luxury for the masses. These goods occupy a sweet spot between mass and class. While commanding a premium over conventional products, they are priced well below super premium or old-luxury goods (Silverstein and Fiske, 2003). CP value is the cost-performance ratio; it is a useful index for coffee purchasing behaviors in Taiwan.

Consumers make many buying decisions every day, and the buying decision is the focal point of the marketer's effort (Armstrong & Kotler, 2011). They suggested that companies should determine a good brand name to keep easily in the mind and recognize. For this reason, the research interest of researchers and marketers on consumer purchasing behavior is how they evaluate a product or services. The marketer wants to understand how the stimuli are changed into responses inside the consumer's black box, which has two parts. Firstly, the

buyer's characteristics influence how he or she perceives and reacts to the stimuli. Secondly, the buyer's decision process itself affects the buyer's behavior. Consumers' characteristics are cultural, behavioral. Word of mouth is an important factor for brand reputation through good or bad image of the company (Armstrong & Kotler, 2011). Those theoretical research models are focused on brand perception and positioning which might play an important role in purchasing behavior.

### III. THE METHODOLOGY AND MODEL

A questionnaire was used to collect sample data in middle Taiwan cities. Totally seven hundred questionnaires were distributed, and 578 (82.57%) were collected, and only 528 were useful. The useful questionnaires ratio is 75.43%. A five-point Likert type scale was used with the scale being presented thus; strongly disagree (1), somewhat disagree (2), neutral (3), somewhat agree (4), strongly agree (5), The scale was developed based on the literature review (Aaker, 1996).

The descriptive statistic methods were used to analyze the data of consumers' behaviors on their coffee consumption. The questionnaire consisted of three sections, the first of which was intended to demographic information on the respondents. The second section asked respondents to rate their degree the brand, quality and prestige. Cronbach's alpha reliability coefficient was conducted to measure of the internal consistency of the survey instrument. The scale yielded a high reliability score for all items of questionnaire over 0.7. SPSS 20.0 was used to find out the analysis results.

### IV. THE FINDINGS

According the data collection, the descriptive statistics showed the standard deviations of age, preferred and high price coffee satisfied are over 1.

TABLE I. DESCRIPTIVE STATISTICS

	Min	Max	Mean	Std. Deviation
Gender	1	2	1.55	.498
Age	1	4	2.70	1.063
Preferred	1	4	2.79	1.163
Brand	1	3	2.11	.487
High price coffee satisfied	1	5	3.33	.918
High price have high CP value	1	5	2.97	.903
High price environment comfortable	2	5	3.56	.772
High price service satisfied	1	5	3.35	1.050
High price can indicates my position	1	5	2.77	.990
Masstige coffee satisfied	1	5	3.09	.938
Masstige have high CP value	1	5	3.09	.995
Masstige environment comfortable	1	5	3.19	.933
Masstige service satisfied	1	5	3.02	.982
Masstige can indicates my position	1	5	2.63	.912

And table 1 also showed the coffee consumers have higher degree satisfaction for high price coffee with environment comfortable and indicating the consumer's position than masstige coffee. On the contrary, the consumers have higher degree satisfaction for masstige coffee with service and cost-performance value.

The cross tabulation also used to analyses the gender and preferred of coffee consumers. The results showed no matter male of female also prefer the coffee consumed ambience than service, experience, and price.

TABLE II. GENDER AND PREFERRED CROSS TABULATION

			Preferred				Total
			Service	Experience	Price	Ambience	
Gender	Male	Count	70	24	54	88	236
		Expected Count	51.0	36.7	59.9	88.5	236.0
		% within Gender	29.7%	10.2%	22.9%	37.3%	100.0%
		% within Preferred	61.4%	29.3%	40.3%	44.4%	44.7%
		% of Total	13.3%	4.5%	10.2%	16.7%	44.7%
	Female	Count	44	58	80	110	292
		Expected Count	63.0	45.3	74.1	109.5	292.0
		% within Gender	15.1%	19.9%	27.4%	37.7%	100.0%
		% within Preferred	38.6%	70.7%	59.7%	55.6%	55.3%
		% of Total	8.3%	11.0%	15.2%	20.8%	55.3%
Total	Count	114	82	134	198	528	
	Expected Count	114.0	82.0	134.0	198.0	528.0	
	% within Gender	21.6%	15.5%	25.4%	37.5%	100.0%	
	% within Preferred	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	21.6%	15.5%	25.4%	37.5%	100.0%	

The results of cross tabulation for brand and preferred showed that the brand may supply good service. The consumers with preferred experience, price, and ambience like the quality of brand coffee.

TABLE III. BRAND AND PREFERRED CROSS TABULATION

		Preferred				Total	
		service	experience	price	ambience		
Brand	Global	Count	16	4	10	6	36
		Expected Count	7.8	5.6	9.1	13.5	36.0
		% within Brand	44.4%	11.1%	27.8%	16.7%	100.0%
		% within Preferred	14.0%	4.9%	7.5%	3.0%	6.8%
		% of Total	3.0%	.8%	1.9%	1.1%	6.8%
	Quality	Count	84	56	88	168	396
		Expected Count	85.5	61.5	100.5	148.5	396
		% within Brand	21.2%	14.1%	22.2%	42.4%	100.0%
		% within Preferred	73.7%	68.3%	65.7%	84.8%	75.0%
		% of Total	15.9%	10.6%	16.7%	31.8%	75.0%
	Prestige	Count	14	22	36	24	96
		Expected Count	20.7	14.9	24.4	36.0	96.0
		% within Brand	14.6%	22.9%	37.5%	25.0%	100.0%
		% within Preferred	12.3%	26.8%	26.9%	12.1%	18.2%
		% of Total	2.7%	4.2%	6.8%	4.5%	18.2%
Total	Count	114	82	134	198	528	
	Expected Count	114	82	134	198	528	
	% within Brand	21.6%	15.5%	25.4%	37.5%	100.0%	
	% within Preferred	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	21.6%	15.5%	25.4%	37.5%	100.0%	

The result of the multi-regression analysis showed in table 4. The dependent variable is high price coffee satisfied. The four independent variables, high price have high Cost-Performance value, high price environment comfortable, high price service satisfied, and high price can indicates my position were put in the model.

$$HPS = b_0 + b_1 HPCP + b_2 HPE + b_3 HPSer + b_4 HPP + \epsilon \dots (1)$$

HPS is the dependent variable, high price coffee satisfied.

HPCP is the independent variable, high price has high CP (Cost-Performance) value.

HPE is the independent variable, high price environment comfortable.

HPSer is the independent variable, high price service satisfied.

HPP is the independent variable, high price can indicate my position.

TABLE IV. MULTI-REGRESSION ANALYSIS OF HIGH PRICE COFFEE SATISFIED

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(constant)	.583	.172	-	3.394	.001
High price have high CP value	.152	.040	.150	3.816	.000
High price environment comfortable	.411	.046	.345	8.947	.000
High price service satisfied	-.099	.033	-.113	-2.969	.003
High price can indicates my position	.418	.033	.451	12.849	.000

The p-value of the formulation (1) is significant with adjusted  $R^2$  0.395. It means all the independent variables have significantly impact on the High price coffee satisfied. All the absolute values of t are more than 2, and the significance <0.05. That indicates the four independent variables may significant influence the high price coffee satisfied.

Table 5 is the multi-regression analysis for masstige coffee satisfied. The dependent variable is masstige coffee satisfied. The four independent variables, masstige have high Cost-Performance value, masstige environment comfortable, masstige service satisfied, and masstige can indicates my position were put in the model.

$$MS = b_0 + b_1 MCP + b_2 ME + b_3 MS + b_4 MP + \epsilon \dots (2)$$

MS is the dependent variable, masstige coffee satisfied.

MCP is the independent variable, masstige have high Cost-Performance value.

ME is the independent variable, Masstige environment comfortable.

MS is the independent variable, Masstige service satisfied.

MP is the independent variable, Masstige can indicates my position.

The p-value of the formulation (2) is significant with adjusted  $R^2$  0.362. It means all the independent variables have significantly impact on the masstige coffee satisfied. All the absolute values of t are more than 2. Except the significance of

independent masstige can indicates my position is 0.022, others' significance are less than 0.01. That indicates the three independent variables, masstige have high Cost-Performance value, masstige environment comfortable, and masstige service satisfied may significant influence the masstige coffee satisfied.

TABLE V. MULTI-REGRESSION ANALYSIS OF MASSTIGE COFFEE SATISFIED

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(constant)	.699	.146	-	4.789	.000
Masstige have high CP value	.247	.042	.261	5.878	.000
Masstige environment comfortable	.240	.045	.238	5.316	.000
Masstige service satisfied	.209	.037	.219	5.627	.000
Masstige can indicates my position	.088	.039	.086	2.289	.022

#### V. SUMMARY AND CONCLUSIONS

Coffee consumer's purchasing behaviour is important to understand in the field of marketing research. This study attempts to examine the characteristics of coffee consumers' preferred and purchasing behaviours by using a sample collected from several chain coffee stores in Taiwan.

There are several interesting results of this study. Firstly, not the perceived brand, the quality of coffee is the main factor for the majority coffee consumers' purchasing selection. It also showed that over 37% coffee consumers concerned the ambience of coffee store. And the high price coffee stores have

high degree satisfaction with coffee satisfied, environment, service, and indicating consumer's position. And the masstige coffee has high CP value for consumers. Those results may indicate an insight of coffee consumption market in Taiwan.

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