Market Research of the Coffee Sales in Stara Zagora

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The present survey has been performed with the purpose of evaluating the extent to which the product coffee has entered the Bulgarian market. The article also aims to establish the consumer preferences and the tendencies of development of the coffee market in the city of Stara Zagora. The survey itself was performed in the period July-August, 2005. The people who took part in it were 61 women and 60 men. The authors are trying to define the profiles of the coffee consumers, as well as the relative importance of the different demographic groups for the companies which are the producers.

Hypotheses of the research: (1) Is segmentation of the coffee market possible? (2) Is it true that there are a few brands of coffee and they are preferred by the greater part of the consumers? (3) Are the taste and the quality of the coffee of primary importance for the consumers?

The market research gives information referring to the following results. The analysis of the data received leads us to the following information, as to the inclinations of the people drinking coffee; the women between 26 and 35 years of age are the most important market segment and differ considerably from the other groups that were involved in the survey, in terms of their monthly consumption quantities. Almost half of the women drink their coffee at home, while the favourite place of the men is the café– the share being 44,3%. The detailed analysis of the survey results shows that the leader on the Bulgarian market is Nova Brazilia with 28,1%, and the second place is for Lavazza with 23,1%. For both men and women the most important characteristics of the product are: 1 – the taste of the coffee, 2 – quality, etc.

Key words: marketing research, coffee market, food-processing industry, agriculture

Stara Zagora'da Kahve Satışlarının Pazar Araştırması

Çalışma Bulgaristan pazarında kahve boyutlarının değerlendirilmesi amacıyla gerçekleştirilmiştir. Makalenin amacı Stara Zagora şehrinde kahve pazarının gelişme eğilimleri ve tüketici tercihlerini belirlemektir. Temmuz-Ağustos 2005 döneminde gerçekleştirilmiştir. 61 kadın ve 61 erkek tüketici çalışmaya katılmıştır. Çalışmada kahve tüketicilerinin profillerini belirlemenin yanında kahve üreticisi firmaların farklı demografik grupların bağlantılı önemi de ortaya konmaya çalışılmıştır. Araştırmanın Hipotezleri: (1) Kahve pazarını bölümlere ayırmak mümkün müdür? (2) Tüketicilerin büyük bir bölümü tarafından birkaç marka kahve markasının tercih edildiği doğru mu? (3) Tüketiciler için en önemli kriterler kahvenin kalitesi ve tadı mı?

Pazar araştırmasıyla şu bilgilere ulaşılmıştır: Aylık tüketim miktarı açısından, 26-35 yaş arasındaki bayanlar en önemli pazar segmentini oluşturmaktadırlar. Bayanların neredeyse yarısı kahveyi evde içmekte iken erkeklerin favori mekânları cafelerdir (% 44,3). Araştırma sonuçlarının detaylı analizi göstermiştir ki; Nova Brazilia %28,1'le Pazarın lideri iken, Lavazza % 23,1 ile ikinci sırada yer almaktadır. Hem kadınlar hem de erkekler için kahvenin en önemli karakteristiği kahvenin tadı ve kalitesidir.

Anahtar kelimeler: pazar araştırması, kahve pazarı, gıda işleme endüstrisi, tarım

Introduction

The authors of the present paper make an attempt to clarify the techniques of making a market research by applying a methodology for surveying the coffee market and evaluating the received results. It is believed that "every enterprise wonders how the distribution of its market will develop and, respectively, if there are clearly distinguishable groups of customers, which are as homogeneous as much as possible and which can reach a definite mixture as well as possible" (Zailer, 1992). We will show the results of a research "which is useful for the defining of situations which demand taking of decisions and opening alternative actions" (Bernhardt and Kinnear, 1988). Why coffee? The answer is that coffee is the second most valuable legally traded commodity on Earth (after oil), the total global retail sales estimated to be $70 billion in 2004. The average Bulgarian drinks 2,4 kg of coffee annually. The

Bulgarian coffee market proportion between the coffee produced by Bulgarian and foreign companies are 58/42%, where the advantage is for the foreign companies (www.fas.usda.gov).

In the last four decades the research done in the field of consumer choices is one of the most rapidly developing scientific branches in the theory of consumer behaviour. When sdudying the choices of the consumers, we can use all methods known to the market theory, depending on the aims which are being set.

As it is known today, the study of the comsumer choices in Bulgaria has a history of no more than ten years, having in mind that it is still in a process of searching, developing, specifying and testing of different analythical and simulation models and that is what stimulates the authors' wish to make a researsch in this field.

Materials and Metods

Aim, object of the research and main research questions

The purpose of the research is to establish the consumer preferences and the tendencies in the coffee market. The object is the separate users living in Stara Zagora.

The main research questions can be summarized in the following way:

- To define whether the product (coffee, in our case) has entered the lifestyle of the Bulgarian people, what is the percentage of the Bulgarians taking it, in what quantities and what are the monthly expenses spent on it.

- To establish which are the preferred places for drinking it – at home, in a café or from a vending machine.

- To establish the market shares of the different brands of coffee, as well as the extent of loyalty (attachment) of the consumers towards a definite brand of coffee.

- To evaluate the separate characteristics of the product, their importance at purchasing of the product, as well as the comments which the consumers give about the brands they prefer.

Selection, size of the extract and methods used at data collection

The targets of the research have been chosen randomly, two conditions have been met: a) the consumers live in Stara Zagora and b) they belong to the age group of 18-35. It is our belief that this age group covers the main coffee consumers and the analysis of the data collected from them will give quite a good idea of the whole market. The survey itself was performed in the period July-August, 2006. The 121 people who took part in it were 61 women and 60 men.

The method used for the survey is that of the questionnaire. It makes the survey fast and economical. It also provides a calm and friendly atmosphere for the people who took part in filling it in. The research methodology is similar to that applied by foreign and other Bulgarian authors (Heig and Jackson, 1999).

Main hypotheses of the research

We will define a few research hypotheses:

*It is possible to segment the consumer market of coffee into separate groups and these groups will differ in terms of quantity of the consumed product, as well as the expenses made on the product.

*We think that there are a few (2 or 3) brands of coffee which hold the considerable share of the coffee market, while the rest of the market is a distribution of a variety of other brands of coffee. There is a high degree of attachment of the consumer to the brand of their preference.

*We start with the presupposition that the consumers will give the highest importance to the quality and the taste of the brand they prefer.

Results and Discussion

As Zhelev (2000) suggests, in our research we can use the "appriori" approach to segmentation: in it "a grouping criterion (descriptor) is chosen and the respondents are categorized in segments according to the grouping criterion. The segments are analysed according to the differences and similarities along other characteristics".

We can use demographic criteria in our research - first, because they are the most popular basis for dividing the consumer markets, as the consumer preferences depend to a great extent on them, and secondly, because they are easy to measure and access. Those belonging here are: gender, age, profession, family status,etc. The groups which have been distinguished in this way (clusters) will be analysed for differences. According to Punj and Steward, "the main use of the cluster analysis in marketing is the market segmentaion" (Punj and Stewart, 1983).

What is striking here? First, pay attention to the differences between the consumption of men and women.

The risk being 0,1%, that is, almost zero, we can say that women are the more probable and “the stronger” consumer of coffee. Particularly in the group of those between 26 and 35 we can see that 80,8% of the interviewed women have at least one coffee a day.

The risk being 3,8% and 3,1%, we can assume that the differences between the two sexes at the answers “A few times a month” and “I don’t drink at all” are statistically significant. 41,7% of the men do not drink coffee at all, or drink only a few times a month, while the respective percentage among the women is 14,7 - about 3 times less.

If we go into details at the analysis of the different sexes and age groups, we will see that among the women, the risk being - 3,2%, we have statistical differences at coffee consumption only between the groups of 18-25 and that of 26-35, as to the answer “At least one coffee a day”, the higher percenatage being that of the older group.

Among the men, in spite of some differences between the other age groups, none is statistically considerable.

Table 1. Relative share of the frequency of coffee consumption

Men		At least a coffee a day	Almost every day	A few times a week	At least once a week	A few times a week	Don’t drink a all
Age group 18-25 (n=67)	men (n=32)	0,25	0,219	0,063	0	0,156	0,313
	women (n=35)	0,543	0,143	0,086	0,029	0,086	0,114
Age group 26-35 (n=54)	men (n=28)	0,464	0,071	0,107	0	0,179	0,179
	women (n=26)	0,808	0,115	0	0	0	0,077
Total for men (n1=60)		0,35	0,15	0,083	0	0,167	0,25
Total for women (n2=61)		0,656	0,131	0,049	0,016	0,049	0,098

Analysis of the monthly consumption

The consumers who have answered with “at least one a day” and “almost every day” will be referred to as “hard” consumers from now on. The monthly consumption of the two sexes and the different age groups has been calculated and shown in talble №2

Table 2. Monthly consumption of coffee – (with the exception of the consumers who have stated that they do not drink coffee)

Segment		Number	Average monthly consumption (number of coffees)	Standard deviation
Men	18-25	22	37,38	28,35
	26-35	23	49,71	37,73
Total for men		45	43,78	33,5
Women	18-25	31	47,1	28,03
	26-35	24	62,92	21,16
Total for women		55	54	26,26
Total for the survey		100	49,40	29,42

The group with the highest consumption is that of the women of the age group (26-35) – with almost 63 coffees a month. Next are the men of the same age group – 49,7, women (18-25) – 47,1 and last come the men of the age group (18-25) – 37,4 coffees a month.
When considering the statistical importance of the differences between the average values of each age group, we get the following results:

Table 3 Comparing the diffferences between the segments

		Statistically considerable risk:
Women (18-25)	Women (26-35)	0,025%
Men (18-25)	Men (26-35)	Non-considerable statistically
Total for women	Total for men	0,091%

This is the reason why we can claim that the women of the age group (26-35) are the most important market segment or the coffee producers and differ considerably from the other groups that were involved in the research, in terms of their monthly consumption. We have to clarify that the consumption we mean here is measured by the number of coffees drunk.

Monthly expenses on coffee

Whether the consumption measured in leva will keep the same tendencies can be said only after we analyse the other two important aspects in our research, namely, the monthly expenses of the different groups spent on coffee.

Table 4. Monthly expenses on coffee

Expenses made by the people inquired (in leva)					
	Number	**Average**	**Minimum**	**Maximum**	**Stand. deviation**
18-25	31	7,31	1,50	15	4,91
26-35	24	8,25	1,50	15	4,72
Tot. women	55	7,72	1,50	15	4,80
18-25	22	7,04	1,50	15	4,43
26-35	23	8,36	1,50	15	5,82
Tot. men	45	7,71	1,50	15	5,12

When considering the monthly expenses on coffee, we see that the situation is very interesting. We can see that there are almost no differences between the average expenses of women - 7,72 leva against 7,71 leva for men. The exception is, though, the displacement of the first two places - the order is the same as that of the monthly consumption in terms of number of coffees. Somebody may argue that this contradicts the analysis done above and with the fact that the women of the age group (26-35) consume more coffee monthly than the men of the same age. The expenses, of course, differ to a great extent, depending on the preferred places for drinking coffee – at home, at cafes or from vending machines. The profile of the different groups will be done in the next part.

Profile of the consumers depending on the place of consumption of the product.

The consumers' choice research is one of the fastest growing scientific branches in the theory of consumer behaviour in the last four decades.

Of course, some consumers like to drink their coffee early in the morning at home, others – in some cafe with friends and still others – "on foot", as they say – from a coffee machine.

What can be seen from the table? Women prefer to drink their coffee at home, where they drink almost half of their total consumption, while for the men, especially from age group (26-35) – the favourite place is still the cafe – the share being 48,21%. We are checking three hypotheses: There are statistically considerable differences as for the preferred places by the men and the women, respectively A) – at home B) – in cafes and C) – from coffee machines.

After the necessary calculations we come to the following results:

There are differences between men and women – drinking coffee at home $\alpha = 0{,}0008$ ($\alpha < 0{,}05$ is accepted).

There are differences between men and women – drinking coffee in cafes $\alpha = 0{,}026$ ($\alpha < 0{,}05$ is accepted).

There are differences between men and women – drinking coffee from coffee machines $\alpha = 0{,}105$ ($\alpha > 0{,}05$ rejected).

As far as drinking coffee from coffee machines is concerned – the most common consumers here are men (18-25), while women of the group 26-35 are the most rare.

Although the average relative share of men is 23,89%, while for women it is – 17,18%, there are no considerable statistical differences between the two sexes in respect of the consumption from coffee machines.

Table 5. Preferred places for consumption of the product

Segment/place for drinking (in %)		At home	In a cafe	From a coffee machine
Men	18-25	30,77	40	29,23
	26-35	32,86	48,21	18,93
Total for men		31,85	44,26	23,89
Standard deviation		26,57	26,45	25,2
Women	18-25	47,74	34,68	17,58
	26-35	50,83	32,50	16,67
Total for women		49,09	33,73	17,18
Standard deviation		23	20,05	15,36
Total for the survey		41,33	37,79	20,88

Market shares of the different brands

The big percenatge of men not using the product can clearly be seen –25 against only 9,8 for the women. At the expense of that, though, the high per cent for the brand "Nova Brazilia" is obvious – 36,1 of the women. We cannot ignore the conclusions we reached above. It is obvious that for the coffee consumption at home what is typical of the women is "price considration", that is, the coffee brands with low prices and comparatively good quality. The low purchasing capacity of the people is bound to influence the choice of such a product as coffee in a negative way.

Judging by the whole survey, we can say that two brands of coffee are struggling for leadership on the Bulgarian market – that of "Nova Brazilia" and that of "Lavazza". At the moment the leadership belongs to "Nova Brazilia" with 28,1%, but "Lavazza" follows close with 23,1%. It can be seen that "Lavazza" has chances for growth, especially among the women.

Table 6. Preferred brands of coffee among the consumers

Brand of coffee	Number of men	in %	Number of women	in %	Total for the survey	in %
Nova Brazilia	12	20	22	36,1	34	28,1
Lavazza	13	21,7	15	24,6	28	23,1
Jacobs	5	8,3	5	8,2	10	8,3
Ness coffee	3	5	6	9,8	9	7,4
Elite	3	5	3	4,9	6	5
Douwe Egberts	2	3,3	2	3,3	4	3,3
No preferences	7	11,7	2	3,3	9	7,4
Do not drink at all	15	25	6	9,8	21	17,4
Total	60	100	61	100	121	100

Degree of loyaly to the brand

The degree of attachment of the consumers to coffee with accurately defined characteristics is one of the criteria giving also guarantees for the longevity of the producer company.

There is an abrupt jump for men (from 22,7 to 52,2), that is, about 30% of the so called hard consumers of a definite brand after their 25th year. Perhaps their way of life changes and the "jump" from one brand to another, which is most common for them –59,1 % , decreases considerably. The same tendency, but to a much lesser extent, can be seen among the women, although there is a much bigger homogeneity within the two age groups. When analysing the differences between the relative shares between the 4 segments, apart from what we already said about men above, we can establish (the risk being α=0,014%) differences between the two sexes in the "inclination to replace their brand with a particular other brand". In this respect we can say that women are inclined to try and compare a variety of a few similar products. Men take the two extremes: they either become hard fans of a definite brand or try and buy whatever they find.

Table 7. Loyalty to the brand

Segment		Refusing to try others and looking for exactly the same brand they prefer		Inclined to replace the one they are looking for with a particular other		They buy whatever brand they find	
		Number	Relative share (in %)	Number	Relative share (in %)	Number	Relative share (in %)
Men	18-25	5	22,7	4	18,2	13	59,1
	26-35	12	52,2	3	13	8	37,8
Total for men		17	37,8	7	15,6	21	46,7
Women	18-25	9	29	13	42	9	29
	26-35	8	33,3	8	33,3	8	33,3
Total ofr women		17	30,9	21	38,2	17	30,9
Total for the survey		34	34	28	28	38	38

Evaluation of the consumers of the importancce of the different chracteristics while choosing a brand

The observed characteristics, which are included in the survey, are: the image of the brand, price, quality, taste, accessibility in the market net (distribution) and good advertising. The respondents were asked to answer to what extent their choice of coffee is influenced by the above elements (on a 3-level sclale).

In all the characteristcs, which are object of our observation, women give higher average values, although the differences are insignificant. This shows the higher demand of the "weaker sex" when choosing their brand of coffee. We think there is nothing surprising in that – probably women as a whole are more choosy when buying certain goods – especially the most common ones.

Both sexes say that, ordered in a hierarchy, the characteristics of the product would look like this: 1st place – Taste of the coffee, 2nd place – Quality, 3rd place – Accessibility on the market, 4th place – Price, 5th place – Image of the brand and 6th place – Good advertising.

No differences were observed between men and women in terms of the importance of the product mix.

Let us try, with the help of the conclusions we reached when processing the data of the research, to make a profile of the separate market segmets (Table 8).

Conclusion

Let us now answer the research hypotheses which we put at the beginning of the research.

The first part of the hypothesis 3.1 is completely confirmed by the analysis of he data, but it is proved that there are almost no differences between the average monthly expenses of the women – 7,72 leva, against 7,71 leva for the men.

The first part of hypothesis 3.2 is also confirmed (see table.№7), but in respect of the high level of attachment, the analysis of the data shows that only 34% of the surveyed people are loyal to a particular brand.

Hypothesis 3.3 was also proved, showing that the consumers give their preferences to the first and second suggested characteristics, only they put them in a reverse order – first, the taste and second, the quality.

We consider this survey to be an atttempt at a market research, which can help the present and the future market researchers, giving them a chance to make use of it.

Another important implementation of the research is the possibility to use such market research surveys with other products, too, not only coffee. The popularization of the market surveys will give the companies that use them a big advantage in their work. They can prove to be the decisive factor which will help some of the companies strengthen their positions on the market and those that do not see their importance will stay "out".

Table 8. Summarised profile of the coffee consumers

Characteristics	Women	Men
1. Frequency of the purchase	The risk being 1%, that is, almost zero, we can say that women are a more probable and "strong" consumers of coffee. Especially in the group 26-35 of age, we can see that 80,8% of the interviewed people drink at least one coffee a day.	41,7% of the men do not drink at all or drink only a few times a month, while the analogical per cent for women is – 14,7 about 3 times less.
2. Monthly consumption	Women aged 26-35 are the most important market segment for the coffee producers and are considerably different from the other groups under observation for their monthly level of consumption – 62,9 coffees.	Next are the men from the same age group – 49,7 coffees, women aged 18-25 – 47,1 coffees and last are the men from the age group 18-25 – 37,4 coffees monthly.
3. Preferred place for consumption of the product.	For women, the preferred place for drinking coffee is the home, where they drink almost half of their total consumption. Women who take their coffee from coffee machines are those from the age group 26-35.	For the men, especially those from the age group 26-35 – the favourite place is the café, their share being – 48,21%. As for the coffee machines, the most frequent consumers are men from the age group 18-25.
4. Prefences in terms of the brand and the loyalty to it	Among the women, the two distinct groups are also those who like the two brands Nova Brazilia and Lavazza, but the situation here is the contrary. The leading brand is Nova Brazilia – 36,1%, followed by Lavazza –24,6%. Here only these groups have a total share of – 60,7%. Women tend to want variety and give their opinion about a few similar products.	We can divide men into three big groups: not drinking coffee – 25%, men who like Lavazza - with 21,7%, and the third group are those who like Nova Brazilia – 20%, the three groups forming a total share of 66,7%. All the other brands have market shares less than 10%. There is a jump among the men (from 22,7 to 52,2), that is about 30% of the so called hard consumers of a definite mark after their 25th year.
5. Evaluation of the importance of the different characteristics when choosing a product.	Analysing all the characteristics, we see that women give higher average marks, although the differences are not significant. This shows a higher degree of demanding on the part of the "weak" sex when choosing coffee. We do not find anything surprising in that – probably women as a whole are more choosy at their purchase of a definite product – especially of the most often used products. Both sexes think that, if ordered in a hierarchical order, the characteristics of the product would look like this: 1. Taste of the coffee 2. Quality 3.Accessibility on the market 4. Price 5. Image of the brand 6 . Good advertising	

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