



De-Mystifying Coffee Pubs

Prof. Dharmesh K Mishra
Faculty Member, IBS Pune

Abstract:

With the advent of globalization and more job creation the Indian middle class is growing richer by leaps and bounds. Coupled with an increase in spending power, people prefer to spend quality time with their friends, relatives and family. There are a number of coffee pubs available to the consumer to choose from like Café Coffee day, Barista, Quicky's etc to name a few. The research tries to find the level of awareness a consumer has about a coffee pub and the factors which influences a consumer to choose a particular joint over another. The paper also tries to find out the various clusters of consumers and their varied preferences.

Keywords: Consumer behavior, Service, Coffee Pub

Introduction

According to legend, coffee was discovered by the Ethiopian goat herder named Kaldi in the year 850. In 1000 A.D Arab traders brought coffee back to their homeland and cultivated the plant on their plantations. They also began to boil the beans and created a drink called the "Gahwa". In the year 1453, Coffee was introduced in Constantinople by Ottoman Turks. The world's first Coffee shop was opened in the year 1475 and was called the "Kiva Han". In the year 1645 the first coffee house opened in Italy. England had its first coffee house in the year 1652. These places became famous as discussion and deliberation forums for the masses. In the year 1668 coffee replaced beer as the city's favourite breakfast drink. In the year 1942, during the world war –II American soldiers were issued Maxwell House Coffee as a part of their ration kits. In the year 1971 Starbucks opened its first Café shop in Seattle creating a mad rush of coffee drinkers.

The world has since seen a rapid increase in coffee chains and pubs across the world.

Rationale of the study

The task for today's marketers is the more difficult than it has ever been. The amount of choice available to the consumer of today is at an all time high. With the fast paced life of today everyone wants to spend "quality time" with one another. A number of coffee pubs have come up all over India in the last decade to tap this need of the customer. The pubs are designed in such a way that they to meet the standards of all age groups. The ambience has to be in line with the latest trends. The service offered has to be of world class standards. Companies are fighting with one another for the share of loyal customers with the help of freebies, discounts, ambience, branding, cards etc. But is the consumer aware about what a coffee pub is before he decides to enter one? What are the factors which a customer is looking at before he decides to spend his quality time at a particular pub with friends, family etc? With this objective in mind a questionnaire was designed for the same. Sixteen attributes of restaurants/Coffee pubs were listed with the help of brainstorming on what a consumer

looks at before deciding on his final choice.

Literature Review

According to Kotler and Armstrong (2001), consumer buying behavior means the behavior exhibited by an individual and household in their purchase of goods meant for personal consumption. Consumers around the world demonstrate a distinct pattern of buying behavior which is dependent on their age, income, education and preferences. Companies prepare their marketing strategies in different consumer markets based on the above behavior.

There are a number of variables that have an impact on consumer behavior such as cultural, social, personal and psychological (Kotler & Armstrong, 2001). Thus an effective marketing plan is an outcome of the analysis of the above elements. Consumer behaviour and consumer decision making are the areas which has generated a lot of research interest in recent times (Fullerton, 2005; Stern, 2000; Anurit et al, 1999).

Consumer behaviour is defined as the various tasks and activities that a consumer demonstrates while selecting, purchasing and using the products and services which helps him/her satisfy the various needs and wants. These activities involve a lot of emotional and mental thought processes in addition to the physical process. (Schiffman & Kanuk, 2004, p.8).

Traditionally the marketing strategies designed and applied by companies for various products and services have been dependent on the behaviour of the consumer. (Mullen & Johnson, 1990 p.16). Understanding consumer behaviour is one of the toughest tasks facing companies. The difficulty is as a result of the heterogeneous group of buyers who differ in their buying behavior and brand loyalty.

Key Research Objective

- To delineate the factors that influences a customer to select one particular joint over another.

Key Research Question

- What does the consumer perceive a coffee pub as?
- What are the reasons a consumer visits a coffee pub for?

Methodology

The following are some of the research techniques which were used to achieve the desired objective:

1. Questionnaires to determine customer perceptions and preferences.

The 16 attributes which are a part of the questionnaire to rate the restaurants were listed out using the process of brainstorming.

Sample size:

The sample size for the purpose of the study was 100. Random sampling method was adopted for the same. There were two hypotheses which were designed:

Hypothesis 1: *People are aware of the concept of a 'coffee pub'.*

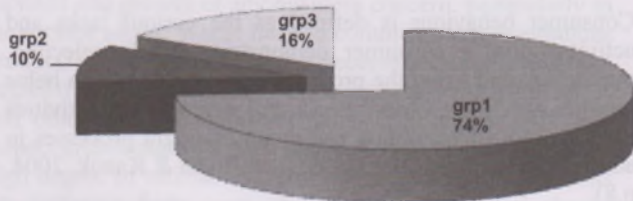
For this particular hypothesis we considered two questions

1. Are you aware of coffee pubs?
2. Which of the following are coffee pubs? (5 choices were provided of which Choice 4 was a fictitious name to check awareness).

On the basis of which we divided the responses into three groups:

- Group 1: Those whose response was "Yes" to Question 1 and who did not tick option 4 to Question 2.
- Group 2: Those whose response was "Yes" to Question 1 and who chose option 4 to question 2. (No responses to question 2 was also considered to be a part of this group)
- Group 3: Those whose response to question 1 was "No".

Respondents belonging to Group 1 were the ones considered to be aware of the concept of coffee pubs. Respondents belonging to Group 2 were considered to have low awareness as they could not identify the various coffee pubs. Respondents of Group 3 were classified as not aware of coffee pubs.



The summarized responses are as follows:

- High Awareness 74%
- Low Awareness 10%
- Not Aware 16%

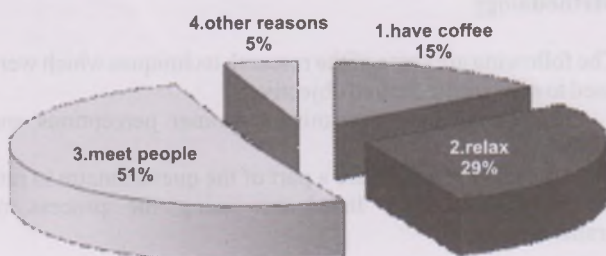
Hence the null hypothesis was proved correct.

Hypothesis 2: *The primary motive for visiting a coffee pub is to have coffee.*

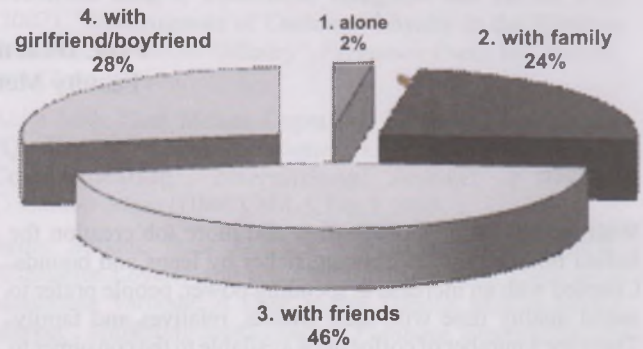
For this particular hypothesis we considered two questions. Question No 5 and Question No 7 were considered for the above purpose.

The results to question 5 showed that only 15% of the respondents considered a coffee pub to be a place to have coffee. The majority (51%) considered it to be a socializing spot. 29% considered it a place to relax. These results were further accentuated by question 7 where it was noted that only 4% of the respondents frequented a coffee pub alone

Q6. Why do people primarily visit a coffee pub?



Q8. You usually visit a coffee pub:



Hence, the hypothesis was proved false.

It was thus observed that the consumer perceives a coffee pub to primarily be a place to socialize and relax. Consumption of coffee was not a primary concern.

Hence, comfortable seating arrangements, good music and tasteful ambience would help boost sales of coffee pubs.

Factor Analysis

The data complexity was reduced by decreasing the number of variables being studied. This was done using factor analysis. The main interest was in determining which variables the customer considered important while visiting a restaurant. People were asked to indicate their preference on a 5-point scale. (1=least important, 5= most important) with respect to 16 statements relating to their perceptions and some attributes of restaurants.

Interpretation of output

The output of factor analysis was obtained using Principal Components Analysis and specifying a rotation. The factors having Eigen values of 1 or more were extracted.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Square Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.492	28.076	28.076	4.492	28.076	28.076	3.755	23.471	23.471
2	1.626	10.164	38.240	1.626	10.164	38.240	1.619	10.118	33.589
3	1.380	8.625	46.865	1.380	8.625	46.865	1.602	10.014	43.602
4	1.290	8.062	54.927	1.290	8.062	54.927	1.490	9.313	52.915
5	1.062	6.639	61.566	1.062	6.639	61.566	1.384	8.650	61.566
6	.965	6.033	67.599						
7	.954	5.966	73.565						
8	.874	5.464	79.028						
9	.673	4.204	83.233						
10	.616	3.852	87.085						
11	.489	3.055	90.140						
12	.451	2.819	92.960						
13	.389	2.434	95.393						
14	.308	1.926	97.319						
15	.245	1.533	98.852						
16	.184	1.148	100.000						

Extraction Method: Principal Component Analysis.



As can be seen from the above table, 5 factors extracted together accounted for about 62% of the total variance. These factors were interpreted by looking at the factor loadings in the rotated factor matrix given below.

Rotated Component Matrix

	Component				
	1	2	3	4	5
value for money	.388	-4.431E-02	.403	-.465	-6.439E-02
variety in menu	.766	.229	9.438E-02	-.172	3.487E-03
quality of food	.806	.137	-1.326E-02	.198	-1.352E-02
quality of crowd	.357	.649	-.109	.107	.127
availability of discounts	-.140	-.476	-.229	.273	-8.043E-02
quality of music played	2.669E-02	-6.465E-02	.408	.713	.232
seating arrangement	.294	6.324E-02	.649	.226	1.858E-02
quality of lighting	.114	.788	6.387E-02	.233	-.296
availability of take home facility	4.845E-03	-2.962E-04	-5.691E-02	-.227	-.656
general ambience of the place	.368	.202	1.816E-02	.611	3.297E-02
promptness of service	.793	2.599E-02	.231	5.341E-02	.150
nearness to place of stay	.243	-.101	-4.221E-02	3.610E-03	.635
neatness of place	.806	9.409E-02	.258	4.409E-02	-5.666E-02
courtesy of staff	.691	.301	.125	.117	.217
facility of a kids corner	-.404	.336	.275	-.248	.553
whether located in a prime area	8.653E-02	6.285E-02	.747	-1.091E-02	5.175E-02

Extraction Method: Principal Component Analysis.

Factor 1 has high loadings on:

- Variety in menu
- Quality of food
- Promptness of service
- Neatness of place
- Courtesy of staff

Hence factor 1 can be interpreted as: **CUSTOMISED SERVICE**

Factor 2 has high loadings on:

- Quality of crowd
- Quality of lighting

Hence factor 2 can be interpreted as: **PERSONALISED ATMOSPHERE**

Factor 3 has high loadings on:

- Seating arrangement
- Whether located in prime area

Hence factor 3 can be interpreted as: **SETTING**

Factor 4 has high loadings on:

- Quality of music played
- General ambience of the place

Hence factor 4 can be interpreted as: **GENERAL AMBIENCE**

Factor 5 has high loadings on:

- Availability of take home facility
- Nearness to place of stay
- Facility of a kids corner

Hence factor 5 can be interpreted as: **AMENITIES OFFERED**

Ideally, a variable should load highly only on a single factor. As a thumb rule, anything above 0.5 was considered to be a “high” loading.

Communality

The proportion of variance in any one of the original variables, which is captured by the extracted factors, is known as communality.

Communality

	Initial	Extraction
value for money	1.000	.535
variety in menu	1.000	.678
quality of food	1.000	.708
quality of crowd	1.000	.588
availability of discounts	1.000	.380
quality of music played	1.000	.734
seating arrangement	1.000	.563
quality of lighting	1.000	.780
availability of take home facility	1.000	.485
general ambience of the place	1.000	.551
promptness of service	1.000	.708
nearness to place of stay	1.000	.474
neatness of place	1.000	.730
courtesy of staff	1.000	.645
facility of a kids corner	1.000	.719
whether located in a prime area	1.000	.572

Extraction Method: Principal Component Analysis.

As can be seen from the above table, after 5 factors were extracted and retained, the communality is .780 for “quality of lighting” and only .380 for “availability of discounts”. This may explain why the latter variable does not appear in the final interpretation of factors.



Cluster Analysis:

In order to determine the number of clusters, we chose a cutoff value equal to 8 in the Dendograms. This divided our 100 respondents into 4 clusters. A few individual respondents and a few clusters consisting of only two - three respondents were ignored. Given below is the composition of the 4 clusters.

Cluster 1:

Demographic Profile:

Average Age	Education	Average Income	Occupation
25-35	Graduate	5000-10000	Service/ Professional

The first cluster is composed of people whose household income is less than ten thousand rupees, graduates and who are in the age group of 25-35.

Cluster 2:

Demographic Profile:

Average Age	Education	Average Income	Occupation
>35 Years	Graduate/ Under Graduate	10000-20000	Retired/ Professional

The second cluster is composed of people who are greater than 35 years and who are either still working or are retired.

Cluster 3:

Demographic Profile:

Average Age	Education	Average Income	Occupation
35-50 Years	Graduate/ Under Graduate	>3000	Buisnessman

The third demographic profile is of people whose household income is greater than Rs 30000 and who can be classified as businessman.

Cluster 4:

Demographic Profile:

Average Age	Education	Average Income	Occupation
18- 25	Graduate/ Under Graduate	20000 - 30000	Student

The fourth cluster is of students who are either pursuing graduation or post graduation.

Conclusion

Thus we see that people are aware about the concept of a coffee pub. We also see that a majority of the respondents considered a coffee pub as a place to socialize where they can meet up with friends, have coffee and in general have a good time. In addition to the general ambience and the amenities offered, the consumer is also influenced by the customised service, personalised atmosphere and the setting of the joint.

These factors help the consumer decide on one joint over the other. These pubs are also emerging as a joint where people can spend quality time with their family, friends and loved ones. So it is very apt to say now that "a lot can happen over a cup of coffee"

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Questionnaire

- 1) Are you aware of coffee pubs? (*Enter '1' wherever applicable*)
 Yes _____ No _____
- 2) Which of the following are coffee pubs? (*Enter the option numbers in the space provided*)
 1) Starbucks
 2) Barista
 3) Cafe Coffee Day
 4) Burnt Umber
 5) Qwicky's
- 3) How often do you visit a restaurant?



- 1) More than once a week
- 2) Once a week
- 3) Once in 2 weeks
- 4) Once a Month
- 5) Less than once a month

4) How important to you are the following in an ideal food joint? (1: Least important 5: Most important)

Attributes	Score
Cost	
Variety in Menu	
Quality of Food	
Crowd	
Discounts	
Music	
Seating Arrangement	
Lighting	
Take Home Facility	
Ambience	
Promptness of service	
Nearness to place of Stay	
Neatness of the place	
Courtesy of Staff	
Kids Corner	
Whether located in Prime Area	

You would go to a coffee pub to: (Enter the option number in the space provided)

- 1) Have coffee
- 2) Relax
- 3) Meet People
- 4) Any Other (Please Specify)

6) On an average, how much would you spend on a visit :

- 1) Less than 100
- 2) 100 to 200
- 3) 200 to 500
- 4) More than 500

7) You usually visit a food joint: (Enter the option number in the space provided)

- 1) Alone
- 2) With family

- 3) With friends
- 4) With boyfriend/girlfriend

Demographics

8) Name (Optional) :

9) Age (Enter the option number in the space provided) :

- 1) Less than 18 yrs.
- 2) 18 - 25 yrs.
- 3) 25 - 35 yrs.
- 4) 35 - 50 yrs.
- 5) Above 50 yrs.

10) Sex (Enter the option number in the space provided) :

Male _____ Female _____

11) Occupation (Enter the option number in the space provided) :

- 1) Student
- 2) Businessman
- 3) Professional
- 4) Govt. Service
- 5) Retired
- 6) Housewife

12) Monthly Household Income (Enter the option number in the space provided) :

- 1) Less than Rs. 5000
- 2) Rs. 5000 - 10000
- 3) Rs. 10000 - 20000
- 4) Rs. 20000 - 30000
- 5) Above Rs. 30000

13) Education (Enter the option number in the space provided) :

- 1) Higher secondary
- 2) Undergraduate
- 3) Graduate
- 4) Post Graduate