

Factors affecting coffee consumers' behavior: a case study of consumption in Metropolitan Bangkok

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Abstract

The objectives of this research were 1) Study personal characteristics that affect the consumers' behavior in using the services of coffee shops in Metropolitan Bangkok, and 2) Study the marketing mix factors affect the consumers' behavior to use the services of coffee shops in Metropolitan Bangkok. A survey was conducted on 400 customers selected by purposive sampling technique. The instrument of research were questionnaires qualitative approach. The research results found that questionnaire respondents believed that the general marketing mix factors affected consumers at the highest level were follow:

First the consumers recognized the importance of the lighting of the shops and the convenience of the seating. (Mean = 4.56). Second consumers recognized the importance of the correct taking of orders (Mean = 4.46) and Third on the products, consumers recognized the importance of the variation of the products (Mean = 4.52). Fourth what affected the least on consumers was the place (Mean = 3.29). The buying behaviors of the sample groups revealed that the important reasons for coming to use the services of coffee shop was to use the shop as a meeting point at 52 percent. The frequency of the consumption was once every 2 – 3 days. The quantity of consumption was 1 cup per day. On the relationship, at significance level 0.05, it was found that personal education characteristics affected the behavior of using the services at the coffee shops of consumers in Metropolitan Bangkok.

Keywords: marketing mix, consumers' behavior, coffee consumption.

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1. Introduction

Coffee is an important economic plant (agricultural goods) with highest trading ranking of the world [1] Coffee has a component called caffeine which stimulate human beings. At present, coffee is the most popular drink globally [2] Coffee was discovered in the 9th century by Muslims in southern Ethiopia. Later, coffee was brought into Europe and America until it has been widely consumed due to refreshing property of caffeine, which in turn makes coffee a part of daily drink for a large number of people. Even in various meetings and seminars, coffee is still the favorite drink in comparison with other kinds of drink.

[3] A research on coffee drinkers of ASEAN countries found that there were only a very small number of Thai coffee drinkers compared to people of other countries in ASEAN; with the Philippines at 423 cups per person per year, Malaysia at 347, Vietnam at 336, Laos and Thailand at 233, and Indonesia the least number at 176 cups per person per year. In Asia, in

Japanese people drink coffee at 500 cups per person per year. In the United States, people drink coffee at an average of 700 cups per person per year. On the other hand, the number of Thai coffee drinkers has a tendency to rise continuously from the intensive marketing of foreign brands in Thailand. Coffee shops become a favorite meeting place for business people and students. Therefore, coffee shops spring up in tremendous numbers and the trend is still upwards which brings about high competition [4] Coffee can be served in various formats, hot coffee, cold coffee, and others. Coffee is a drink to reduce sleepiness or anxiety. Coffee shop business becomes very competitive since more coffee shops have opened in a large number even in gas stations. There are many different coffee brands both foreign and Thai brands. Moreover, the trend for coffee drinking keeps rising. The places for coffee distribution have been adapted to suit the needs of Thai people's ways of life and the motivation from businessmen who try every marketing tactic to gain attention from more and more Thai from more and more Thais consumers. Coffee shop business is a long terms

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business and needs small capital. With all the reasons as mentioned, the researcher has become interested in studying the influential factors of the marketing mix on consumers who use the services of coffee shops in Metropolitan Bangkok and apply the research results to specify strategies for coffee business management in the future.

2. Research Objectives

In a study on The Factors of Marketing Mix that Affect the Consumers' Behavior in Using the Services of Coffee Shops in Metropolitan Bangkok, the researcher has the following objectives:

(1) Study personal characteristics that affect the consumers' behavior in using the services of coffee shops in Metropolitan Bangkok, and

(2) Study the factors of marketing mix that affect the consumers' behavior in using the services of coffee shops in Metropolitan Bangkok.

3. Expected Benefits

1. Identify personal characteristics variable factors affecting consumer behavior on coffee consumption in Metropolitan Bangkok

2. Identify marketing mix affecting consumer behavior on coffee consumption in Metropolitan Bangkok

3. Apply the research results in planning marketing strategies for coffee shop business.

4. Research Methodology

In a study of marketing mix factors affecting consumer behavior in using services of coffee shops in Metropolitan Bangkok, the survey research uses questionnaire as a tool to gather data and random sampling from coffee consumers in Metropolitan Bangkok. By selecting sample groups from indefinite population using calculation formula [5] with an error at a significant level of 0.05. The sample group's comprise 384 samples (adapt to 400 samples)

4.1 Sample Size Estimation

$$n = \frac{P(1-P)Z^2}{E^2}$$

When

n represents number of samples

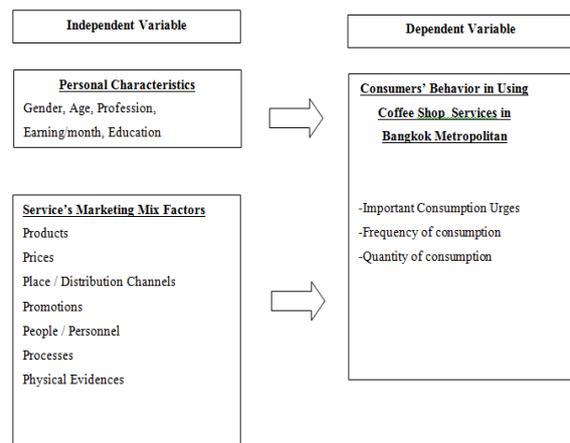
Z represents reliability value at a level of 95%, Z value = 1.96

P represents proportion value to be studied, highest value at 0.50

E represents error value allowed by the researcher in this study = 0.05

4.2 The Conceptual Framework

In A Study of Marketing Mix factors Affecting Customers' Behavior in Using Services of Coffee Shops in Metropolitan Bangkok, the researcher specifies the framework for literature review as follows:



The Research's Conceptual Framework

5. Hypotheses

Hypothesis 1 Personal characteristics have effects on consumers' behavior in using services of coffee shops in Metropolitan Bangkok

Hypothesis 2 Marketing Mix Factors have effects on consumers' behavior in using services of coffee shops in Metropolitan Bangkok

6. Concepts and Theories on Marketing Mixed

Marketing Mix or 4P's means controllable marketing variables which the company manipulates (Mix & match) to give satisfaction to target group or "controllable marketing variable set which the company mixes together to respond to customers' needs in the market's target group" [6]

The concept on marketing mix has important role in the market because it is a merger of all marketing decision to use in the management so that business can serve the needs of the target market. We call the marketing mix "4P's" in which the 4 elements work together to communicate effectively the marketing information to general receivers in addition to advertisement or promotional activities on Product, Promotion, Product variety, Sales promotion, Quality, Advertising, Design, Sales force, Feature, Public relations, Brand name, Direct marketing, Packaging, Sizes, Services, Price, Place, Warranties, List price, Channel, Returns, Discounts, Coverage, Allowances, Assortments, Credit terms, Locations, Payment period, Inventory and

Transportation explained the meaning of marketing mix or 4P's as follows: [6]

1. Product means something presented for purchasing by the business to respond to the customers' needs for the customers' satisfaction. The product for selling may or may not be substantial. Products consist of goods, services, thoughts, locations, organizations, or individuals, to which can be explained to consumers the information such as product brands, types and colors of packaging, goods contents, sizes, shapes, and logos. These characteristics can communicate meanings and understanding to information receivers. Producers have to develop products according to the needs of the target market. In case the products are in bad quality and not in line with the market needs, it will not be able to motivate the consumers' behavior, no matter how much budget was dumped into advertisement.

2. Price means something to represent and determine value of products in a form of money. Consumers use price as a part of estimation of quality and value of the products as they expect to receive. The appropriate determination of price with the product is in part a motivation of purchasing. Sometimes, the setting of a high price may mean a motivation for some groups of consumers to buy a product because they feel the pride from purchasing or using expensive products. Some other times, the excessive advertisement of specifications until no one can tell the differences can deter purchasing. Price, therefore, is a factor that influences consumers to make decision to buy.

3. Place or channel of distribution means a structure or channel after the consumers know the product information from an advertisement until they are interested and want to try using the product. But if they cannot conveniently find the product, most of the time, they give up the intention and change their mind to buy other available brand. Distribution can be divided into 2 parts as follows:

3.1 Channel of distribution means the path of product and/or the right on product is transferred to the market. The process for channel of distribution consist of producer, trader, consumer or industry user. Channel of distribution may or may not include the traders.

3.2 Physical distribution means activities related to the moving of products from producers to consumers or industry users. Therefore, product distribution includes:

3.2.1 Transportation

3.2.2 Storage and Warehousing

3.2.3 Inventory management

4. Promotion is an information communication between sellers and buyers to build attitude and buying behavior. The communication may be personal or non-personal selling and consists of advertisement, publicity of information and public relations. Therefore, marketing promotion consists of 5 tools as follows:

4.1 Sale Promotion means supporting activities apart from sale advertisement by personal selling; and, publicity of information and public relations which can motivate interests, trials, or purchasing. The final customers or other people in the channel of sale promotion are of 3 types as follows:

4.1.1 Consumer motivation or Consumer promotion is the promotion that directs to final consumer who buys a product for personal use or home use. The product that consumer buys for final use is called consumer product.

4.1.2 Trade motivation or Trade promotion is to motivate trader activities to sell the product to consumer and it may be in a form of an advertisement to motivate trader such as wholesaler and retailer, to motivate buying or re-selling the product to customer.

4.1.3 Sales force motivation or Sales force promotion is the motivation of salesman to put more effort in selling and the sale incentive scheme that directs salesman to use push strategy. The target group is a group of salesmen. The objective is to reward each salesman's ability to sell, a competition among salesmen, such as bonuses to reflect specific sales amounts.

4.2 Personal selling is an activity to publicize information and stimulate the market by using personnel. The work in this item involves:

- (1) Personal selling strategy
- (2) Sales force management

4.3 Publicity and public relations; publicity is the presentation of opinion about products or services without expenses, and public relations means the effort to plan by an organization to build positive attitude towards the organization amongst a specific group of people. Publicity is an activity of public relations.

4.4 Direct marketing or Direct response marketing is a communication with the target group to personal interaction also include various methods to promote products directly to buyers and draws immediate response. This tool consists of:

- (1) Telephone sales;
- (2) Direct mailing sales;
- (3) Catalog sales; and
- (4) Radio or newspaper sales with motivation

for response such as coupons.

4.5 Advertising is an activity in publicity of information about an organization and/or service products or concepts to which expense will be paid by sponsors. Advertising strategy is related to:

- (1) Creative strategy

(2) Media strategy. Advertising becomes an important part of our daily life since it is everywhere and also becomes an obstruction. Advertising is a communication between producer and consumer

persuading the target group to buy goods and services. American Marketing Association (AMA) mentioned [7] the definition of advertising in 2 aspects as follows:

1. Advertising does not have to cost or pay for the media every time, for example, the media may give it for free in the case of advertising for public service.

2. The important aspects that advertising must have are as follows:

2.1 Persuasion. Every advertisement aims to have an impact on consumer attitude or behavior.

2.2 Advertisement is an important tool in marketing. In conclusion, advertisement is a communication that aims to cause positive response and success in marketing objectives.

We now look at the 3 new elements of the services marketing mix - people, process and physical evidence - which are unique to the marketing of services.

5. People: People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today.

6. Process: The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

7. Physical Evidence: Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Thus, there are hair salons that have well designed waiting areas often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests

Theories on Consumer Behaviors

Consumer Behavior includes seeking, buying, applying, evaluating, and using of product and service, expecting it to respond to the needs of the consumer [8] Engel et al. gave a definition of consumer behavior as an action by a person relating to receiving and using of product and service including the process of decision making before that which in parts specified the taking of that action.[9] It was a study on decision making of consumers in using existing resources including money, time, and energy in consuming products and services keeping in mind what to buy, why buy, when to buy and how often to buy.

A study of consumer behavior has to start with an analysis or research on the behavior of buying and using products and services of the consumers to know the character of the needs of the consumers. The results will help marketing planners to plan marketing strategy to provide for appropriate consumer satisfaction.

7. Discussion and Conclusions

The research on Marketing Mix Factors Affecting Consumers Using Services of Coffee Shops in Metropolitan Bangkok, it is found that questionnaire respondents are mostly male (60.00 per cent), aged between 24 – 32 years old (52.25 per cent), status as married or lived together (62.25 per cent), education at graduate level (64.00 per cent), profession in private sector (36.75 per cent), and earning in range 25,001 – 35,000 baht per month (35.50 per cent).

It is found that the important reason to use the service of coffee consumption is to use as a meeting point, 52.00 per cent, agreeable with previous research done [10] [11] on Marketing Factors Affecting the Selection of Services of Franchise Fresh Coffee Shops in Metropolitan Bangkok which found that most consumers' objective in coming to use the services was to enjoy a cup of coffee, a snack, and relax with friends. The frequency of the consumption was 2 – 3 days interval, 27.00 per cent. The quantity of consumption per day was 1 cup, 65.75 per cent, agreeable with the research done [12] on A Study of Behavior of Fresh Fried Coffee Consumption which found that the quantity of consumption was only 1 cup per day. The questionnaire respondents believed that the marketing mix that affected the consumers at a highest level were three aspects as follows: Physical aspect, of which consumers placed most significance on the bright lighting of the shop and the convenience of the seating in the waiting area agreeable [14] on Appropriate Marketing Strategies for Small Coffee Shops in the Area of Higher Educational Institutions in Chiang Mai Province, which found that the shop's atmosphere was usually filled with soft music and cozy lighting would affect in inducing customers into the shop, appropriate lighting was a good atmosphere; Process aspect, of which consumers placed most significance on the correct taking of orders agreeable with the free study [14] on the same topic, of which it was found that the service included a waiter waiting to take orders for the customer to ask for details; and Variety aspect, of which a study [15, 16] about Influences of Consumer' Behavior on Fresh Coffee Consumption found that the questionnaire respondents place most significance on the taste of the coffee and the variety of the coffee as much as the price aspect which the consumers place their significance on the appropriate pricing to quality and quantity factors. In live with the

research done [13] and [17] on The Factors Affecting Consumers' Behavior in Fresh Coffee Consumption.

On distribution channel, consumers thought that place of distribution with convenience in travel was most important. On promotion, consumers thought advertisement via different media was most important and on service personnel, consumers thought the polite clothing of waiters was most important which was agreeable with the research done [18] on The Factors Influencing the People's Usage of the Services of Vietnamese Food Shops, Muang District, Chiang Mai Province, which found that the questionnaire respondents thought that the waiters' polite, clean, and good looking clothing were most important. Of all the marketing mix factors affecting coffee consumers in Metropolitan Bangkok the least, impact was the distribution channel of coffee.

8. Suggestions

The study found that customers who came to use services of the coffee shop primarily for meeting place and waiting for friends. If the coffee shop owners had arranged an appropriate place with more conveniences and supportive services such as WI-FI internet and made available newspapers, journals, free of charge. Moreover, other items related to coffee should also be provided. Employees in service positions should be trained to put more emphasis on servicing customers to impress and invite them to return again in the future until they become regular client. This should give an edge in competitiveness over competitors and an important factor to boost high number of service users. This could be a very important marketing strategy.

9. Limitations and Future Research

Since this study was a research on marketing mix factors affecting consumers only. Limitations were found but could not be used as conditions in the research especially because of time and budget. Therefore, some factors of consumers' details were not included in the variables, such as which kind of coffee better suited consumers' taste, Robusta, Arabica, or others, so this sort of data was missing for investors.

The research involved only consumers in Metropolitan Bangkok. In the next research, large cities should be included to cover all regions, such as Chiangmai in the North, Songkhla in the South, Khonkaen in the Northeast and Rayong in the East, These cities should represent coffee consumers since their economies was good, from centers of development, population earn higher incomes than other provinces. To study the different way of service in educational earn. This is to compare coffee consumer behavior in the region and add more information for investors in expanding coffee market in the future.

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