

## **BIBLIOGRAPHY**

TAMTAM, NARCISA T. APRIL 2013. Market Segmentation of Brewed Coffee's Consumer Market in La Trinidad, Benguet. Benguet State University, La Trinidad, Benguet.

Adviser: Samuel L. Duyan, BSc.

## **ABSTRACT**

This study was conducted to determine the market segmentation of brewed coffee's consumer market in La Trinidad, Benguet.

There were 100 respondents considered in the study. Majority of the respondents were old, male and with income of 5,000 and below. They attained elementary and college level of education and most of them were self-employed and with 4-6 members.

In terms of psychographic segmentation; the respondents perceived that brewed coffee did not have added preservatives and they were mostly influenced by their family members. The respondents were coffee lover in terms of their lifestyle and they were influenced to buy brewed coffee due its taste and aroma. Almost all the respondents were Cordilleran in relation to their geographic segmentation. Many of them claimed that brewed coffee had relaxing effect and health benefits, and accordingly they consume 1-3 cups or more per day. On the other hand, the result showed that some of the respondents had no loyalty to any brand of coffee.

The results of the study revealed significant relationship of age and gender to psychographic and behavioral, monthly income to psychographic (particularly who



influence them to buy brewed coffee) and behavioral, and region to psychographic (consumer's perception on brewed coffee) and behavioral. Further the results showed that age, gender and monthly income were not significantly associated to region to their lifestyle and to the factors influencing them to buy.



## INTRODUCTION

### Rationale

Coffee is the top ten cultural crops and considered as one of the most precious beverages of Filipinos. This is also a potential source of income and livelihood for the farmers, processors, and marketers. From that, some government agencies have developed programs/projects to improve and increase the production of coffee especially in Cordillera Region because there is large opportunity.

Coffee is sold fresh, dried, or cleaned. A small coffee farm usually does not have processing facilities, and hence sells fresh berry immediately especially, if the coffee grower is in need of cash. Normally, however the berries are first dried and brought to the miller to mill the coffee for fee. Due to the farmer's ignorance of the prevailing market price for coffee, they sell their coffee to trust anybody when cash is needed. Despite this practice, coffee producers indicated that they are not getting an amount to cover the production cost (Cresencia, 1979).

Brewed coffee is available in the market but the questions are; is the product offered in the right market and who are the specific buyers? Market segmentation is important to capture the right market because consumers vary from other consumers. Thus identifying the market segment for coffee is needed in defining the consumers market and also in helping the marketers to position their product. Market segmentation is the process of dividing a market into meaningful, relatively similar, and identifiable segment or groups (Hair *et al.*, 2006).



## REVIEW OF LITERATURE

### Market Segmentation

It plays a key role in the marketing strategy of almost all successful organizations and is a powerful marketing tool for several reasons. Most importantly, nearly all markets include groups of people or organization with different product needs and preferences. Market segmentation helps marketers define customer needs and wants more precisely. Because market segment differ in size and potential, segmentation helps decision makers more accurately define marketing objectives and better allocate resources. In turn, performance can be better evaluated when objectives are more precise (Hair *et al.*, 2006).

### Market Segment

Market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs. At one extreme, we can define every organization in the world as a market because each is unique. At the other extreme, we can define consumer market as one large market segment and the business market as another large segment. All people have some similar characteristics and needs, as do all organizations (Hair *et al.*, 2007).

### Steps in Segmenting a Market

The purpose of market segmentation, in both consumer and business market is to identify marketing opportunities.



1. Select a market or product category for study. Define the overall market or product category to be studied. It may be a market in which the firms already competes a new but related market or product strategy, or a totally new one.

2. Choose a basis for segmenting the market. This step requires managerial insight, creativity, and market knowledge. There are no scientific procedures for selecting segmentation variables. However, a successful segmentation scheme must produce segments that need the four basic criteria.

3. Select segmentation descriptors. After choosing one or more bases, the marketer must select the segmentation descriptors. Descriptors identify the specific segmentation variables to use.

4. Profile and analyze segments. The profile should include the segments size, expected growth, purchase frequency, current brand usage, brand loyalty, and long-term sales and profit potential. This information can then be used to rank potential market segments by profit opportunity, risk, consistency with organizational mission and objectives, and other factors important to the firm (Hair *et al.*, 2006).



## METHODOLOGY

### Locale and Time of the Study

The study was conducted in La Trinidad, Benguet where the respondents buy brewed coffee.

The study was conducted from December 2012 to January 2013.

### Respondents of the Study

The respondents of the study were the consumers of brewed coffee in La Trinidad, Benguet. There were a total of 100 respondents.

### Data Collection

A survey questionnaire was used to collect the needed data. The researcher personally distributed the questionnaire to the different respondents. A follow-up interview was done to verify response that is not clear and get response to questions that are not answered.

### Data Gathered

The data gathered included the consumer characteristics in terms of demographic, psychographic, geographic, and behavioral and the relationship of variables under the consumer characteristics.

### Data Analysis

The data gathered were consolidated, tabulated and analyzed using frequency counts, percentage and correlation. Pearson chi square was used in correlation.



## RESULTS AND DISCUSSION

### Demographic Segmentation of the Respondents

Table 1 shows the brief demographic profile of the respondents in terms of the following variables; age, gender, monthly income, educational attainment, occupation and family size of consumers.

Age. As regard to age, majority (52%) of the respondents were old with age range of 30 years old and above while 48% were young with age range of 29 years old and below. This result implies that greater number of respondents were old consumer however the young also shows a significant number.

Gender. Majority (62%) of the brewed coffee consumers was male and 38% were female.

Monthly income. Table 1 also presents the monthly income of the consumers. Seventy two percent of the respondents have monthly income of 5,000 and below, 14% have 6,000-10,000, 6% have 11,000-15,000 and 7% have 16,000 and above.

Educational attainment. Table 1 presents that all of the respondents had gone to school. However, the respondents differ on their educational attainment. There were 27% who reached elementary level, 17% high school level, 22% college level (still studying in college), 23% finished college and 11% finished vocational course.

Occupation. Table 1 also shows that many (39%) of the respondents were self-employed. There were 26% of the respondent working in a private sector, 8% in a government, 25% were student and 2% were unemployed.



## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### Summary

The study aimed to identify the market segment of brewed coffee in terms the consumer characteristic; demographic, geographic, psychographic and behavioral; and, identify the relationship among the consumer's characteristics in terms of demographic to psychographic, geographic and behavioral and geographic to psychographic and behavioral. Majority of the respondents were old, male and with income of 5,000 and below. Most of the respondents reached elementary and college they were self-employed and having family size of 4-6 members.

In terms of psychographic segmentation; the respondent's perception about brewed coffee claimed that it has no added preservatives and they were mostly influence by their family members. The respondents were coffee lover in terms of their lifestyle and they were influence by the taste and aroma.

As to geographic and behavioral segmentation, almost all the respondents are Cordilleran. Many of them claimed that brewed coffee is relaxing and it has health benefits. Further some respondents had no loyalty to any brand of coffee and they mostly consume 1-3 cups or more per day.

Demographic is significantly correlated to psychographic and behavioral especially age and gender to influence, lifestyle, factors, benefits, loyalty status and frequency of consumption. Monthly income is also significantly associated to who influence the consumers to buy, benefits, loyalty status and frequency of consumption.





In relation to geographic to psychographic and behavioral only region to perception and benefits has significant relationship. Cordilleran and non-Cordilleran respondent differ on their perception about brewed and their claims on the benefit of brewed coffee.

### Conclusions

Based on the findings the conclusions were drawn:

1. Consumers of brewed coffee in La Trinidad, Benguet were those 29 years old and below and 30 years old and above of age, majority were male, with monthly income of 5,000 and below, reached formal education, self-employed, private employee, government employee and with family size of 4-6 members;

2. Majority of the perception about brewed coffee is the absence of added preservatives in terms of their lifestyle are coffee lover and health conscious, they are influence by their family members, relatives and friends, and the taste and aroma of coffee is the factors that influence them to buy;

3. Consumers claimed that brewed coffee is relaxing and it has health benefits and the study also shows that the respondents always drink brewed coffee of at least 1-3 cups or more per day; and,

4. Demographic has relationship to psychographic and behavioral specifically age, gender, and monthly income while geographic to psychographic and behavioral only the region to perception and benefits has significant relationship. Age, gender, and monthly income to region reveal no relationship.



## Recommendations

Based on the findings and conclusions the following recommendations were derived:

1. The consumers of brewed coffee should continue drinking brewed coffee since it does not contain preservative, it is nutritious and in fact it is relaxing;
2. The marketers of brewed coffee should consider the consumers market segment of brewed coffee to effectively and efficiently provide the needs and wants of this particular segment; and,
3. The brewed coffee producers should continue to produce coffee to provide the needs of consumers.



## LITERATURE CITED

- ARMSTRONG, K. and KOTLER, P. 1999. Principles of Marketing. 8th Edition. Prentice Hall. Pp. 202-208.
- ARMSTRONG, K. and KOTLER, P. 2004. Principles of Marketing. Upper Saddle River. Pp. 239-244.
- BEST, R., CONEY, K. and HAWKINS, D. 1992. Consumer Behavior. 5th Edition. Richard D. Irwin, Inc. Pp. 77 and 81.
- BUELL, V. 1984. Marketing Management. McGraw-Hill Book Company. Pp. 103, 96 and 101.
- CRESENCIA, R. P. 1979. Present Status and Prospect of Cacao, Coffee and Tea Industries. UPLB: PCARRD. Pp. 28-32.
- ETZEL, M., STANTON, W. and WALKER, B. 1991. Fundamentals of Marketing. 9th Edition. McGraw-Hill, Inc. P. 99.
- HAIR, J., LAMB, C. and MCDANIEL, C. 2006. Introduction to Marketing. 8th Edition. Thomson South-Western. Pp. 233-236, 238.
- HAIR, J., LAMB, C. and MCDANIEL, C. 2007. Marketing Essentials. 5<sup>th</sup> Edition. Thomson South-Western. P. 186.
- KOTLER, P. 2000. Marketing Management. 10th Edition. Prentice Hall. Pp. 265, 267, 268.
- SOLOMON, M. and STUART, E. 2003. Marketing. Prentice Hall. P. 225.

