

Marketing research – introduction – coffee industry

The coffee industry, after years of the “daily grind,” has proved quite dynamic over the past decade. After years of steady decline, research on consumers’ beverage purchases shows that coffee sales began rebounding around 1995. Telephone interviews with American consumers estimated that there were 80 million occasional coffee drinkers and 7 million daily upscale coffee drinkers in 1995. By 2001, estimates suggested there were 161 million daily or occasional U.S. coffee drinkers and 27 million daily upscale coffee drinkers.⁵ By 2007, research indicates that although practically all coffee drinkers visit gourmet coffee shops, younger coffee consumers, particularly those under the age of 30, drink most of their coffee the *gourmet* way.⁶

Coffee drinking habits have also changed. In 1991 there were fewer than 450 coffeehouses in the United States. Today, places such as Starbucks, Second Cup, The Coffee Bean, Tea Leaf, and Gloria Jean’s are virtually everywhere in the United States and Canada. There are more than 11,000 Starbucks stores alone today.⁷ While locating these outlets requires significant formal research, Starbucks also is market testing new concepts aimed at other ways a coffee shop can provide value to consumers. One concept that has survived testing thus far is the addition of free, in-store high-speed wireless Internet access. Thus, you can have hot coffee in a hot spot! After Starbucks *barristas* began reporting that customers were asking clerks what music was playing in the stores, Starbucks began testing the sales of CDs containing their in-store music. Concepts still being tested include a lunch menu and limited wine service. The research that underlies the introduction of these value-added concepts could first include simply asking a consumer or a small group of consumers for their reaction to the concept. Survey research and then actual in-store tests may follow. However, had Starbucks simply asked consumers the question, “Are you willing to pay three dollars for a cup of coffee?” back in 1985, we would likely not be discussing them today. So, the research underlying such decisions can be multilayered. These examples illustrate the need for market research in making informed business decisions.

Jelly Belly provides consumers with the incentive of free samples of jelly beans in return for ideas about desirable new bean flavors. The statistics about coffee demonstrate how research can track trends that may lead to new business opportunities. Also, it is clear to see how research can be used to examine new concepts in progressively more complex stages, setting the stage for a more successful product introduction. These are only the tip of the iceberg when it comes to the types of marketing research that are conducted every day.

⁶ “Coffee: Demographics,” in *The 2008 Beverage Market Research Handbook*, (Loganville, GA: Richard K. Miller & Associates, 2008), 98–100.

⁷ Kafka, Peter, “Bean-Counter,” *Forbes*, 175 (February 28, 2005), 78–80. www.starbucks.com, accessed Oct. 30, 2008.

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