

A Study of Consuming Behaviors of Budget Coffee

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Abstract

This research aims to explore the benefits of budget coffee shop chains pursued by the consumers, conduct cost effectiveness analysis on product purchases, compare the differences between the different types of consumer characteristics, and attempt to conduct an in-depth analysis on the budget coffee shop chains' current situations and their relation with consumer behavior. The source of the research sample is 480 randomly selected consumers in Taichung, including 168 males and 312 females. The data was collected via a closed questionnaire, and the linear relationships for basic individual information and consumer behavior in regards to consumer consideration and characteristics were tested via the SPSS version 12.0 of hierarchical regression. The results showed that, amongst elements of consumer considerations, 'server friendliness' seems to be most important, and 'media advertising' seems to be the least important. As for consumer characteristics, 'personal preference' is most important, and 'coffee has already become a part of life' is the least important. As indicated from the regression analysis, consumers with monthly incomes between NT\$20,000 and NT\$30,000 have significantly higher consumer characteristics than consumers with monthly incomes of lower than NT\$20,000. Moreover, consumers with steady jobs possess significantly higher consumer characteristics than consumers without jobs. Consumers purchasing more than once a week have higher consumer characteristics than those who make purchases less than once a week, and weekday consumers have significantly higher consumer characteristics than weekend consumers.

Keywords: Consumers, Budget coffee, Consumer characteristics

1. Introduction

1.1 Research Motif and Purpose

Taiwan has experienced several colonial changes in the past, which has influenced and filled this piece of land with diversely rich culture and has also triggered Taiwanese people to easily accept and experience foreign cultures and products. Ever since the Executive Yuan announced formal implementation of two-day weekends starting on New Year's Day of the following year in 2000, the time that people can freely allocate increased. Coupled with the changes in economy patterns, the increase in personal income per capita, and the acceleration of Westernization, significant changes in people's diet habits were promoted. In recent years, due to the changes in people's lifestyle and dining habits, the number of coffee drinkers in Taiwan has been rapidly increased. As for the highly competitive coffee shop market, according to coffee shop chains operators, the market size is at least NT\$25 billion to NT\$30 billion annually. Amidst this massive market, coffee shop chains are not only a business territory every conglomerate and food-related enterprise is actively striving to participate in, but is also chosen to be the business with the most potential among franchise chain industry surveys (Lin, 2000). Additionally, as the income per capita increases in Taiwan, the development of domestic coffee shops from the individual café in the early stage into large-scale operations of coffee shop chains has brought new competitive landscape to the coffee industry. Operators initiated the trend of using budget coffee shop chains to increase consumption willingness (Yo, 2003). Amongst them, 'drink coffee' is a classic example. The style of cafés in Taiwan is constantly changing, from the artistic café that positions itself with artists as its main clientele to the gradually developed music cafés, which are followed by cafés with superior décor and atmospheres that are great for conversations, to finally the introduction of internationally-renowned branded cafés.

In an interview with Common Wealth Magazine in 1998, Howard Schultz, CEO and Chairman of Starbucks, specifically pointed out that the coffee industry has been through cycles of economy recession and expansion, and one conclusion that can be made through this all and is that coffee is a consumer staple that is not cyclical. Consumers during recessions tend to reduce purchasing on cars or branded clothing and other high-priced items, but people are more or less reluctant to forgo inexpensive consumer goods like coffee, which can also provide people with instant satisfaction (Cheng, 2000). Williamson (1975) believe in the transaction process, human factors, the impact of the trading environment will lead to

the difficulties of market transactions and generate transaction costs, both human factors and trading environmental factors affect each other, do not exist independently.

In recent years, people's lifestyles have gradually transformed due to the influence of Western culture. During times of poor economies, the number of café customers does not decrease; the rise of budget coffee shops actually increased the consumption craving. It indicates that consumers buy products and services, not only the function-oriented problem-solving, but also in the display of personal taste, the pursuit of the feelings of stimulation or touch people's hearts, we can see the stage of the evolution of economic value, has the goods of goods and services evolve to the experience economy. (Schmitt, 1999) Through the 21st century, the current coffee shops in Taiwan can be separated into three major systems. The first system focuses on décor and atmosphere, with mainly on-site consumption, with mid- to high-level price range chains such as Starbucks, IS, and Barista. The second system has simple décor that focuses on takeout, with reasonable pricing, such as 85°C, convenience store cafés (e.g. City Café) and other chain systems. The third system is specialty coffee shops possessing individualization and emphasizing craftsmanship. Due to the ripple effect of the financial crisis, budget coffee's inexpensive satisfaction quickly and conveniently received consumer's support.

Currently, coffee shop chain types in Taiwan are categorized by the lowest-priced coffee beverages, which can be mainly separate into the two major types of mid-to-high and budget prices. The rise of budget coffee market triggered this research to explore the benefits of budget coffee shops pursued by consumers today, to analyze the benefits of their product purchases and to compare the different consumer characteristics. This research aims to explore the benefits of budget coffee shop chains pursued by the consumers, conduct cost effectiveness analysis on product purchases, compare the differences between the different types of consumer characteristics, and attempt to conduct an in-depth analysis on the budget coffee shop chains' current situations and their relation with consumer behavior.

1.2 Research Method

This search selected budget coffee consumers who prefer 85°C and 7-11 City Café as the research sample. 85°C and 7-11 City Café are well known chains in the budget coffee market. The similarities are standardized and professional processes, along with management systems, broad distribution of locations, simple selections of coffee, and uniform standards in regards to the store's overall service, training, products, and decoration.

Design of the questionnaire is mainly divided into four parts. The first part includes seven questions for understanding actual consumption conditions of chain budget coffee consumers. The second part is composed of 16 questions relating to factors to be considered when choosing chain coffee shops. The third part directs to consumer characteristics, with a total of nine questions. The fourth and last part is the personal information of the respondents, totaling five questions. Locations were mainly chosen as Greater Taichung areas with large crowd traffic, which included Providence University district, Zhong Gang Transit Station, Taichung Train Station, and Chao Ma Station. After pre-testing, this research utilizes the modified questionnaires in its actual distribution. The distributing dates were from April 1st, 2010, to April 30th, 2010. Adopting an interviewer-guiding method, a total of 650 people were interviewed during the time period, and 170 people refused to do the interview, resulting in a total of 480 valid questionnaires, or an effective return rate of close to 74%. The results were tested using the SPSS 12.0 version of regression for testing the linear relationship that an individual's basic information and consumer behavior have on consumer consideration and characteristics.

2. Literature Review

2.1 Defining and Categorizing Coffee Shops

According to "Republic of China Industry Standard Category" published by the Department of Commerce, Ministry of Economic Affairs, any tea shops, coffee shops, iced dessert shops, or cold beverage shops that provides tea, coffee, cold beverage, fruits, or other products for their customers to consume would be considered to be under the operation category of a beverage shop (Department of Commerce, Ministry of Economic Affairs, 2008).

As mentioned in some of the reference books, coffee shops have consuming characteristics of popular taste, fast service, simple preparation, and reasonable economical pricing and coffee shops are listed under the restaurant category within commercial type dining. Schiffman & Kanuk, (2000) believed Consumer process is the input, processing, output program composed of three stages. Chou (1996) divided coffee shops into seven categories based on the different management modes: fusion coffee shops, theme coffee shops, garden coffee shops, art coffee shops, small, individual coffee shops, outdoor fusion coffee shops, and chain coffee shops. Chain store association (1999) based on management styles divided coffee shops into the four categories of European coffee, American coffee, Japanese coffee, and individual, small shops. European coffee refers to Italian coffee. Italian coffee is currently the mainstream product in the coffee shops that use Italian coffee makers to produce espresso as the base of the coffee, latte as espresso with milk, and

cappuccino as that with the addition of milk and milk foam. American coffee is generally divided into 'Traditional American' and "Seattle Style". The difference between the two is that the former has a lighter flavor with less sophisticated production method, a flavor that Europeans who prefer a rich and intense taste would consider somewhat bland. As for Seattle Style coffee, it is made of specially-selected coffee from the high-altitude areas in Seattle, which produce rich and flavorful coffee similar to Italian coffee and can be viewed as an innovation of American coffee.

There are two types of Japanese coffee: fast-food style and premium style. The former is the NT\$35 coffee shops, with Doutor and Dante as the representatives, and the latter is represented by ZhenQuo Café and Kohikan. This type of coffee shop provides breakfast, afternoon tea, light meals and delicate dessert services, meeting the needs of modern people pursuing time efficiency and attracting groups of office worker followers. Individual, small stores only have single stores with small square footage, and the owners will take care of almost all the tasks. This type of coffee shop emphasizes individualization, a unique décor style, providing different service style and also attracting many customers searching for a change and innovation.

Aside from categorization by management modes and management styles, Chen (2007) divided coffee shops into four price levels: premium price level, mid-to-high price level, mid-to-low price level, and low price level coffee. According to her definition, premium price level coffee is above approximately NT\$70, most items are above NT\$100, and the category includes ZhenQuo, Kohikan, and Baristia. Mid-to-high price level's minimum price is above NT\$50, with a maximum price of NT\$125; this price range includes Starbucks and IS Coffee. Mid-to-low price level coffee has a minimum price of above NT\$35 and a maximum price of NT\$100, with Doutor and Dante as representatives. Low price level coffee's minimum price is above NT\$35, with a maximum price within NT\$65; E Coffee and 85°C Coffees are considered the majority in this category.

2.2 Development History of Coffee Shops

In early years, coffee shops were exclusive leisure places for the wealthy, with only elites over the age of 40 obsessed with this style and old-fashioned atmosphere. Until in 1993, when coffee shops promoting NT\$35 coffees joined the market, Taiwan had formally entered a new era of coffee, which, along with the prevalence of bubble tea shops during that time, formed two mainstreams in the casual dining market. Budget coffee's main consumer demography is the young group, which is completely different from the previous, artsy literary coffee drinking scene. After the new coffee culture, driven by traditional Japanese coffee chains, was gradually accepted by Taiwanese consumers, coffee shops in Taiwan began to have changes in 1997. As the NT\$35 boom passed, the trend slowly transformed to European and American coffee chains with Italian coffee as the mainstream, and in 1998 Taiwan officially entered the transforming era. Whether it is personal or business conglomerates investing and managing the coffee shops, chain coffee shops are faced with vicious competition, which led to over ten years of fierce rivalry in the chain coffee industry and pushed this new trend of coffee drinking to new heights. 1999 was the most productive year for the chain coffee store industry, where Japanese brands, world-renowned brands, or individual brands were all actively planning expansion. Deliza et al.(1999) observed that the brand represents the highest quality products and an important consideration. Macdonald and Sharp(2000) also pointed out that the most important consumer choice based on brand awareness from Chain coffee shops in 2005 were extending their product reach, relying on the fame of their own brands, whereas the products could also be bought at convenience stores, allowing coffee shops to show up at every street corner (Wu, 2006).

Lin (1999) observed coffee industry's dynamics and discovered that the emerging chain coffee shops had various innovative operation practices that were different from the past. For example, price ranges for coffee were clear-cut; one type of price range as found at chains selling NT\$50 budget coffee, like 85°C, Crown Fancy Coffee, and One Eighth Coffee, and another type of coffee specialty store had price ranges between NT\$80 and NT\$120, such as Starbucks and Barista. Haley(1968) observed the interests of consumers seeking segmentation variables, the consumer is divided into four groups, the economy, decay, tooth cleaning and taste. Young, Ott and Feigin(1978) divided segment the market to benefit. The majority of cafés also provide light meals and Chinese set meals in addition to to-go pastries. However, there were also businesses who insist on selling only coffee and do not sell Chinese-style light meals; both Starbucks and Barista are such coffee shops. In order to eliminate the torture of parking and ease the purchasing process, or to meet the demand of office meetings or afternoon tea, coffee shops also provide delivery and drive-thru services for local business districts. Some companies (such as IS Coffee and Barista) makes use of vertical integrated structure for their coffee shops, importing coffee, roasting, and producing beans in-house, so as to stabilize the quality and supply.

2.3 Civilian Economy and Budget Coffee

Lin (1999) observed coffee industry's dynamics and discovered that the chain coffee shops in Taiwan have two trends divided by price level. One trend is the NT\$50 budget coffee chain stores, like 85°C, Crown Fancy Coffee, One Eighth Coffee, and the other is coffee specialty stores with price levels between NT\$80 and NT\$120, such as Starbucks and

Barista.

Chin (2003) divided coffee shops into budget and premium coffee. Budget coffee shops mainly consist of Dante, Doutor, and Ikari. Premium coffee, unlike the NT\$35 budget coffee, are those with item prices all above NT\$100, including Barista, Starbucks, IS, Kohikan, and ZhenQuo. Due to the highly competitive chain coffee shop market, some premium chain coffee shops also introduced lower priced coffee beverage to attract consumers.

For different sales types, as long as there is the ability to fulfill the benefit demand of consumers, there will be a business opportunity. 7-11 City Café is the classic example, which offers freshly-brewed hot coffee even at the convenient 24-hour distribution channel to successfully enter the coffee market. 7-11 convenience stores possess a robust distribution channel, and their locations in Taiwan are close to saturation. With the introduction of brewed-to-order hot coffee, utilizing its advantageous distribution, and promoting City Café with campaigns like discounts on second cups and reward points have had severe impacts on the coffee market. This research will compare it with other chain coffee shops. The chain coffee shops also have advantageous distribution channels. Wang (2003) defined chains as “two stores or more possessing sales locations with identical corporate identity systems (CIS) and product structures, which are business units with management technology provided by a single headquarter.” The budget chain coffee stores also have wide distribution networks with numerous locations, which also affects coffee sales. Budget coffee shops are coffee shops that are mainly driven by budget price and supplemented with a neat beverage style and elegant cakes, creating a clean and bright environment.

This study, through the related research listed above, referenced the price structure organized by Lin (1999), Chin (2003), and Chen (2007) and drafted out a price range for medium-sized budget coffee for this study. American style coffees are mostly in the range of NT\$35 to NT\$45, lattes are around NT\$40 to NT\$50, and cappuccinos are around NT\$40 to NT\$50.

2.4 Consumer Motif

2.4.1 Consuming Situation

Engle and other scholars proposed that consumer behavior refers to all kinds of activity involved when consumers obtain and handle any goods or services, including any decisions before and after these activities (Engel et al, 1995). Lan (2004) proposed that the consuming situation factors when consumers select chain coffee shops offering magazine reading services can be separated into the three factors of ‘overall atmosphere’, ‘magazine reading’, and ‘decoration service’, as perceived by the consumers at these chain coffee shops. Study results of the effect that different demographic variables have on consumer situation factor’s importance levels have shown that married consumers specially emphasize ‘overall atmosphere’ and ‘decoration service,’ while consumers in commerce industries emphasize ‘magazine reading.’ Under the scenario of different experiences, consumers’ emphasis levels on the consuming situation factors would vary. Results showed that consumers with different experiences do not have significant differences in their emphasis levels towards consuming situation factors at chain coffee shops offering magazine reading services, which exemplifies that all consumers view these three factors as equally important.

Chen (1997) believes that customers whose lifestyles pursue ‘Leisure and Hobby’ have a higher expectation of consumer experience. The more consumers emphasize a store’s image and ‘service and price’, the higher their expectations on consumer experience, which also in turn verifies store image influence on consumer expectations as proposed by Rust and Oliver (1994). It thus can be inferred that consumers who pursue coffee consumption and related leisure and hobbies and who emphasize service and price have higher expectation levels towards the consumer experience. Kao (2005) believes that, since consumers do not only care about the functional problem-solving aspects but also emphasize bringing forth individual taste and pursuing exciting or heart-touching moments when consumers are purchasing goods or services, changes need to be made on the part of marketing personnel. The personnel shall change the past marketing methods of only focusing on product performance and benefits and shift the focus of marketing methods on customer experience providing values on perception, emotion, cognition, behavior, and relationship, replacing performance benefits and bringing consumers desired entertainment, excitement, emotional impact, and creativity challenge. When consuming a product, people no longer just pay attention to production performance and benefits, but rather the enjoyment of the consuming process and experience.

2.4.2 Consumer Characteristics

Technology civilization has dramatically changed human lifestyles and work methods. Human interaction has gradually decreased due to the growing popularity of internet, fax, and mobile phones. However, the rise of coffee shops happened to provide people another option, as a third area of space besides the office and home. Bringing people’s relationships closer, coffee perfectly satisfies modern people’s demands for social opportunity and social location. Wang (2000)

categorized the benefits pursued when consuming coffee and the priority of consuming factors into two types: pursuing profession type and pursuing comfort type. When selecting coffee shops, the former emphasizes factors that are oriented towards professional knowledge of coffee, staff service quality, and a pleasant dining experience. In other words, 'pursuing profession type' people felt that in being provided with coffee-related information and being sold coffee-related products, the quality of the coffee beverage and having a VIP loyalty program are especially important. In regards to the area of service, this group also emphasizes professional service, such neat staff appearance and etiquette, extensive professional knowledge, and the ability to solve customers' inquiries, as well as fire safety facilities and a related certified license. As for aspect of dining, this type of consumer prefers a diverse range of meals and coffee beverages, focusing on the quality of the meals, texture of tableware, portions of the meals or beverages, and the crowdedness. Overall, 'pursuing profession type' people belong to the group that focuses on the practical benefits and are more rational. In comparison to 'pursuing profession type', 'pursuing comfort type' consumers pursue a multifunctional coffee shop and therefore emphasize a broader range and larger number of beneficial factors. The 'pursuing comfort type' people place the most emphasis on the atmosphere, aesthetics, convenience, and comfort created by the coffee shop, followed by the multifunctional services, the price, and the café's reputation. In other words, people belonging to the 'pursue comfort type' focus on the building's exterior, arrangement of products, scenery from the café, uniqueness of the interior décor, and the quietness and comfort of the environment; they also emphasize the convenience of store locations. As for personnel, emphasis is on staff attitude and effectiveness. Other functionalities emphasized are in regards to the supply of general newspapers and magazines, easily available cream and sugar, and a combination with a bookstore. Attention to price level, discount frequency, and quality of other patrons are also emphasized. As for the aspect of reputation, the café's own reputation and image are also important. In an overview, people of the 'pursuing comfort type' are more emotional, and because of that pay attention to the overall atmosphere that coffee shops present.

2.5 Consumer Decision-making

The root causes of consumer decision-making elements lie within desire relative to available resources. As a result, consumers need to choose by measuring the respected benefits and then deciding on a goal. To confirm the subjective goals pursued by performing such consumption, this research listed consumer decision-making factors, in reference to characteristic chain coffee store dimensions and elements as introduced by Wang (2000), which affect budget coffee consumer purchase preference and preference in a total of 11 dimensions and 34 elements, as shown in the table 1.

Wang (2003) has the following image of a chain coffee store: consumers after being affected by the exterior environment of the shop, a mixed image of the store is formed in their minds. For coffee shops, store image apparently influences consumer decision-making. Exactly what are some of the store dimensions consumers are using to measure and form the store image in their minds, which in turn affect their consuming decision? In reference to Chong-Lin Wang (2003), the following list presents the 6 dimensions and the 30 properties within the dimensions on chain coffee shop image in the table 2.

This research made reference to the dimensions composed by Wang (2000) and Wang (2003) through the studies of the relevant Taiwanese scholars listed above. The research utilizes the following dimensions as derivation of discussions on consumer decision-making factors. The dimensions are listed below: product, price, service, service staff, building and decoration, store atmosphere, facility, advertising promotion, convenience, and customer characteristics.

2.6 Brand Image of Budget Coffee

Brand image and the related information produced from the surroundings will influence the assessment consumers make while purchasing products and ultimately act the bases for the choices they make. They will specially influence consumers' views on brand identity and attributes. The image associated with the brand will influence consumers' opinions on the products' physical characteristics, because consumers will use the associated brand image to distinguish between the brand characteristics and use them as a reference for purchase decision-making. In regards to the effects of coffee shops' brand images (such as environment, atmosphere, food, etc.) on consumers and their influence on consumer decision-making, this research organizes subjective consumer image in selecting budget coffee brands and the influence on related consumption elements into the following four items: personal preference of brand, personal taste of the brands pursued, personal consumption experience and quality selection, and the shop's reputation ranking.

3. Research Analysis

3.1 Sample Information

In the research, there were a total of 480 randomly selected individuals who completed the questionnaires; 35% were male, and people with ages under 25 were the majority, accounting for 52.7%. 85% of the respondents were single;

monthly salaries were mostly below NT\$20,000, at 66.7%, while those who were unemployed accounted for 49.6%. As per consumer activity, 83.2% consumed with friends and family; 44.5% believed the appropriate price for budget coffee should be below NT\$50; respondents who purchased coffee at least once a week made the majority, with 55.0%; 62.3% of the respondents would purchase when there is a need; most respondents' main motivation to purchase was chatting and discussing business, accounting for 45.9%; source of consumption information being "walking past chain stores" ranked the highest, at 63.2%; and the respondents' most frequent setting of consumption was at 85°C, with a leading 57.7% (see Table 3).

3.2 Statistical Method and Scale Validity

The statistics software used for this research is SPSS version 12.0. Using hierarchical regression, a linear relationship of the influence of basic information and consumer behavior on consumer consideration factors and characteristics was examined. The scale used has been reviewed by two coffee industry participants and three professors specialized in food and beverage management. Its Content Valid Index is 87%, and the scale reliability is above 0.6 (see Table 4), showing that the scale's reliability can be accepted.

Table 4 shows that, amidst the consideration factors, 'staff friendliness' seems to be most important, while 'media advertisement' is the least important. Within consumer characteristics, 'personal preference' seems to be the most important, and 'coffee has become part of life' is the least important.

3.3 Statistical Analysis

Table 5 shows that in the regression analysis of basic information on consumer consideration there are no significant differences. There are also no significant difference in basic information and consumer activity of the consumer consideration factor indicated by regression analysis. Basic information has significant differences on consumer characteristics learned from regression coefficient tests, where consumers with monthly salaries between NT 20,000 and NT 30,000 have significantly higher consumer characteristics than consumers with monthly salaries below NT 20,000, and the consumer characteristics of consumers with steady employment are significantly higher than the consumer characteristics of unemployed consumers. In the regression analysis of basic information and consumer activity, consumer characteristics were significantly different than those discovered through regression coefficient tests. There were no changes on the higher consumer characteristics of consumers with monthly salaries between NT 20,000 and NT 30,000 as compared to those with salaries of less than NT 20,000. Consumers with steady employment had higher consumer characteristics than unemployed consumers, while consumers who purchase coffee more than once a week have higher consumer characteristics than consumers who purchase coffee less than once a week. Moreover, weekday consumers have significantly higher consumer characteristic than weekend consumers.

4. Research Discussion

4.1 Statistical Data and Review of Literature

The main purpose of this research is to analyze the benefit of purchasing such products and compare the difference amongst a variety of consumer characteristics through the benefits that consumers pursue in coffee shops. In the analysis process, the study also attempted to explore the relationship between selected chain coffee shops' current situations and consumer activity. Referencing the dimensions and key elements of the chain coffee shop' characteristics as proposed by Wang (2000), 8 of the forming factors are proposed for further reference, which are shown in the table 6.

5. Conclusion and Recommendations

5.1 Conclusion

In this part, the questionnaire's content and statistics data will continue to be referenced to develop the conclusion for this research, which is detailed as follows:

(1) Personal Information:

Overall, based on respondents' replies, a majority of the respondents who patronize budget coffee shop chains in the Taichung area are female, accounting for 65%; there are more single consumers than married consumers, accounting for 85%. This can be possibly explained by singles usually having more freedom in time allocation, but it can also be caused by work demands, where the opportunity of dining out is higher. As for the age distribution, students form the main customer group for the budget coffee shop chains in Taichung, and consumers below the age of 25 are the majority, at 52.7%.

Unemployed survey participants accounted for 49.6%, and consumers with monthly salaries of less than NT\$20,000 formed the majority, at 66.7%. The low monthly salary amongst respondents is related to the younger

age group and the minimal salary received by the students.

(2) Actual Purchasing State of Consumers:

For the 480 effective questionnaires, 85°C is the most frequently visited store amongst the respondents. The interesting thing is that, even though City Café has more locations than 85°C does in Taiwan, it placed second, with only 32.3%, demonstrating the influence retained by the older brand's store image.

The statistics discovered that the main reason that consumers in Taichung visit budget coffee shop chains is to chat and discuss business. 83.2% of the respondents would invite family or friends to visit the shops together. This shows that chain budget coffee shops have gradually assimilated into coffee consumer groups' lifestyles and have become a place for meeting and leisure. Chain budget coffee shops also possess robust social functions which provide respondents and others appropriate spaces for discussion.

In terms of consumption frequency, most consumers patronize chain budget coffee stores more than once a week, and most of them would go when there is a need, which accounts for 62.3%. This makes the coffee shops places that can be visited at any time, which is different from the past, when the motif was to relax during weekends.

In terms of pricing, the questionnaires indicate that the most acceptable price range for a cup of budget coffee should be below NT\$50, so we believe that an item priced at NT\$35 is acceptable for the consumers.

(3) Consideration Factors

Results of the research statistics show that the eight attributes of 'staff friendliness', 'quality of coffee beverages', 'restroom availability', 'staff service speed', 'cleanliness and brightness of the store interior', 'convenience of product purchase', 'personal preference', and 'parking convenience' are the eight properties most emphasized by the respondents who patronize budget coffee shop chains in Taichung.

5.2 Recommendations

This research begins from the perspective of the consumers at chain budget coffee shops and explores the relationships between the actual consuming state of the respective chain coffee stores and the perceived value and consumption motif of such consumption. The research found that the majority of the factors do in fact possess certain degree of relativity and significant impact. What are the implications of the research results? What kind of assistance can be provided to the budget coffee shop chains? And what research directions can be provided to researchers in the future? Listed below are a few recommendations proposed for reference:

(1) Enhancing Consumers' Perceived Value and Tendency for Return Shopping

The research found that staff quality at chain budget coffee shops greatly influences customers' recognized value and tendency to make purchases. Therefore, in order to increase consumers' tendencies for future purchases, the very first change that needs to be made should be in staff training. Professionalism of the staff will directly affect consumers' acknowledgement of the particular store, and the staff's attitudes will also reflect on consumer manners. Consequently, budget coffee shop chains need to be brought to the next level: training should be given to all staff from the entry level to the managerial level, so that significant sales performance would be shown in the respective chains. For all consumers, the professional quality of the service staff is most important in serving the customers .

(2) Providing Service Benefits Customized to Different Consumer Domains

Communication is powerful; if media can be properly utilized, many customers will visit simply through media interviews and reporting. This research discovered that the information obtained by walking past chain budget coffee stores will affect the consumers' exterior tendency of future purchases. And with respect to the consumer age demographics, older consumers tend to focus more on perceived value than younger consumers. Therefore, stores need to make the consumers feel that the monetary expenditure is low, but the services they enjoy are above average, increasing consumer tendency for future purchases. For example, stores can promote different beverage products to younger consumers who are in high school and older, so the younger students would not consider the chain coffee store as a place for adult consumers. In regards to purchasing power, it should comply with the ability of all consumers and not just target adults as its single consumer market.

(3) New Product Development Ability

The establishment of chain budget coffee shops has brought forth many more options for consumers when they are choosing a place to drink coffee. In the highly competitive industry, companies can only continue innovating to attract consumers' attention. Every product has its own life cycle. In order to prevent imitations and fill consumers with the sense of originality and stimulate their desire for future purchases, companies need to introduce new

products every once in a while, maintaining product diversity and innovation. Therefore, new product development ability is also considered by companies to be one of the key factors in managing a café.

(4) Selection of Store's Location and Business District

Experts on each and every dimension all believe that selection of a store's location and business district is an important factor, proving that the criterion of a café's site is able to decide its success or failure. A good store location does not only receive good number of crowds but is also one of the ways to shape the company image. Judging from this, store location and district selection play a decisive key factor in determining whether a store has enough customers. Currently, the top priority of location distribution for coffee shop chains is still office districts and places with high population density. Cafés can especially be spotted in the areas around schools, inside department stores, and in business districts. In any case, the surrounding areas will always be full of competition. Under such rivalry with companies who are fighting for store fronts in the best business districts, the rent in certain hot districts has certainly been climbing. However, the potential of this massive market is prompting the battle to continue at this very moment at full swing.

(5) Complete Education Training System

Coffee shops belong to the food and beverage service industry, and the service industry usually has direct interaction with consumers as the first line of contact. Therefore, store staff performance would most directly influence consumer impression of the stores. Starbucks CEO and Chairman Howard Schultz also believes that the secret of success is not the coffee but the people. Only by continuing to accumulate value will the overall company continue its success. 'People's values' are something that they can be extremely proud of. He firmly believes that it is the 'people' who give life to a business, serving coffee in the people industry and not serving people in the coffee industry. Therefore, having a complete educational training system to train staff for their better performance is a must-have element for managing a café.

Based on the findings of this research, details of some tactics for strategic application by all chain business and chain management headquarters are provided below:

- (1) Chain business management has to shift the overall management concept from being supplier-oriented to consumer-oriented. In other words, products sold in stores cannot stay the same, but rather the store shall sell products that consumers like. The product mix should be constantly adjusted, and new products need to be launched over time so that the consumers will not get bored with the products.
- (2) As the widely distributed chain brands have become trendy, market segmentation amongst the stores is no longer obvious. Most people, due to their concern over saving the cost of time, tend to be convenience-oriented, which in turn also increases the management difficulty of the stores. Therefore, how to hold on to the support of loyal customers and increase their feelings of belongingness to the store is something that companies need to be working on.
- (3) Future customer development can focus on business clients, such as nearby hospitals, banks, and offices. DM and delivery brochures can be used to aggressively strengthen the delivery business.
- (4) Summarize five key success factors and respective rankings, so that companies can allocate resources to the relatively critical factors under the constraints of limited human resources, time, and financial capital, which in turn will allow the companies to receive the maximum benefits. However, when businesses decide to invest in a specific factor, they should also simultaneously take into account the level of correlated impact amongst other factors.

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Table 1. Characteristic Chain Coffee Store Dimensions and Elements

Dimension	Element
Product	Purchased Price Level
	Coffee Beverage Quality
	Meal Quality
	Range of Coffee Types
	Name of Beverage and Meal
	Coffee-related Products Sold
	Beverage or Meal Portion
Service	Supply of Coffee-related Information
	Supply of Free Access to Sugar Packet, Cream, Napkins, etc.
	Ability to Solve Customer Inquiries
	Use of Credit Card
	Supply of General Newspapers and Magazines
Service Staff	Attitude and Effectiveness of Staff
	Extensive Professional Knowledge of Staff
	Neat Appearance and Etiquette of Staff
Physical Facility	Uniqueness of Decoration
	Texture of Tableware
	Exterior of the Building
	Smoking Area Placed in the Store
Convenience	Location Convenience
	Operation Hour
Promotion	Frequency of Discount Promotion
	VIP Card and Loyalty Program
Organization Factor	Café's Reputation
	Café's Image
Shop's Atmosphere	Quiet, Comfortable, Neat Environment
	Music Played
	Scenery from the Café
	Spaciousness (Crowdedness) of Distance Between Tables
	Product Arrangement Method
Customer Characteristics	Quality of Other Patrons in the Store
Safety	Certified License and Fire Safety Facility
Other	Combination with Bookstore

Source: Wang (2000)

Table 2. Dimensions of Store Image

Product	Quality, Selection, Price, Product Brand Reliability, Product Supply Stability
Service	Service Attitude, Return Service, Checkout Speed, Service Professionalism, Additional Service, Patron Type, Credit Card Service
Shop Atmosphere	New Equipment, Store Neatness, Building Exterior, Display Arrangement, Lighting and Music
Convenience	Location Convenience, Parking Convenience, Business District Prosperity, Operating Hours
Advertisement Promotion	Promotion Events, Discount Coupons, Special Price Products, Public Image, Store Reputation
Physical Facility	In-store Flow, Environment Comfort, Interior Decoration, Separation of Smoking Area

Source: Wang (2003)

Table 3. Score Distribution of Basic Information and Consumer Activity

Variable	n	%	
Gender	Male	168	35.0
	Female	312	65.0
Age	25 and below	253	52.7
	25-35	168	35.0
	Above 35	59	12.3
Marital Status	Single	408	85.0
	Married	72	15.0
Monthly Salary	NT\$20,000 and below	320	66.7
	NT\$10,001-30,000	102	21.2
	/above NT 30,000	58	12.1
Occupation	Unemployed	238	49.6
	Flexible Working Hours	42	8.8
	Fixed Working Hours	200	41.7
Consume with Whom	Individual	81	16.8
	Group	399	83.2
Appropriate Price	NT\$50 and below	213	44.5
	NT\$51-\$70	260	54.1
	above NT\$70	7	1.4
Frequency of Consumption	Once a week or below	264	55.0
	2-3 times a week	75	15.6
	More than 3 times a week	141	29.4
Consumption Timing	Weekday	42	8.6
	Weekend	139	29.1
Main motivation	Whenever there's a need	299	62.3
	Chatting and discussing	221	45.9
	Simply coffee drinking	188	39.1
Source of Information	Document processing	71	15.0
	Media	140	29.0
	Walking by chain stores	303	63.2
Most frequent consumption location	Others	37	7.7
	85°C	277	57.7
	7-11 City Café	155	32.3
	Others	48	10.0

Table 4. Consideration Factors and Consumer Characteristics' Statistics and Reliability

Dimension and Item	Average	Standard Deviation	Cronbach's α
Consideration Factors	63.55	7.84	0.673
Uniqueness of Building and Decoration	3.97	0.77	
Neatness and Brightness of the Store	4.29	0.66	
Parking Convenience	4.14	0.80	
Restroom Availability	4.43	2.11	
Music Played in Store	3.82	0.86	
Wi-Fi Availability	3.33	1.12	
Level of Gathered Crowd	3.33	0.93	
Media Advertisement	3.30	2.22	
Product Package	3.70	0.80	
Diverse Selection of Coffee Beverages	4.11	0.75	
Quality of Coffee Beverages	4.52	0.69	
Freely Available Sugar Packets and Cream	3.92	2.18	
Convenience of Product Purchase	4.20	0.73	
Staff Service Speed	4.33	0.71	
Staff Friendliness	4.53	0.65	
Supply of Coffee-related Information	3.66	0.87	
Consuming Characteristics	33.20	4.94	0.616
Personal Preference	4.17	0.67	
Taste Pursued	3.74	0.80	
Personal Consumption Experience	3.82	0.76	
Store Reputation	3.69	0.76	
Reasonable Price	3.83	0.84	
Stimulating Ability	3.56	2.22	
Attracted by Promotion Information	3.62	0.89	
Coffee Has Become a Part of Life	3.11	1.13	
Budget Coffee Stores Are a Good Place to Rest	3.65	1.01	

Table 5. Regression Analysis of Basic Information and Consumer Behavior in Relation to Consumer Consideration and Characteristics

Dependent Variable	Consideration Factors				Consumer Characteristics				
	F=0.936	F=0.826	F=2.679**	F=3.055**					
Linear Test	Model 1	Model 2	Model 1	Model 2					
Independent Variable	B	t	β	t	β	t	B	t	
Gender	Male (Reference Group)	-	-	-	-	-	-	-	
	Female	0.032	0.438	0.026	0.346	0.097	1.414	0.096	1.413
Age	25↓ (Reference Group)	-	-	-	-	-	-	-	
	25~35	-0.042	-0.555	-0.007	-0.082	0.004	0.062	-0.019	-0.256
	Above 35	-0.098	-1.171	-0.042	-0.482	-0.043	-0.541	-0.048	-0.598
Marital Status	Single (Reference Group)	-	-	-	-	-	-	-	
	Married	0.164	1.893	0.154	1.654	0.058	0.704	0.133	1.596
Salary	NT\$20,000↓ (Reference Group)	-	-	-	-	-	-	-	
	NT\$20,000 to	-0.122	-1.604	-0.137	-1.730	-0.185	-2.575*	-0.158	-2.213*

Occupation	NT\$30,000 Above NT\$30,000	0.006	0.065	-0.026	-0.241	0.112	1.272	0.002	0.019
	Unemployed (Reference Group)	-	-	-	-	-	-	-	-
	Flexible Working Hours	0.042	0.572	0.049	0.649	0.091	1.298	0.096	1.407
	Fixed Working Hours	0.025	0.300	0.011	0.136	0.198	2.550*	0.196	2.595*
Consume Whom	with Alone (Reference Group)	-	-	-	-	-	-	-	-
	Group	-	-	0.036	0.455	-	-	-0.021	-0.291
Price	NT\$50↓ (Reference Group)	-	-	-	-	-	-	-	-
	NT\$50	-	-	0.012	0.160	-	-	0.039	0.582
	NT\$70 Above NT\$70	-	-	0.020	0.270	-	-	-0.055	-0.820
Consumption Frequency	Once a Week↓ (Reference Group)	-	-	-	-	-	-	-	-
	2 to 3 Times a Week	-	-	-0.126	-1.597	-	-	0.169	2.346*
	More than 3 times a week	-	-	0.092	1.162	-	-	0.149	2.063*
Consumption Day	Weekday (Reference Group)	-	-	-	-	-	-	-	-
	Weekend	-	-	0.035	0.266	-	-	-0.303	-2.538*
Consumption Motif	Where There's a Need Chatting and Discussion (Reference Group)	-	-	-0.005	-0.034	-	-	-0.164	-1.360
	Just for Coffee Drinking	-	-	-0.026	-0.320	-	-	-0.076	-1.033
	Document Process	-	-	0.019	0.250	-	-	0.009	0.135
Information Source	Media (Reference Group)	-	-	-	-	-	-	-	-
	Walked Past Chain Store	-	-	-0.114	-1.427	-	-	-0.118	-1.633
Main Consumption Location	Others	-	-	0.014	0.181	-	-	-0.085	-1.200
	85°C (Reference Group)	-	-	-	-	-	-	-	-
	7-11	-	-	0.069	0.899	-	-	-0.035	-0.508
	Others	-	-	-0.022	-0.289	-	-	0.125	1.779

* p<0.05 ** p<0.01

Table 6. Analysis Table of Dimensions and Key Elements that Affect Budget Coffee Characteristics

Dimensions	Elements	Level of Importance	Whether the Result is Established or Not
Product	Product Packaging	65%	Yes
	Diverse Selection of Coffee Beverages		Yes
	Quality of Coffee Beverages	87%	
	Reasonable Price		Yes
	Stimulating Ability	89%	
		69%	Yes
		48%	No
Service	Supply of Coffee-related Information	50%	Yes
	Supply of Freely Available Sugar Packets, Cream, Napkins	66%	Yes
Service Staff	Staff Service Speed	89%	Yes
	Staff Friendliness	89%	Yes
Physical Facility	Uniqueness of Building Decoration	68%	Yes
	Restroom Availability	67%	Yes
	Wi-Fi Availability	39%	No
Level of Convenience	Parking Convenience	71%	Yes
	Convenience of Product Purchase	84%	Yes
Promotion	Media Advertisement	38%	No
	Attraction of Promotion Information	62%	Yes
Organization Factors	Shop Reputation	63%	Yes
Store Atmosphere	Clean and Bright Store Interior	79%	Yes
	Music Played in Store	61%	Yes
	Level of Gathered Crowd	34%	No