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# RESEARCH BULLETIN

THE POSSIBILITIES OF DIFFERENTIATION IN  
THE COFFEE PRODUCTION AND THE  
CONSUMERS' BEHAVIOR-2013

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## IMPORTANT ASPECTS TO INNOVATE

A market leader company is always observing the needs of the costumers. Inserted on different cultural scenarios, generations such as Baby Boomers, X, Millennials and Z will have specific demands.

To understand how these connections work, and to be able to predict the future needs of each group in many countries, could determine the level of success of a company along the years.

Another differential point within any corporation is the generation of innovation, preferably associated with technological forecasting. This is a segment that is still not well studied, but that can help to reduce risks when creating or modifying a product or a production system, following technological routes that have showed to be promising previously.

## IDENTIFYING A PRODUCT ON THE SHELF

There is a misalignment defining what is the quality of a product and this is a flaw of the market. If it is not clear to the consumer what is quality, the products will not receive a premium price.

The information available on the label has a crucial role on the communication with the costumers. To align these data with the costumer's perception of quality is important to stablish a successful dialog. Characteristics such as certifications, traceability, brand, and others, can be decisive when choosing.

## COSTUMERS CHARACTERIZATION

Understanding the Brazilians' coffee consumption behavior is a relevant step towards the market and marketing development of a company. In 2013 it was carried out a research aiming to understand the Brazilians' customer behavior in Campinas-SP. More than 400 people were interviewed using a questionnaire split in 6 categories. The themes were customer stratification, consumption behavior, product differentiation (quality attributes, certification, socio-environmental guarantee, and origin), interviewee profile, conjoint analysis and finalization.

## CONSUMPTION BEHAVIOR IN BRAZIL

Most of Brazilians are classified as heavy users, meaning that they are used to drink more than one cup of coffee per day. In total, more than 90% of the interviewees drink coffee every day.

TABLE 1. AVERAGE OF COFFEE CUPS CONSUMED IN BRAZIL

Coffee cup consumed	Percentage
Until one cup weekly	2.6
More than one cup per week	3.4
Until one cup daily	15.4
More than one cup per day	78.4

The drip brew method that was chosen per 82% of the people was the pour over coffee, followed by espresso coffee with 12% of preference, and then, only with 1% come the soluble coffee.

The consumption of coffee in Brazil is mainly at home, picked out by 56.4% of the total. Ensuing come the workplace representing 33.6% and 10% of the consumption occurs together on coffee shops, bakeries, and restaurants. Nearly 60% of the interviewed drink their coffee during the mornings. At any hour of the day was the choice of 20% and 15% preferred to have coffee in the afternoon.

The main reasons that led to the coffee consumption were to appreciate the flavor of the beverage, as a stimulant to increase the energy during the day and during breaks along the day. Among the coffee consumers, 90% also purchased it and as relevant aspects to the choice, the citations were: the quality, the brand, and the price, in 75% of the cases. The information available on the label was also important, such as type and descriptions.

There are some differentiation aspects that can lead the customer to pay a premium price for their coffee, for example:

- Food safety
- Absence of agrochemicals
- Labor Conditions for workers
- The use of the water
- Legal reserve of woods
- Certifications
- Traceability and origin

Among the listed items above, those related with food safety and environment are the customers which are more prone to pay more. Less interesting attributes for the interviewed people are, certification and origin. The attribute of quality of the beverage was the one that consumers were less willing to pay more.

How the consumer classifies the quality of the coffee? It is important to understand this, since their perception of quality and the brand have a bigger influence when they are deciding between products. We have seen that the misalignment of information about quality is an issue to the industry, because if the users cannot recognize it, they will not pay a premium.

More than 30% of the interviewed people on this study said that they have not received any information about coffee. Those who had more knowledge regarding coffee had watched something about it on television. Usually the consumers perceive more the characteristics from the final product, such as brewing methods, brand, and quality. They do not know anything about the production system, processing, certification, and others. It is important to highlight that despite not receiving information about the coffee, the consumers trust on what they heard from the coffee chain professionals. To them, the technical knowledge is a key point to have credibility. The order of reliability is farmer, specialists and research institutes.

## FINAL CONSIDERATIONS

Consumer preferences became clear taking into consideration topics from quality, flavor, roasting, and variety. The coffee flavor is essential, followed by variety and roasting. Mainly mild flavor, medium roast, and arabic coffee. Regarding certification, among certifier, certification and brand, the preference is the brand, the certification, and the certifier. For socio-environment topics the more important were, labor, then water, and finally legal reserve. The concern with the origin was in this order, the country (Brazil), the state (Minas Gerais), and the region of production (Cerrado).

It was possible to divide the costumers in 4 different groups:

- Open to change: prone to try novelty, induced by the pursuit of pleasure and boldness
- Search for improvement: people that are looking for knowledge that coffee can provide.
- Conservative: less inclined to experiment daring innovations that can interfere on the traditional coffee image.
- Value orientated: the social and environmental benefits that the coffee chain can create.

The complete version of this research is available on the book "Universit  del Caff  Brazil coffee researches, 2013 to 2017":

<http://universidadedocafe.com/publicacoes/ebook-universita-del-caffe-brazil-coffee-researches-2013-to-2017/>