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An Inquiry Into Micro Marketing Strategy as Implemented by the Coffee Industry: Is the Industry Fracturing the Market?

Keith D. Edwards
University of North Florida

AN INQUIRY INTO MICRO MARKETING STRATEGY AS IMPLEMENTED BY
THE COFFEE INDUSTRY: IS THE INDUSTRY FRACTURING THE MARKET?

by

Keith D. Edwards

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APPROVED:

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'A. Coskun Samli, Chairperson

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Earle C. Traynham, Jr.   Steven K. Paulson

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Committee Chairman: A. Coskun Samli

Marketing

(ABSTRACT)

The diversity created in our society during the eighties has brought forth many new challenges for marketers. During that time established market segments subdivided themselves into micro segments. This has forced marketers to further target their marketing programs to reach the ever elusive consumer. Micro Marketing brings with it an abundance of product choices, especially in coffee. Currently, there exists a great deal of uncertainty as to the benefits of this wave of product proliferation.

In this study, first, an attempt is made to identify and define Micro Marketing and the events which lead to its evolution. Substantial support is given which identifies the foundation of Micro Marketing as a natural extension of Market Segmentation. However, a review of current product offerings by the coffee industry may lead toward a return to product orientation. Which could imply further problems for a industry with flat or declining volumes.

In order to access the condition of Micro Marketing, as it applies to the coffee industry, a questionnaire was developed. The primary information was gathered in grocery stores in the Jacksonville area. Data was gathered on the coffee drinking habits, brand awareness, purchase patterns, brand loyalty, purchase influences, psycographic and demographic data of consumers. This data is used to establish if any segments exist which identify with specific coffee brands.

Market fracturing seems evident, at least in Jacksonville. Consumers show hardly any segmentation patterns to specific brands, while the level of brand awareness dissipates as the number of brands increase. Furthermore, the level of brand switching is extremely high indicating that market segmentation, for the most part, is non existent.

Continuing to pursue market fracturing may provide negative long term gains to the firm due to its cost ineffectiveness. However, fracturing may be reversed with proper segmentation strategy. Further studies will indicate proper marketing strategies as well as provide possible avenues for growth in coffee consumption.

ACKNOWLEDGMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER I

MICRO MARKETING: Survival in Today's America

In years past, the consumer goods marketer was concerned with one significant group of consumers, the American public. Whenever the firm introduced new products or wanted to boost sales national television spots or couponing were the optimal vehicles. The firm simply forced its products upon retailers and consumers. The dominant firm, more often than naught, was the one with the largest promotional budget. Mass marketing catered to the wants and needs of the manufacturer rather than those of the consumer. This product orientation existed up to the ninteen fifties (Kotler, 1988).

In the late nineteen fifties consumer goods marketer's realized that this approach was not enough. The market place became divided into identifiable, measurable, accessible, and significant segments. Market segmentation categorized the "homogeneous" mass market into large groups of consumers. Thus, segmentation became almost synomous with strategic planning and marketing (Weinstein, 1987; Kotler, 1988; Cravens, 1987). However, in the ninteen eighties a new phenomenon emerged. Perhaps this is an extension of the "MTV" culture whereby the traditional acceptable market segments are considered quite inadequate and must be broken

1900 | MASS MARKETING |

1960 | SEGMENTATION |

1980 | MICRO MARKETING |
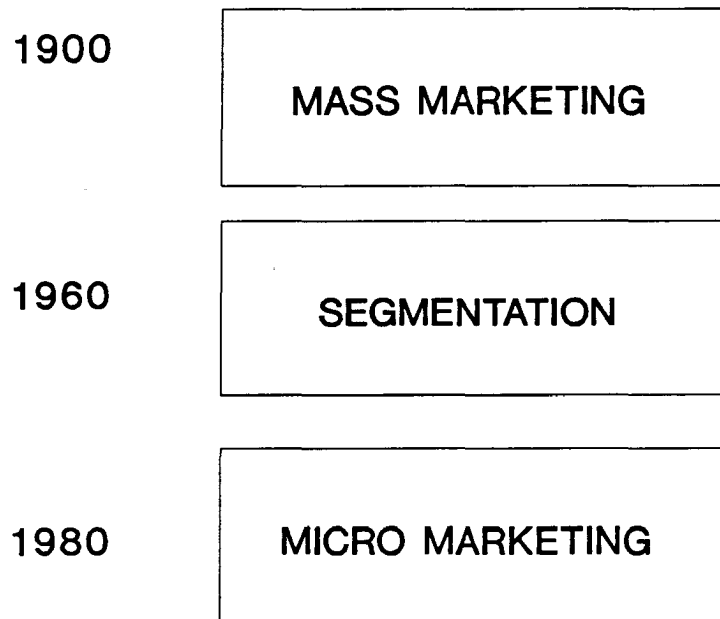
Figure 1 - 1 MARKETING STRATEGY EVOLUTION

into numerous and much smaller segments.

Micro Marketing techniques recognize that the American marketplace is made up of many highly differentiated "fragmented" markets. These micromarkets are demographicaly defined by age, sex, and geography as well as life styles, ethnic background, education, attitudes, and personal perceptions. Each of these groups possess strong consumer characteristics and can be accessed through a variety of differentiated media. Micro Marketing strategy forgoes the mass marketing or shotgun approach aimed at the mythical "average" consumer. Instead, the firm designs both the product and the accompanying marketing program to reach specific micromarkets (Kotler, 1988; Schiller,1989).

Perhaps the most important problem is while there has been some thirty years of research on segmentation, the new concept of Micro Marketing does not have enough research support. Therefore, it is not clear whether this technique is an extension of segmentation, product orientation, or perhaps just wishful thinking. Though substantial research presently does not exist, some consumer goods firms are using Micro Marketing rather extensively. In fact, the coffee industry may be considered the newest player in the Micro Marketing game.

THE EVOLUTION OF MICRO MARKETING

Though historians may argue whether the developments of the eighties were significant or not, it is certain that demographic changes that occurred greatly affected consumer behavior. It was the dynamics of the eighties that created Micro Marketing. To better understand this evolution in marketing it is important to identify the eight key "megatrends" that contributed to the creation of Micro Marketing; they are: (1) The change in family size, (2) the change in the age of the population, (3) the increase in educational levels, (4) the emergence of ethnic groups, (5) differentiation in media, (6) weight of the small firm, (7) retailer information technology, and (8) consumer demand for variety (Sheth, 1983; Glick, 1984; Kotler, 1988; Nesbit, 1984; Schiller, 1989).

The New America

The average American family prior to the eighties would typically consist of two adults, between twenty five and thirty five years of age, 2.5 children, and half a dog However, today that average family could be divorced, remarried, and living in a condo instead of a three bedroom ranch style home (McKenna, 1988). The change in the "average" family's demographic attributes are due to latter marriage, fewer children, higher divorce rate, and more working wives (Kotler, 1988; Sheth, 1983; Glick, 1984).

Though monogamy and marriage became popular trends in the eighties, the number of younger people willing to make that marital commitment for the first time declined. In 1970, forty-five percent of the men and sixty-five percent of the women in their early twenty's had already married. However, in 1980 only thirty-one percent of the men and fifty percent of the women in this age group had married (Glick, 1984). The average age for marriage is 24.1 years for men and 22.1 years for women. A startling 58.5 percent of women age 20 to 24 have never married, up 35.8 percent over 1970 standards (Kotler, 1988). This swing to staying single longer, or never marrying, creates a vast increase in the number of single households headed by women.

To that effect, the population of children is also declining. Nearly 48 percent of all families are composed of couples with no children under the age of 18 (Kotler, 1988). In 1960 the average family produced 3.8 children; however, in 1980 that same family produced 1.8 children (Sheth, 1983). The two predominate contributing factors to the decline in the child population are individualistic lifestyles and latter child bearing by married couples (this trend has shown some improvement towards the end of the decade).

Divorce continued to be a major factor in the change of the American family. The United States commands the worlds highest divorce rate. Nearly fifty percent of all marriages will end in divorce. This factor alone has contributed to the creation of over a million single parent households (Kotler, 1988). While many individuals will remarry, current trends predict that the Current Population Survey for 1990 will show that remarriage levels may be five to ten percent lower than in 1980 (Glick, 1984).

Probably more significant to the change in the traditional American family is that there are more women in the work force than ever before. Over 50 percent of all married women hold some kind of job (Kotler,1988; Glick, 1984). As women assert themselves as "co-breadwinners", they are also making greater purchase decisions. Now women take a more active buying role in the purchase of hard goods and big

ticket items.   Meanwhile,   men   are   also   taking   more responsibility for   performing   household   duties,   such   as grocery shopping.

Another contributing   factor   to   the   rise   of   Micro Marketing is the change in the age of America.   Our nation is shifting from   a   one   of   young   adults   to   a   nation   of   mature adults.   In 1980 the median age was 30; however, by the year 2050 the median age is   expected   to   be   42.   The aging of America can be attributed to the increase in life expectancy from 69 years in 1960 to an estimated 80 years by the year 2000. The other significant factor in this shift in age majority is the previously mentioned declining birth rate. (Kotler, 1988).

The development of Micro Marketing also stems from the increase in the educational level of the consumer. Seventy - three percent of Americans over twenty - five possess high school degrees while nineteen percent have college degrees (Kotler, 1988).   Add to that the recent increase in the number of individuals receiving graduate degrees and the overall educational   level   of   our   society   substantially improves over that of the sixties.

During the nineteen - eighties ethnic groups such as whites, blacks, Hispanics, and orientals became viable market segments. The current United States' population is composed

of 79 percent white, 12 percent black, 7 percent Hispanic, and 2 percent Oriental. The Hispanic segment is the fastest growing accounting for 16.9 million people while the Oriental population has also grown during the eighties to 4.5 million people (Kotler, 1988).

As can be seen during the eighties the American market has become more hetrogenous than ever before. This heterogeneity requires that successful marketers become more Micro Market oriented.

Competition, Media, and the Dominant Consumer

The past decade saw an explosion in the number of smaller firms doing business in traditional large firm markets. Technological developments made it possible for the small company to compete with the corporate giants cost effectively. This lowered the barriers to entry and exit, which fostered greater competition in all industries. The disintegration of entry and exit barriers allowed smaller firms to cost effectively specialize in specific products or demographic markets (Sheth, 1983). To that effect, these firms are able to capture market niches, which attributed to the decline in purchases of mass marketed products.

Equally as important is the development of media channels used to reach these markets. The most widely used

mass market medium is television. Prior to the eighties, the big three (ABC, NBC, and CBS) were the only choices, network television was king. However, during the past decade cable television has redefined the industry. These pay television networks exploited specific "niches" by televising exclusively first run movies, music videos, sports, and even financial news. This "narrowcasting" has created a negative impact upon the traditional mass market television. During prime time, the big three networks share of the viewing audience has plummeted from 92 percent to 67 percent, according to A.C. Nielsen Co. Meanwhile, daytime share has fallen from 78 percent to 57 percent (Schiller, 1989).

Print media has also become more segment specific in the eighties as well. One need only look at the newsstand to see magazines targeting specific sexes, race, income levels, and hobbyist. Even the local newspaper can no longer claim dominance of the local market. The introduction of USA TODAY and segment specific newspapers have also created greater variety for the consumer and marketer.

Technology has not only created complexity for the consumer goods firm with regards to competition and marketing mediums, it has also placed more information in the hands of the retailer. In prior decades, the manufacturer controlled the marketing information. The retailer was dependant upon the manufacture for market share and product information.

However, with the introduction of scanners and bar codes the retailer, through their much improved marketing information system, can identify accurate product movement and profitability (Schiller, 1989).

The development of variety in number of marketing mediums and the number of smaller firms have offered the consumer more choices than ever before. To that effect, consumers have responded by purchasing a wider variety of products and are demanding still more. As consumers lead more individualistic lifestyles, their needs become individualistic as well; thus, "one size fits all" has become an obsolete concept (Nesbit, 1984, Sheth, 1983).

MICRO MARKETING AT WORK

The shifts that have occurred in demographic, media, and consumer needs have created an entirely new environment for the consumer goods marketer to operate within. To survive in the marketplace, the mass marketing firm must now act more like a local firm to stimulate consumer purchases. In order to accomplish this, the firm must concentrate on the internal efficiencies as well as the market.

Rethinking the Firm

In order for the firm to implement a "local" marketing strategy it must "localize" the organization. The span of

control versus cost of control encourages the decentralization of the corporation. This provides greater autonomy to individual product - market divisions while not eliminating the span of control. The firm is therefore able to eliminate certain levels of management without jeopardizing the coordination and control objectives. This enables the firm to break up the monolithic organization into separate lines of business based upon the common characteristics of manufacturing, distribution, or profit life cycles. Not only is this decentralized structure more cost effective, it also enables the firm to better focus on the market and become more responsive to market needs (Sheth, 1983).

With decentralization as the key to Micro Marketing it must be implemented cost effectively. The success of the small efficient firm now dictates that larger firms be more effective and efficient in order to compete. Greater cost controls must be implemented with regards to procurement, production, management, and marketing. This move to greater efficiency in the current environment must entail the implementation of automation in those areas best suited to cut bureaucratic red tape (Sheth, 1983). Special attention must focus on sharpening promotional activity. Couponing and price competition are expensive and often harmful to brand image. The marketer must use the technology now available to evaluate promotional effectiveness. Often the firm will

discover it is not the number of promotions but the quality that works best for a particular brand. Instead of running mass coupons firms are subscribing to "paperless" coupon services which deduct the amount of the coupon electronically at the checkout. These systems are more cost effective and offer the consumer multiple uses of the coupon value (Schiller, 1989).

Reaching the Micromarket

To reach identified customers, the consumer goods marketers are using targeted and new media. The firm must use media which targets their particular customer. Vehicles such as targeted cable television, magazines, and even ads dubbed onto video tapes are used in order to reach the new elusive consumer. The implementation of point of purchase advertising is now more important than ever. With the majority of purchase decisions being made in the store along with the mass of information afforded the consumer, firm's have escalated display and in store merchandising efforts. Also the use of non media becomes more important in targeting promotional efforts towards consumers. Firms are sponsoring events such as the Super Bowl, NASCAR, as well as local fairs and cultural events which attract their targeted consumers (Shiller, 1989).

The shift in information control, from the manufacture to the retailer, dictates that the marketer work closer than ever before with trade customers. Retailers are more interested in exclusive marketing programs rather than national campaigns. These programs which combine the manufacturers product with the retailers marketing campaign generates business growth for both parties and offers greater consumer benefit as well (Shiller, 1989).

A very important component of Micro Marketing is that the consumer goods marketer be flexible. Management should daily view the market with a degree of uncertainty. As one marketing executive explains, "The only thing we know about our business plan is that it's wrong" (McKenna, 1988). To survive the firm must continue to evaluate existing product portfolios and programs in order to reach a ever changing market.

Consumers Demand Choice

The focus of consumer goods firms must shift from the product to the market. Market focus is accomplished by knowing your customers and making what they want. As individualistic tastes become more prevalent the consumer will demand significantly differentiated products, price points, and a variety of products to choose from. To meet the new consumers demand for variety, marketers in the

eighties exploited the area of new products and line extensions. Perhaps Nasbitt offers the best summary of variety marketing; " In today's Baskin Robbins world everything comes in thirty - one flavors " (Nasbitt, 1984). It is of popular belief that market growth and stability are derived from offering multiple choices for multiple consumers. For example, from 1947 to 1984, Procter and Gamble sold only one type of Tide Detergent. Today there are four additional varieties including Liquid Tide and Tide with Bleach (Schiller, 1989). Even the U.S. coffee industry has seen a onslaught of new products and line extensions. In 1963, the Maxwell House Division of Kraft / General Foods sold eight brands of coffee with a total of forty - three items. In 1989 the Maxwell House division represented seventeen brands and one hundred and eighteen items (Giacomelli, 1989). However, it is important to note that new products and line extension must be derived from consumer wants rather than from those of the manufacture. Product development derived from the latter will only offer short term gains which may be outweighed by the cost, both monetary and to the image of the firm.

Micro Marketing has changed the way consumer goods companies operate. In doing so, Micro marketing may have created greater value and utility for the "mini" segments. If the consumer goods marketer can identify the "mini" segments and provide the variety for their particular needs,

the consumer satisfaction or the utilities derived from buying, using, and consuming these products are optimized. However, this ideal situation of optimization can be shifted to negative zones if manufacturers do not understand specific consumer needs well, or are unable to provide such products to fulfill consumer needs. In both of these situations consumer utility optimization is not likely to materialize; rather, excessive costs to marketing as well as some unwanted and undesirable products may provide negative satisfaction.

Thus, however sound it may be, it remains to be seen if Micro Marketing is (1) viable and (2) implementable.

SUMMARY

In years past consumer goods companies employed product oriented marketing aimed at the mass market. Around 1950, this strategy was replaced as the marketplace became divided into identifiable, measurable, accessible, and significant market segments. However, during the eighties these market segments became extremely heterogeneous forming micro markets.

There are eight key megatrends which developed during the eighties leading to the emergence of Micro Marketing. The structure of the American family has changed due to

latter marriage, fewer children, a higher divorce rate, and more working wives. During this time America shifted from a nation of young adults to one of mature adults. The education levels have increased during the eighties. Ethnically, blacks, Hispanics, and orientals have emerged as viable markets. For the firm competition has increased due to the small business explosion. Media channels have also expanded with the emergence of cable television and targeted print media. Technological advancements have shifted the possession of information from the manufacture to the retailer while offering greater cost economies. Finally, the individualistic attitudes of the eighties fostered the demand for variety from consumers.

In order to reach these micro markets the firm must decentralize its decision making. This is done while making the firm more cost effective relative to the current competitive environment. Media choices, while more complex, offer greater target market exposure and are significant in reaching micro segments. The firm must carefully choose its media channels relative to the targeted micro market. Equally, consumer goods retailers demand tailored marketing programs which enhance their businesses, rather than standardized mass market programs. This requires the firm to exhibit a high degree of flexibility. Micro Marketing strategy is topped off by offering a variety choice which meets the demands of the heterogeneous consumer.

CHAPTER II
MARKET SEGMENTATION: The forerunner to Micro Marketing

In order to understand the workings of Micro Marketing we must first understand market segmentation. In the previous chapter, we saw how the changes in the American marketplace brought about change in the consumer goods industry during the eighties. How the firm operates, advertises, and segments the market with new products and line extensions to appease consumer demand for variety.

In order to understand market segmentation more thoroughly, in this chapter, we will explore the components of segmentation and the recent developments in the U.S. retail coffee industry. Over the past few years this industry has seen the introduction of new products and line extensions into a basically homogeneous market. Thus, the question arises, are these Micro Marketing efforts employed by coffee manufacturers an extension of market segmentation? A big gap exists in marketing literature concerning Micro Marketing and whether it is difused or refined segmentation. In many situations the markter is forced to remint the market segments while catering to each differently and appropriately. Thus, done properly, Micro Marketing is a refinement of Market Segmentation.

MARKET SEGMENTATION

In the late nineteen fifties, as firms realized that it was the consumer who controlled the market and not themselves, the concept of market segmentation was born. First recognized by Wendell R. Smith in 1956, segmentation moved from existing only as academic theory to become part of practical marketing strategy. Segmentation, in the real sense, is the process of partitioning markets into groups of potential customers with similar characteristics who exhibit similar purchase behavior. As its objective, segmentation attempts to analyze markets, find a niche, and market to that targeted group employing some form of superior competitive position held by the firm (Weinstein, 1987).

In order for segmentation to be effective, the segments must have five significant characteristics; they must be: (1) identifiable, (2) measurable, (3) substantial, (4) accessible, and (5) actionable (Kotler, 1988; Weinstein, 1987; Cravens, 1987; and Scott, Warshaw and Taylor, 1985).

In order for a segment to be identifiable, two or more groups of consumers must show some significant response differences to a product of service. Finding the correct groups may be difficult due to the unapparentence which variables are appropriate in partitioning the market into segments. However, it is easy to find differences among

buyers in a market.   The key is whether these variables are related to response differences (Cravens, 1987).

Measureability refers to the degree in which size and purchasing power can be measured for any segment.   Some segmentation variables are difficult to measure.   These variables may be concerned with geography, demographics, or some particular consumer behavior.   In order for the firm to segment its markets, it must be able to determine the size of segmented groups   (Kotler,   1988;   Cravens,   1987;   Scott, Warshaw, and Taylor, 1985).

Once the marketer is able to measure the content of a segment, it   then   must   be   of   substantial   size   and profitability.   A desirable segment would be the one with the largest possible   homogeneous   group   worth   reaching   with   a tailored marketing program.   It would not be profitable in both the short and long run to market to a group of minimal size (Kotler, 1988; Cravens, 1987; Winter, 1979).

The segment   must   also   be   accessible.   Segment accessibility refers to the degree in which a group can be effectively reached   and   served.   This   includes   both promotional and physical aspects.   It is of no practical, or profitable, use to segment the market if no channels for distribution or cost effective communication exists to reach it.   A segment may be unaccessable unless the group lives or

shops at certain locations and is exposed to like media (Kotler, 1988; Cravens, 1987).

Finally, the firm must be able to develop programs to reach market segments. A segment may be identified and show profit potential but unless the firm has the resources (i.e. personnel, capital, etc.), then that segment is not actionable (Kotler, 1988; Cravens, 1987).

Product Attribute Preferences

As the marketer recognizes and identifies segments in the marketplace certain patterns form. In MARKETING MANAGEMENT Philip Kotler identifies three different patterns which occur in relation to product attributes: (1) homogeneous preferences, (2) diffused preferences, and (3) clustered preferences (Kotler, 1988). The author would add a forth, that of diffused clusters.

Homogeneous preferences form when consumers have approximately the same likes. The market reveals no natural segments with regards to the product attributes. Product differentiation is replaced by product similarity.

Diffused preferences occur at the other end of the spectrum. Here, consumer preferences are scattered revealing that consumers differ in what they want from the product.

Figure 2 - 1   BASIC MARKET PREFERENCE PATTERNS

HOMOGENEOUS PREFERENCES

DIFFUSED PREFERENCES

CLUSTERED PREFERENCES

DIFFUSED CLUSTERS
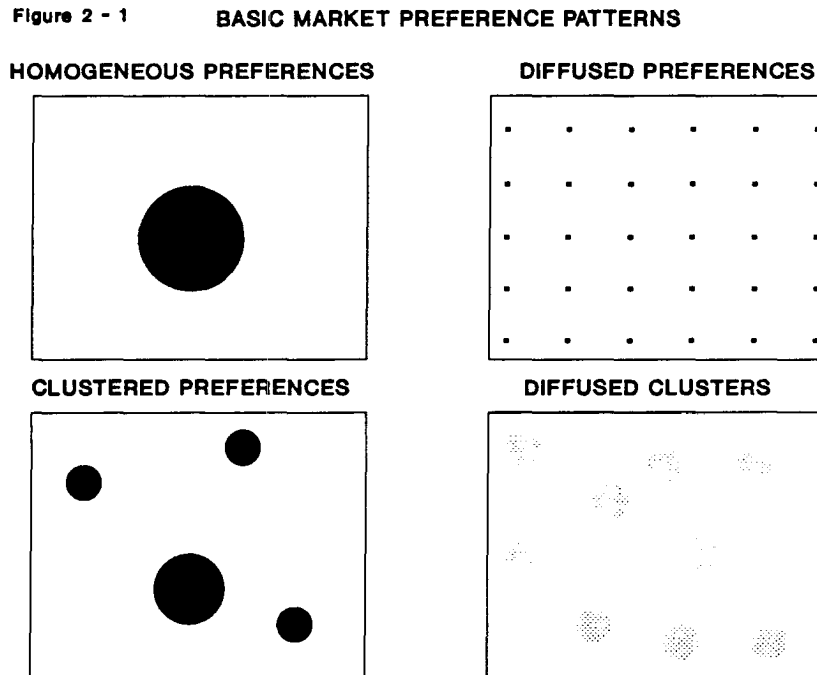
Should only one brand exist in the market, it will likely be positioned as "middle of the road". This will minimize the sum of total consumer dissatisfaction. However, diffused preferences encourage the entrance of firms to service niches unsatisfied by the "middle of the road" brand. If several brands exist, they are likely to be highly differentiated to match the high degree of consumer differentiation .

Clustered preferences occur when the market is divided into natural segments. Here the firm may position itself, again, as "middle of the road" in hopes of appealing to all groups; however, as with diffused preferences, this strategy lowers the entry barriers for niche exploiting firms. Another option to he firm is to concentrate on only one particular dominant segment. On the other hand, the firm may

decide to market several differentiated brands, each targeting a specific segment (Kotler, 1988).

The authors think that the second and third patterns have been leading in the direction or a forth, whereby many small clusters are emerging. This diffused clustering process demands that consumer goods marketers think in terms of Micro Marketing. Fracturing occurs when firms attempt to market to the diffused clusters while maintaining a product orientnted approach. It is here that these diffused clusters dissipate from a forced diffusion of the market.

Consumer Characteristics

Patterns in market segmentation can also be divided into groups of consumer characteristics and responses. These segmentation variables include geographic, demographic, psycographic, and behavioral attributes (Kotler, 1988; Scott, Warshaw, and Taylor, 1985; Cravens, 1987; and Weinstein, 1987).

Geographic segmentation concerns itself with dividing the market into units of physical location such as nations, states, regions, counties, cities, and neighborhoods. The marketer may view these segments in relation to size (population and area), density, and climate (Kotler, 1988; Cravens, 1987; Weinstein, 1987). Geographic segmentation is

useful in identifying regional, state, and municipal differences (Cravens, 1987). As geographic differences in consumer preference become evident the firm must adjust its marketing efforts to fit these geographic needs.

The market may also be segmented based on demographic attributes. Demographic segmentation groups individuals based upon age, sex, family size, family life cycle, income, occupation, education, religion, race, and nationality (Kotler, 1988; Scott, Warshaw, and Taylor, 1985; Cravens, 1987, and Weinstein, 1987).

Consumer wants and needs change with age. A thirty year old man may be concerned with providing for a newborn while that same man at fifty may be concerned with placing that child in college. However, age stereotypes are no longer a good indicator of the timing of life events, health, working status, and family status (Kotler, 1988; Weinstein, 1987). The Neugartens research indicates that multiple images of age group have developed and must be recognized. A seventy year old man may be hospitalized or he may be on the tennis court. This is just one example of the tricky variables the marketer must identify when evaluating age group characteristics (American Demographics).

Sex segmentation recognizes the different purchase patterns and preferences which exist between men and women.

This type of segmentation has long been employed by marketers of hygiene products. However, today this type of segmentation is seen across almost all categories of consumer goods. As more and more women enter the work force a greater number of traditionally male targeted goods are now beginning to target women as well (Kotler, 1988; Weinstein, 1987).

Income is another segment which marketers have used for some time. Differences in income level show distinct patterns in the quality image and quantity in which the consumer will purchase. As the consumers income increases, he or she will have more disposable income, thus purchasing items in greater quantity or quality (assuming prices remain constant). While on the other hand, as the consumers income decreases, he or she will purchase less of an item or substitute a like good of lower quality (Thompson, 1985). It is important to note that consumer incomes are not stagnate, yet they contentiously change in both income level and the population of a income level.

Other demographic attributes such as family size, family life cycle, profession, education, and nationality also form distinct segments which emulate a variety of purchase patterns. Demographic attributes are perhaps the easiest, with the exception of geography, divisions for the marketer to identify varying consumer behavior.

These demographic attributes, all significant, are not mutually exclusive. Marketers continuously identify segments which have distinct demographic attributes from each of the groups previously discussed. Groups such as YUPPIES (young urban professionals); YAPS (young aspiring professionals); and YUMMIES (young upwardly mobile mommies) are prime examples of using multiple demographic attributes to segment the market place (Weinstein, 1987).

Marketers may also divide the market place psychographically. Psychographic segmentation divided consumers into groups based upon their social class, lifestyle, and personality characteristics. People within particular groups show a similarity in purchase behavior. This type of segmentation probably best explains individual brand preferences (Kotler, 1988; Weinstein, 1987).

Social classes in America are typically viewed as a three class system: lower class, middle class, and upper class. Marketers have subdivided these groups further into the lower lowers, upper uppers, white collar and blue collar working class (Kotler, 1988). Traditionally, the middle class has served as the majority and the target class for mass marketers; however, with the move toward a more career oriented lifestyle the middle class has been further segmented into a affluent and average class (Sheth, 1983).

Lifestyle segmentation has become more of a factor in recent years. Lifestyle refers to a persons attitudes, interests, and opinions or AIO's. (Wells and Tigert, 1977). As consumers lifestyles are categorized into different groups, a significant correlation in purchase behavior is evident. Lifestyle segments consist of heterosexuals, gays, hippies, skinheads, surfers, etc. (Kotler, 1988; Scott, Warshaw, and Taylor, 1985).

Marketers are also using personalities to segment markets. Personality's may be categorized as impulsive, ambitious, authoritarian, etc. (Kotler, 1988) Consumers tend to purchase products which have a personality image congruent with their own. Westfall discovered personality differences among owners of convertibles and non convertibles. Owners of convertibles tended to be more active, impulsive, sociable while non convertible owners were more conservative and predictable (Westfall, 1962).

Markets may also be segmented by buyer behavior patterns as well. Many marketers believe that behavior segmentation is the optimal starting point for determining market segments. Behavioral segmentation divides consumers into groups based upon their knowledge, attitude, use, and response to a product. Behavior variables consist of occasions, benifits, user status, usage rate, loyalty status, buyer readiness, and buyer attitudes (Kotler, 1988; Scott,

buyer readiness, and buyer attitudes (Kotler, 1988; Scott, Warshaw, and Taylor, 1985; Weinstein, 1987).

Consumers can be segmented according to occasions in which they develop a certain need. Various needs may develop due to situations that evolve in a persons life. A prime example is the need to purchase a tire pump when a flat tire occurs. Need segmentation also offers the opportunity for the marketer to develop alternative uses for products. Coffee companies may try to promote serving their products at special occasions instead of just during the morning hours. Occasion segmentation may also identify needs which are non product specific, rather, they are critical event specific. These critical events may include marriage, anniversary, employment change, or retirement (Kotler, 1988; Cravens, 1987).

Consumers may also be grouped based upon the benifits they seek from products. Benifits such as quality, price, and status vary among consumer groups. Benifits sought can be economic, protection, cosmetic, and taste (Haley, 1963). The marketer can then design efforts to position their products as delivering the desired benifits. The firm may choose from four distinct benefit positioning strategies: (1) single benefit positioning, (2) primary and secondary positioning, (3) double benefit positioning, and (4) triple benefit positioning. The firm may choose any of these

The use of more than one strategy, however, may cause disbelief among consumers. People generally prefer "benefit bundles" instead of numerous benifits (Kotler, 1988).

User status offers yet another way for marketers to divide markets. Users are classified as non - users, ex - users, potential users, first - time users, and regular users of a product. Consumer goods marketers are especially interested in user status as they attempt to bring new customers into the market and convert competitive users (Kotler, 1988).

Another form of behavior segmentation is that of dividing the market based on usage rate. Consumers are divided into heavy users, light users, and occasional users. Studies show that heavy users have more common demographic, psychographic, and media habits over light users (Bass, et al; Weinstein, 1989; Scott, Warshaw, and Taylor, 1985).

Consumers loyalty to a specific brand also offer a opportunity for market segmentation. With regards to brand loyalty, consumers can be divided into four groups according to their devotion status, they are:

(1) <u>Hard - core loyals.</u> Consumers purchase one brand all the time. There is a undivided loyalty to a specific brand (Consumer purchase pattern: Brand A,A,A,A,A,A,etc.).

(2) <u>Soft - core loyals.</u> Consumers are loyal to two or three brands. There exists a divided loyalty among brands (Consumer purchase pattern: Brand A, Brand B, A,B,A,B).

(3) <u>Shifting loyals.</u> Consumers shift from favoring one brand to another (Consumer purchase pattern: Brand A,A,A, Brand B,B,B).

(4) <u>Switchers.</u> Consumers show no brand loyalty (Consumer purchase pattern: Brand A, Brand X, Brand B, Brand C).

(Brown, 1952)

Each market is made up of varying degrees of brand loyalty. Marketers should pay special attention to usage rates to identify product strengths, weaknesses, opportunities and threats.

Particular segments of the market show varying degrees of buyer readiness. At any given point in time, some consumers may be unaware of the product, aware of the product, informed, uninformed, interested in buying the product, apprehensive about buying, or intend to buy the product (Kotler, 1988; Scott, Warshaw, and Taylor, 1985). It is important for the firm to identify these groups and their size in order to develop programs to promote product purchase.

Last but not least, the market can be segmented based upon consumer attitudes towards a product, brand, or industry. Buyers may be enthusiastic, positive, indifferent, negative, or hostile. When correlated with other demographic characteristics, the firm can identify ideal customers in which to direct marketing efforts to (Kotler, 1988).

The division of the market created by segmentation affords the firm valuable information in which to reach potential customers. Though these physical, demographic, and behavioral attributes place the composition of the market in perspective, the firm must now evaluate and determine appropriate actions to take in order to maximize sales and profit growth derived from segment knowledge.

The fact that the market can be segmented in so many different ways is an indication of the increasing hetrogeniety in the marketplace. This author believes that Micro Marketing is a refinement in segmentation, therefore, this chapter places great emphis upon this key topic.

SEGMENTATION STRATEGIES

Companies with in an industry are, for the most part, faced with similar markets in which to promote their products. However, it is up to each individual firm to determine how it will reach them. Marketing strategy represents the blueprint in which the firm will follow in order to reach its volume and financial goals. To that effect, there are the two remaining components in developing a firms marketing strategy: targeting market segments, and

positioning the segments.   (Weinstein, 1987).

Segment Targeting

The first major strategic decision for the firm is to select from alternative markets one or more groups it wants to direct its marketing efforts to.   Each segment is evaluated based upon its own merits relative to the firms environment, both internal and external.   This evaluation will produce options which are unique and distinct from one another with varying degrees of attractiveness.   Though many segments may seem attractive, the firm must choose those segments which possess the desirable size, potential, structure, and are congruent with the long and short term goals of the firm (Kotler, 1988; Weinstein, 1987; Cravens, 1987).

Following the evaluation and identification of those market segments which are attractive, the firm must decide which, and how many, segments it will target for entry. Weinstein identifies four options in which the firm may choose from to cover these market segments, they are: aggregation, differentiation, concentration, and atomization (Weinstein, 1987).

A aggregation strategy directs the firm to treat the entire market as a potential customer for its goods and

services. Larger firms tend to employ this full market coverage strategy using undifferentiated marketing. In undifferentiated marketing, the firm ignores market segments and attempts to cover the entire market. Greater attention is paid to the common needs of the consumer rather than on segmented needs (Kotler, 1988; Weinstein, 1987). Mass distribution and advertising are the major marketing weapons employed by the firm. Undifferentiated marketing is supported by the cost economies it offers the firm. It is viewed as "the marketing counter part to standardization and mass production in manufacturing" (Smith, 1956). Firms employing this strategy develop products and services targeted at the largest segments of the market. When multiple firms do this, intense competition for the largest segments emerge while the smaller ones go unsatisfied. Consequently, the larger segments become less profitable due to this intense competition. This tendency to target the largest segment has been referred to as the "majority fallacy" (Day and Kuehn, 1962).

When firms employ a differentiated marketing strategy, they operate in several segments while tailoring marketing programs for each specific segments needs. This strategy usually creates increased sales by employing a more differentiated product line sold through more diversified channels (Weinstein, 1987; Roberts, 1961). However, sales are not increased without a price. Differentiated marketing

strategies also increase the costs of doing business. Production costs of additional equipment, raw materials, and inventory costs of tracking and storing the differentiated products are good examples of the effect on variable costs. While at the same time, the fixed costs of administrative and promotion are increased due to the need to market and advertise these additional products (Kotler, 1988).

To lessen the risk, the firm may employ a concentration strategy choosing to concentrate on a specific product or market. In product specialization the firm concentrates its efforts on producing a specific product. As with segment specialization, the firm enjoys economies of scale in production, distribution, and promotion. However, the risks are great due to technological advances that may make the specific product obsolete. In market specialization, the firm concentrates on serving the needs of a specific market. Expert status is achieved by the firm in the eyes of the specific consumer group. The risks involved in this strategy stem from the possibility of the targeted market becoming unable to purchase goods and services from the firm. Instead of concentrating on one specific segment, the firm chooses to operate in several different segments. There may be no correlation among these segments. Here the firm is minimizing the risks of segment failure by diversifying its marketing efforts. Should one of the segments become unattractive, the firm may remove itself from that segment

completely while continuing to earn profits in other segments (Kotler, 1988; Weinstein, 1987;Cravens, 1987).

Atomization, or single segment concentration, is the simplest strategy form. Here, the firm chooses to concentrate its efforts on one distinct segment - or to the individual customer level. There may be a natural match between the firm and the segment; the firm may have limited funds; there may be no competition within the segment; or it may be a segment which acts as a starting point for future segmentation. Single segment concentration affords the firm strong market share due to its concentrated knowledge about the market and the reputation it achieves. The firm also gains economies of scale with regards to production, distribution, and promotion. Higher returns may also be obtained by the firm should it exploit the market niche. However, the risks are higher than normal. By placing "all its eggs in one basket", the firm risks the chance of the market turning sour causing large losses (Kotler, 1988; Weinstein, 1987).

Micro Marketing makes use of differientation, concentrtaion, and atomizatrion stratigies throughout. In order to reach the targeted market segment, the marketer must combine these stratagies in various levels and degrees of integration. No matter what the mix turns out to be, the Micro Marketer must think small scale while at the same time

operate nationally.

PRODUCT / BRAND POSITIONING

Once the market segments have been defined and targeted the firm must set about creating a brand image that communicates the product differences compared to current and potential competition. Positioning is " the act of designing the company's image and value offer so that the segment's customers understand and appreciate what the company stands for in relation to its competitors." The firm may wish to position itself as the price leader or the quality leader. Whatever image the firm wishes to convey to the consumer, once the positioning problem is solved the company is better able to determine the appropriate marketing mix (Kotler, 1988).

Through brand positioning the firm strives to create a competitive advantage. This grows from the value a firm is able to create for its customers which exceeds the cost of creating it. Value is defined as what buyers are willing to pay, and greater value stems from offering lower prices than competition for equivalent benifits or offering unique benifits that more than offset a higher price (Porter, 1980).

Communicating a selected brand image to a target market

segment is regarded as an important marketing activity (Gardner and Levy, 1955; Grubb and Grathwhol, 1967; Moran, 1973; Reynolds and Gutman, 1984; White, 1959). A well communicated image should establish the brands perception as well as shielding it from competition (Oxenfeldt and Swan). To insure long term market success the firm should select a brand meaning prior to its introduction, operationalize the meaning in the form of a image, and maintain that image over time (Gardner and Levy, 1955). However, the question arises as to the origination of a brands image?

According to Park, Jaworski, and MacInnis, a brands image should be derived from basic consumer needs. Consumer needs are classified into three categories; functional, symbolic, and experiential (Park, Jaworski, and MacInnis, 1986). More importantly, there exists a brand / social image congruency among consumers. Individuals tend to favor those brands which convey a desired social image. Whether that be folksy or modern, formal or friendly, high status or low status (Sirgy, 1983; Samli, Sirgy, 1981).

Functional needs are defined as those that motivate the consumer to search for products that solve consumption related problems. A product may be needed to solve a current consumption problem, such as purchasing a lawn mower to cut the grass; resolve conflict, such as purchasing a fence to identify a disputed property boundary; or to restructure a

frustrating situation, such as the need for a stronger detergent to remove a problem spot (Fennel, 1978).

Symbolic needs are those in which products are desired to fulfill internally generated needs for self - enhancement, role position, group membership, and ego identification. A brand with a symbolic image is purchased to associate the consumer with a specified group or image (Sirgy, 1982).

Experiential needs are those in which a demand for products that provide sensory pleasure, variety, and / or cognitive stimulation exists. Food products are a prime example of goods that fulfill experiential needs. Consumers seek food products that possess a desired flavor, variety in choice, and subdue hunger (Midgley, 1983).

The firm must successfully manage the position of the brand throughout the product life cycle. The brand image must be developed during the introduction stage, enhanced during the elaboration stage, and linked with the image of other products produced by the firm during the fortification stage (Park, Jaworski, and MacInnis, 1986).

During the introduction stage, brands with functional concepts should use the marketing mix elements (Four P's) to emphasize the functional performance of solving consumption related problems. Mix elements should convey the brands

performance differentiation from those related to competitive products. Brands with symbolic concept should communicate a relationship to a specific group or self concept. Positioning the brand with a symbolic concept requires the firm to create some exclusitivity in the targeted group over the mass market (i.e. premium price, selective advertising, etc.). For those brands with a experiential concept, the firm should communicate the brand's effect on sensory satisfaction or cognitive stimulation (i.e robust aroma, tastes great, hunger satisfaction, etc.) (Park, Jaworski, and MacInnis, 1986).

During the elaboration stage the goal of the firm should be to enhance the value of the brand. There are two basic positioning strategies for brands with functional concepts, they are (1) problem solving specialization and (2) problem solving generalization. A problem solving specialization strategy enhances the brand value while appealing to more specific needs. This strategy is beneficial when products become technically complex, needs become more specialized, and markets become more fragmented. However, for the firm that produces multiple brands for specific needs, a greater vulnerability exists if competition offers a single brand that meets the needs of various usage situations (Park, Jaworski, and MacInnis, 1986). Employing a problem -solving generalization strategy enhances the value of the brand across a variety of multiple needs. Here the firm gains a

competitive advantage over brands designed to meet a specific need. In relation to functional brand concepts, problem solving generalization has a greater advantage over problem solving specialization strategies. Multiple brands which share the same function provide less value to the consumer than a single brand that meets the general needs of the market. Secondly, consumers have a difficult time in distinguishing any unique characteristics of each brand, especially when multiple brands differ only in intangible benifits. Also, a multiple brand strategy places a greater strain on physical and management resources. Initial brand cannibalization may be a short term benefit, however, it will likely lead to a overall weakening of each brands position in the long run (Park, Jaworski, and MacInnis, 1986).

For a brand or brands with a symbolic concept the positioning strategy should concern itself with maintaining group or self image based associations. These strategies are more concerned with protecting the target segment by making consumption more difficult for non - targeted consumers. Here, positioning strategies for the elaboration stage are mearly a extension of those used in the introduction stage. Marketing efforts are directed to both targeted and non - targeted consumers in order to make the brand both desirable and unobtainable at the same time (Park, Jaworski, and MacInnis, 1986).

There exist two positioning strategies which can be used to elaborate brands with experiential concepts. One strategy is that of providing brand accessories to maintain levels of stimulation while controling satiation. This strategy entails the introduction of products that are to be used in conjunction with the brand. This enhances the value of the brands concept by creating accessory products to be used with the host brand. The second strategy is to produce a network of brands, each providing a somewhat different stimulation. Multiple brand offerings reduce satiation of any one brand and encourage brand switching . This strategy does lead to initial brand canabalization, however, it does keep the consumer within the "brand umbrella" of the firm (Park, Jaworski, and MacInnis, 1986).

Finally, to fortify the brand image the firm must successfully link new products or line extensions to the original brand or concept image. This type of "image bundling" attempts to create a single image for a multi - brand family. A functional concept brand is fortified by linking it with other performance related brands. A symbolic concept brand is fortified by generalizing its image with referent based products. While a experiential concept can be reinforced via a bundling strategy that links it with other experiential products. (Park, Jaworski, and MacInnis, 1986).

Segmentation, in general, affords the firm greater advantages than the mass market strategies of the early

nineteen hundreds. It improves the overall position of the firm, both in terms of sales and profitability. Segmentation also has allowed marketers to design products to meet the demands of the market, determine effective and efficient promotional campaigns, evaluate competition, and provide insight into actionable market strategies (Weinstein, 1987).

By reviewing segmentation theory, it becomes clear that it provides a base for Micro Marketing. Thus, it may be stated that Micro Marketing is a natural extension and refinement of segmentation. However, it is also quite possible that Micro Marketing could be a extension of product orientation, in the sense that it may reflect somewhat of a artificial utilization of production capacity and product introduction in large varieties on a more whimsical rather than market driven basis. An attempt is made in this study to determine the relative success (or lack there of) in Micro Marketing that is being exercised by the coffee industry.

THE U.S. COFFEE INDUSTRY: A DECADE OF NEW PRODUCTS

In the nineteen eighties the coffee manufacturers in the U.S. faced mass competition. For years Americans consumed more coffee than any other beverage. However, following the drought experienced by coffee producing nations in the early nineteen seventies and the escalation of retail prices that

ensued, consumers found other forms of beverage that were acceptable substitutes.

On a typical winter day in nineteen sixty - two, 74.7 percent of Americans over the age of ten consumed 3.12 cups of coffee per day. On that same winter day in nineteen eighty nine, only 52.5 percent consumed 1.75 cups per day (Kleinfield, 1989). Of those who dirnk coffee the average cups per day fell from 4.17 in 1962 to 3.34 in 1988 (International Coffee Organization, 1988). Two of the most noticeable trends occurring in the coffee industry are the changes in form consumption and the physical location for drinking coffee. Coffee, for the most part, is manufactured in two forms; ground and instant. Over the years ground consumption has shown steady decline while instant consumption remained relatively flat. However, this trend has changed during the eighties. With the introduction of the automatic drip coffee maker and the relative price decline in ground coffee, instant consumption has suffered. In 1962, 82% of coffee consumption occurred at home. In 1988, only 70% of coffee was consumed in the home. Surprisingly, the percentage of coffee consumed at work grew over consumption in eating establishments (International Coffee Organization, 1988).

CONSUMPTION OF COFFEE & OTHER BEVERAGES
ICO WINTER SURVEY 1988

PERCENTAGE DRINKING

| | 1962 | 1984 | 1985 | 1986 | 1987 | 1988 |

■ TEA   ▨ SOFT DRINKS   ▨ JUICES   ▨ MILK   ▨ COFFEE
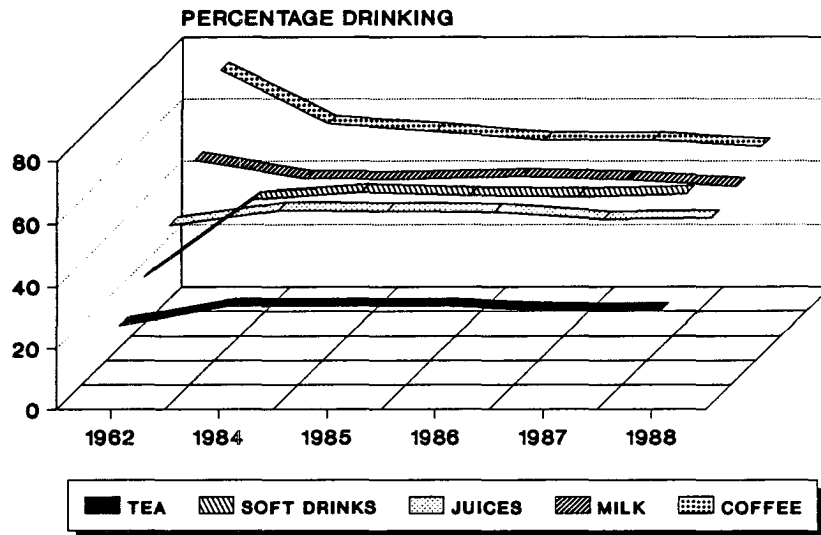
FIGURE 2 - 3

There are four significant factors that have contributed to this decline in coffee consumption. First, coffee marketers for years have ignored younger consumers. Since research showed that consumers drink more coffee as they age, manufacturers directed their efforts to portray coffee as a "older" beverage. For the most part, people do not like to see themselves as getting older, coffee became a "fuddy - duddy" drink. Secondly, during the seventies a flurry of studies began to link heavy coffee consumption to heart disease, ulcers, and some forms of cancer. Though some more recent studies have refuted these claims, many physicians recommend that most people should stick to only two cups per day. Third, soft drink manufacturers have successfully communicated not only the "go anywhere have anytime" attributes of their product, they are also keen to the wide

spread usage of "colas" as a breakfast beverage. In fact, Pepsi has recently began test marketing Pepsi AM, a cola with higher caffeine content as a morning drink. Lastly, coffee manufacturers up until recently have ignored consumers cry for quality and flavor. As consumption declined manufacturers, in order to meet profit objectives, substituted lower quality beans assuming the consumer wouldn't notice. They did. In order to find the flavor they craved, consumer turned to soft drinks and gourmet coffees, found in specialty coffee retail stores. As a matter of fact, the gourmet coffee retail business has grown from a $210 industry, in 1982, to a $675 million industry in 1989 (Robichaux, 1989).

In the United States there are three major coffee roasters : General Foods, Procter and Gamble, and Nestle. Prior the eighties the only segmentation of products were found in the forms of ground, instant, caffeinated, and decaffeinated. Manufacturers offered various sizes and developed grind segmentation during the seventies. However, as sales volumes declined and regional roasters developed as fierce price competitors, the big three entered the eighties faced with complying to variety demands.

In 1980, to offset competitive pricing positions developed by regional brands, Procter and Gamble introduced Folgers Special Roast Flake, a high yield ground coffee

positioned as a "price" brand. Later that year, General Foods' Maxwell House followed with Master Blend, a coffee of similar nature.

In 1985, in a attempt of offset declining instant sales, Nestle divided their traditional Nescafe Instant in to three new brands, Classic, Silka, and Brava. These brands were designed to offer the consumer a flavor choice among instant coffees.

However, in 1987, the coffee industry gained momentum in new product offerings and line extensions. To capture part of the gourmet coffee market, Maxwell House introduced Private Collection, available in nine flavors. This "Yuppie" brew was positioned as a premium coffee at a premium price.

In 1989 as consumers demanded even more variety, Maxwell House introduced Rich French Roast, a flavor extension of the base Maxwell House Brand, in both caffeinated and decaffeinated forms. Shortly there after, Maxwell House Colombian Supreme ground, caffeinated and decaffeinated, and instant found its way to supermarket shelves. Colombian Supreme is comparable to Maxwell House's Yuban brand, sold mainly in the west, in that it is a premium ground coffee. To make coffee more convenient, Maxwell House also introduced

BASE BRAND LINE EXTENSIONS
1980 THRU 1989

	MAXWELL HOUSE	FOLGERS	NESCAFE
1980	MASTER BLEND	SPECIAL ROAST	
1985			SILKA BRAVA CLASSIC
1987	PRIVATE COLLECTION		
1989	RICH FRENCH ROAST COLOMBIAN SUPREME FILTER PACKS	GOURMET SUPREME	

FIGURE 2 - 4

Filter Packs, caffeinated and decaffeinated, where the coffee is packaged inside a coffee filter for automatic drip coffee makers. Not to be out done, Procter and Gamble took it's Folgers Gourmet Supreme from test market to national distribution. Though Gourmet Supreme is not 100% Colombian coffee, it is a blend of "gourmet" beans, also targeted at the premium market.

This avalanche of new products and line extensions will not slow down in 1990. In January Maxwell House introduced a instant version of its Rich French Roast brand along with Master Blend Instant Coffee, in hopes or revitalizing the diminishing instant business. Folgers is also taking like measures with Folgers Special Roast Instant in test market. Meanwhile, Nestle is testing a ground coffee counterpart to

it's Nescafe line.

Problem Identification

After years of "demarketing" (not in the sense Kotler refers to) coffee, U.S. roasters have during the eighties and early 1990 attempted to reverse the negative business trends of the past twenty years with new products. However, the question remains, should the coffee industry continue this variety development? In addition, is what the industry doing considered defined segmentation or above the limits bordering on fracturing the market?

Hypotheses Developed

From this, several hypotheses can be established. First, we maintain that the coffee industry is moving toward extending product orientation and therefore fracturing the market rather than effectively segmenting it. That there are no clear cut differences in the segments who identify their choice of coffee. While at the same time there are more consumers not attached to their brand of coffee than are.

Secondly, it is hypothesized that there are significant differences between coffee drinkers and non coffee drinkers relative to their social / economic background. That heavy coffee drinkers are more familiar with a particular brand

than light coffee drinkers, yet make up less than 25% of total coffee consumption. Furthermore, heavy coffee drinkers show less brand loyalty than light coffee drinkers.

Finally, we maintain that heavy coffee drinkers display a higher degree of self / brand congruence than light coffee drinkers; coffee purchase patterns between the two are significantly different; and the dissemination of information between heavy and light coffee drinkers varies significantly.

SUMMARY

In the fifties Wendell Smith introduced marketers to market segmentation. Segmentation divides the marketplace into identifiable, measurable, substantial, accessible, and actionable parts. Consumers who reside within these segments display four patterns relative to product attributes, they are: homogeneous preferences, diffused preferences, clustered preferences, and diffused cluster preferences. The latter is the foundation which Micro Marketing is based upon. Consumers may also be segmented geographically, demographicaly, and psycographically. Segments may also be formed by degrees of brand loyalty as well buyer readiness stages.

Segmentation strategy is crucial to the firm and its relative success or failure. Marketers should evaluate the market and segments for attractiveness. Following this, the

firm must choose to employ an aggregation, differentiation, concentration, or atomization strategy to reach its target market(s).

Once the market segments have been defined and targeted, the firm must set about creating a brand image. Communicating a selected brand image to a target market is regarded as an important marketing activity. This image must be maintained and cultivated throughout the product life cycle.

Segmentation theory provides a base for Micro Marketing. However, it is quite possible that Micro Marketing may be an extension of product orientation. An attempt is made in this study to determine the relative success, or failure, of Micro Marketing employed by the coffee industry.

With the number of coffee drinkers in the U.S. declining, coffee manufacturers are faced with the task of reversing this trend, or failing with it. After ignoring the wants and needs of consumers for years, the industry has attempted the reverse negative trends by offering flavor variety. During the eighties many new brands were introduced. However, is this product proliferation segmenting or fracturing the market?

In an attempt to answer this question, several hypotheses can be developed. First, the coffee industry is moving towards extending product orientation and therefore fracturing the market,. There are no clear cut differences in segments who identify their choice of coffee brand. While, at the same time, the majority of coffee drinkers are not brand loyal. Secondly, there are significant differences between coffee drinkers and non - coffee drinkers. Heavy coffee drinkers are more familiar with available brands, yet make up only twenty - five percent of all coffee drinkers. Heavy coffee drinkers also show less brand loyalty compared to light coffee drinkers. Finally, there exists a greater degree of self / brand congruence in heavy coffee drinkers than light coffee drinkers; purchase patterns between the two are different; and, the dissemination of information varies between these two groups.

CHAPTER III

METHODOLOGY: Identifying Information Needs and Obtainment

In chapter two segmentation theory and technique was reviewed. Also, current segmentation attempts in the coffee industry were outlined and hypotheses developed as to the success of these efforts. In this chapter, we will discuss the methodology used in this research project. Discussion will be directed towards the information needs to accept or reject these hypotheses, develop an instrument, test it, and determine the appropriate means to obtain this information.

Segmentation within the coffee industry has traditionally been limited to four categories: ground, instant, caffeinated, and decaffeinated. Robert Smyth, in a pamphlet published by NFO Research Inc, reported benefit segmentation among coffee users relative to the aforementioned segments (Smyth, no date). However, with the advent of Micro Marketing in the 1980's, the coffee industry has continued to develop and promote what, in industry terms, is referred to as flavor segmentation. Questions arise as to whether this in fact is segmentation or a fracturing of the market. In order to answer these questions, data is needed which would reveal significant or insignificant differences among and between specific brand users. If significant differences do exist among brand users, then it is possible to defend the position that segmentation efforts have been

effective. Where as if these differences are insignificant , these efforts might border fracturing the market, if indeed it is not doing so.

IDENTIFYING DATA NEEDS

To identify the data needed to support the acceptance or rejection of the hypotheses established in chapter two, it is necessary to evaluate each of these individually.

Hypothesis I. The coffee industry is moving toward extending product orientation and therefore is fracturing the market rather than effectively segmenting it.

To accept or reject this hypothesis data is needed to determine whether or not coffee manufacturers are effectively segmenting the market. Specifically, do segments exist which are (1) measurable, (2) substantial, (3) accessible, and (4) actionable (Kotler, 1988; Weinstein, 1987). In order for segmentation to exist in the market, the firm must be able to significantly identify these groups with regards to differentiated brands and flavors. Therefore, information is needed pertaining to brand recognition and usage, demographics, psycographics, and brand / self perception.

Furthermore, in order to support the multi - brand strategies exhibited by members of the industry, the needs in

which these coffee's fulfill must be determined.
Specifically, do various brands and or flavors of coffee
fulfill functional, symbolic, or experiential needs. Though
each brand may be positioned appropriately by the firm, its
orientation and knowledge of the market may not be quite
appropriate after all. Ultimately, it is the consumer who
has the final say . Therefore, data is needed pertaining to
the needs in which specific brands fulfil.

Hypothesis I A. The majority of coffee drinkers are not
brand loyal.

As with any study into product usage, it is important to
determine the level of brand loyalty. More importantly, are
consumers loyal to a specific brand or just to the form in
which they can purchase it. To determine the level of brand
loyalty, information is needed as to the number of brands in
which a consumer purchases and whether or not they are hard
core loyals, soft core loyals, shifting loyals, or switchers.
Furthermore, if there are many consumers that are not
attached to a specific brand, it is quite possible to
conclude that the industries efforts at this point are
fracturing the market. However, with a change in marketing
strategy it is possible to redirect these efforts into full
market segmentation.

Hypothesis I B. There are no clear cut differences in

segments who identify their choice of coffee brand.

As previously mentioned, in order for segmentation to exist there must be identifiable differences among groups of consumers. These differences can be demographic, psycographic, and behaviorlistic. This information along with identified brand choices must show significant differences for segmentation to exist; otherwise, the market is fractured from product oriented marketing efforts.

<u>Hypothesis II.</u> There are no clear cut differences between coffee drinkers and non - coffee drinkers.

Obviously, the first type of information needed in support of this hypothesis is whether a consumer drinks coffee or not. Additionally, data pertaining to the demographics, psycographics, and self perceptions are also needed. It is also important to identify the factors which cause non - coffee drinkers to be just that. Factors such as association, health, preparation, or overall confusion as to the appropriate brand or form in which to use.

<u>Hypothesis II A.</u> Heavy coffee drinkers are more familiar with available brands than light coffee drinkers.

Once it is determined that a consumer is a coffee drinker, the frequency of consumption must be established.

More specifically, is the consumer a heavy or a light coffee drinker. As mentioned in chapter 2, the average American over ten years of age who drinks coffee consumes 3.34 cups of per day during winter months. A heavy coffee drinker would drink more than average while a light coffee drinker would consume less.

Once the consumption level of the consumer is established information pertaining to the brand recognition traits of these two groups must be obtained. Since the variety of brands differ regionally across the United States, it is important to limit the number of brands listed for recognition to the market in which the information is derived.

Hypothesis II B. Heavy coffee drinkers are less than twenty - five percent of all coffee drinkers.

As before, the frequency of consumption, either heavy or light, must be established for the consumer. Once this occurs, heavy and light drinkers may be examined as percentages relative to total coffee drinkers surveyed.

Hypothesis II C. Heavy coffee drinkers are not particularly attached to any particular brand.

One assumption is that heavy coffee drinkers are more

interested in the quantity for their dollar rather than a particular flavor or form. To support this hypothesis information relating to the brands in which heavy coffee drinkers purchase must be obtained. This information along with the level of brand loyalty is needed to accept or reject this hypothesis.

Hypothesis III. Heavy coffee drinkers display a higher degree of self congruence and brand congruence over light coffee drinkers.

Information needed in support of this hypothesis deals with how consumers view themselves as well as how they would like others to view them. Whether a consumer desires to achieve a certain plateau of social or cultural acceptance greatly impacts their purchase patterns. The brands they purchase in turn convey their actual and desired social self perceptions. Therefore, the perception a brand carries with consumers must also be determined.

Hypothesis IV. Coffee purchase patterns of heavy and light drinkers are significantly different.

It is hypothesized that the variation in consumption levels displayed by heavy and light drinkers translates into a variation of purchase patterns. Information must be obtained relevant to purchase frequency, place of purchase,

size, form, and even flavors. These differences in purchase patterns may not be limited to only physical differences, but can also apply to variations in need satisfaction. Therefore, information must be obtained relative to which needs are fulfilled by coffee purchases among heavy and light consumers.

Hypothesis V. The dissemination of information is significantly different among heavy and light coffee drinkers.

To determine the dissemination of information to coffee drinkers, in general, one must identify the factors which influence the purchase of a particular brand or brands. Not only how the information was delivered but was it communicated correctly? A good example of information transfer could be health issues which have surfaced about coffee consumption. It may be possible that light coffee drinkers are influenced greatly by this type of information where as heavy drinkers are not. This can be determined by gathering information about what influences coffee purchase decisions among heavy and light coffee drinkers.

In summary, the information needs can be categorized as follows: (1) Distinguish coffee drinkers from non - coffee drinkers; (2) Determine heavy versus light drinkers; (3) identify purchase needs; (4) determine the level of brand

recognition and brand loyalty; (5) identify purchase patterns; (6) evaluate dissemination of information among consumers; (7) determine consumers self perception and brand perception; (8) establish demographic, psycographic, and behavorilistic traits among consumers; and (9) using the information obtained to determine whether segments exist which are measurable, substantial, accessible, and actionable.

GATHERING INFORMATION: QUESTIONNAIRE DEVELOPMENT AND SURVEY METHODS.

In order to obtain the information needed to either support or reject these hypotheses a questionnaire was developed. The objective of this instrument is to gather data to be evaluated, and assembled, in a manner which will clearly establish effective segmentation by the coffee industry or market fracturing (Appendix A).

To provide for a more orderly and meaningful evaluation of the questionnaire, it will be discussed in the same order as previous summary of data needs were presented. This also eliminates the duplication of describing similar information needs among different hypotheses.

To distinguish coffee drinkers from non - coffee drinkers, question number one simply asks, " Do you drink

coffee"? In order to determine if any differences exist in the reasons in which consumers do or do not drink coffee, question number eleven asks the participant to rate factors which influence his or her reason to not drink coffee.

To identify heavy and light coffee users, question number four asks the participant to identify the frequency in which they and other members of their household drink coffee. Subsequently, they are asked to identify on average, how many cups of coffee per day they drink as well as other members of their household.

Basic to the purchase of all consumer goods are the needs in which they fulfill for consumers. To determine what needs consumers quench from drinking coffee, question number two asks participants to identify why they drink coffee. Options to choose from are either functional, symbolic, or experiential need statements (Adapted from Sirgy, 1982; Samli and Sirgy, 1981; Fennel, 1978; Levy, 1959; Martineau, 1958, Solomon, 1983).

To distinguish specific coffee purchase patterns question four asks the participant to identify the forms of coffee purchased. These forms are categorized by manufacturing process (i.e. ground, instant, etc), grind, package type (i.e. can, jar, etc.), size (2 oz., 13 oz.,etc.), and flavor. Questions five and six measure brand

recognition and brand loyalty. In question five the participant is given a list of coffee brands available in the Jacksonville SMSA. It is important to list only these brands since the majority of survey participants may not be familiar with coffee brands in other parts of the country (due to the number of regional brands available in the U.S.). By identifying the brands they are aware of, the level of brand recognition which exists can be identified. To measure the degree of brand loyalty, the participant is then asked in question six to identify a particular brand or brands in which they have purchased over the past year. To identify whether the participant is loyal to a particular brand, he or she is asked to identify if they have a preferred brand (Guest, 1952) . Furthermore, by identifying the last years purchases by brand, it can be determined whether the participant is a hard core loyal, a soft core loyal, a shifting loyal, or a brand switcher (Brown, 1952).

In order to measure coffee purchase patterns displayed by consumers, it is important to determine the frequency of purchase, purchase location, and the form in which coffee is purchased. To that effect, questions eight, nine, and ten ask the survey participant to identify these traits. Question eight measures the purchase frequency of coffee for in home use relative to the participant and others which he or she may purchase coffee for. Question nine identifies the purchase location as well as the reason behind location

choice.

To measure the dissemination of information among consumers, question ten identifies various consumer sources of information and asks the participant to rate each ones effect upon their choice of coffee brand(s). Again, using a semantic differential, these various sources of information can be rated by the participant as having a strong influence, some influence, or no influence upon their particular brand choice.

To determine the level of self / brand congruency, the survey participant is asked to identify these self perceptions in two different parts of the questionnaire. In question seven, using a semantic differential, brand perceptions are measured. The verbal cue in measuring brand perception was, " To what extent do you see your brand as being." Two self perspectives are employed in this study, they are social self image and ideal social self image. The verbal cue for measuring social self image in question twelve was:" To what extent do you think people see you as being." The verbal cue for measuring ideal social self image in question thirteen was:" To what extent would you like people to see you as being". To determine the level of symbolic brand image and social self image congruence, the level of correlating variables between question seven and questions twelve and thirteen can be examined (Samli and Sirgy, 1988).

An average score is determined for each scale to enable the researcher to compare and contrast between them.

In order to categorize the data obtained by the survey the final questions deal with the demographic attributes which each participant displays. Those attributes include sex, age, occupation, education, and income. The demographic attributes of race and sex were determined from observation.

Finally, it is the culmination of the various questions which provide the data to determine whether a segment is measurable and substantial. Better yet, are there any significant segments which can be derived from the data obtained from the questionnaire? From the data gathered identifiable segments can be categorized based upon demographics, psycographics, behaviors, and product usage.

In order to refine the instrument, the questionnaire was tested upon ten students and co - workers. Each was interviewed and asked to identify any portions in which they had difficulty in answering. Also, the amount of time each test participant took to complete the questionnaire was evaluated . Finally, the instrument was sent to Robert Savings, with Maxwell House Marketing Research, for review. Mr. Savings evaluated the questionnaire for content and clarity. His comments along with those of the test participants resulted in the final product.

It was deemed appropriate to ask consumers about their coffee drinking habits as they buy groceries and buy coffee. In order to avoid a built in bias, and attempt was made to gather information from consumers in different settings. A systematic sample was taken of two hundred and thirty consumers who were intercepted in four grocery stores in the Jacksonville area . These locations represent a high degree of demographic diversity in the area. Irwin Research, a local marketing concern, was contracted to monitor the self administered questionnaire. The sample was taken by interviewing every eighth shopper. The interviews were conducted on a Friday in order to maximize the number of possible shoppers available for questioning. It was assumed that these outlets catered to all heavy, light, and non - coffee drinkers.

To determine the statistical differences, if any, a Chi Square test was performed. It was deemed appropriate to set Alpha at the .05 level, or a ninety five percent confidence level.

SUMMARY

In order to support or reject the hypotheses identified in chapter two data is needed. These data needs may be categorized as follows: (1) Distinguish coffee drinkers from

non - coffee drinkers; (2) Determine heavy versus light drinkers; (3) identify purchase needs; (4) determine the level of brand recognition and brand loyalty; (5) identify purchase patterns; (6) evaluate dissemination of information among consumers; (7) determine consumers self perception and brand perception; (8) establish demographic, psycographic, and behavorilistic traits among consumers; and (9) using the information obtained to determine whether segments exist which are measurable, substantial, accessible, and actionable.

To obtain this data a questionnaire was developed. Questions one thru three identify coffee drinkers, their needs, and consumption patterns. Questions four thru eight identify brand purchase attributes, brand recognition, brand preference, brand loyalty, brand purchase patterns, and the perceived brand image. Questions eight thru ten capture consumer purchase patterns and the dissemination of information. Question eleven identifies the influences and dissemination of information for non - coffee drinkers. Questions twelve and thirteen gather information about respondents self image and desired social self image. Finally, to categorize the data the final questions gather demographic attributes of the respondents. This instrument was tested on students and reviewed by members of Maxwell House Market Research.

To obtain the information needed consumers were asked about their coffee drinking habits while they shopped for and purchased coffee. A systematic sample of two hundred and thirty consumers was gathered at four grocery store locations in the Jacksonville, Florida, area. It is assumed that these locations cater to all heavy, light, and non - coffee drinkers.

CHAPTER IV

STUDY FINDINGS AND ANALYSIS

In chapter three an instrument was developed in order to capture the data needed to support or reject the hypotheses. Using four locations, which attempted to balance the population distribution, throughout Jacksonville, Florida, a sample was taken of consumers as they shopped for coffee. The self administered questionnaire took approximately five to seven minutes to complete. To insure a systematic convenience sample one in eight consumers, a total sample of two hundred and thirty, participated. A carefully designed coding system was implemented to process the data, the analysis was performed by using SAS. In this chapter a basic discussion of the findings and testing of each hypothesis is presented.

BRAND LOYALTY

HYPOTHESIS I: The coffee industry is moving toward extending product orientation and therefore is fracturing the market rather than effectively segmenting it.

As was identified in Chapter Two, there has been a proliferation of coffee brands into the market since nineteen eighty (see Chapter 2). Though claims have been made by manufacturers as to the segmentation which has evolved, there have been no attempts to qualify them. The first steps in

determining whether segmentation actually exists in the market place is to determine the level of brand recognition, brand loyalty displayed by consumers, and to identify any differences among consumers who identify their brand choice.

BRAND FAMILIARITY AMONG COFFEE DRINKERS

NUMBER OF COFFEE DRINKERS
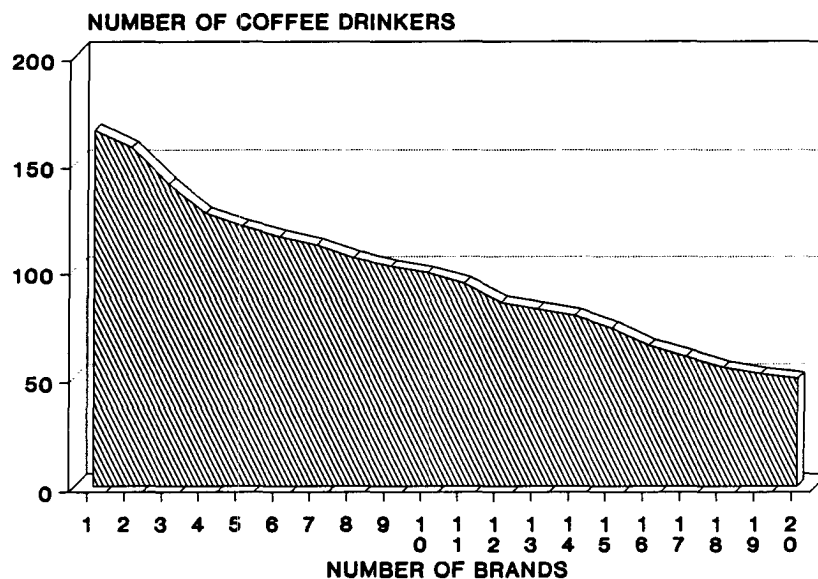
FIGURE 4 - 1

In figure 4 - 1 the number of coffee drinkers who are familiar with particular brands is graphically presented. Analyzing the top twenty brands, it is evident that as the number of brands increase the number of coffee drinkers who are familiar with them decreases. On average, the respondents who drink coffee are familiar with ten coffee brands representing twenty - five percent of those which were tested for familiarity.. In general, this finding implies that many coffee brands generated by the industry go unnoticed. Equally, new brands are only noticed by few.

Although this is not total proof, this points in the direction of accepting Hypothesis I.

In order to further support or reject this hypothesis two subordinate tests were performed. The first examines the degree of brand loyalty which exists among coffee drinkers. In other words, all coffee drinkers are not equally dispersed between different brands. Therefore, it is critical to determine how loyal coffee drinkers are to different brands. The second, presents the demographic attributes of those who indicate a preference for a specific brand. This will enable the researcher to distinguish between coffee drinkers. These two concepts are related to Hypotheses I A and I B.

HYPOTHESIS IA: The majority of coffee drinkers are not brand loyal.

TABLE 4 - 1: BRAND LOYALTY PATTERNS AMONG COFFEE DRINKERS

HARD CORE LOYALS	37	23%
BRAND SWITCHERS	76	45%
NO BRAND PREFERENCE	52	32%
TOTAL COFFEE DRINKERS SURVEYED	165	100%

In table 4 - 1 above, the respondents who identified

themselves as coffee drinkers are categorized in three ways: (1) hard core loyals, (2) brand switchers, and (3) those who display no brand preference.

Hard core loyals, in this study, are those respondents who prefer and purchase only one brand of coffee. Brand switchers, on the other hand, are defined to be those respondents who may prefer one brand of coffee, but whose purchase patterns over the past twelve months show multiple brand purchases. Those respondents who display no brand preference do not identify themselves with any brand of coffee.

Only thirty - seven, or twenty - two percent, of coffee drinkers surveyed displayed a hard core loyalty to one particular brand of coffee. A large group of seventy - six, or forty -five percent, identified themselves as brand switchers. Finally, fifty - two coffee drinkers, or thirty - two percent, displayed no attachment to a particular brand.

Upon review of the data presented in table 4 - 1 Hypothesis IA is accepted; the majority of coffee drinkers are not brand loyal.

HYPOTHESIS I B: There are no clear cut differences in segments who identify their choice of coffee brand

Testing of this subordinate hypotheses is related to identifying significant differences which may exist among coffee drinkers who display a preference towards a certain brand. The analysis is limited to the top six brands identified as preferred by respondents relative to demographic and social self perceptions .

Table 4 - 2 presents data on the top six brands which were indicated to be most preferred. The table attempts to analyze the key demographic features of the respondents who prefer these brands. In reviewing the data it becomes evident that there are only slight differences among the respondents who identified themselves with a brand preference. For example, males tend to be inclined to prefer Maxwell House Coffee than others as do single persons. Sanka brand coffee seems to be preferred by a younger audience while Chock Full O' Nuts appeals to an older crowd. However, the age differential among the brands is rather insignificant. In all instances the female possesses a higher education than males. Sanka seems to appeal to those with lower levels of education while Chock Full O' Nuts appeals to those who have obtained college degrees. With regards to income, Folgers and Astor coffees are appealing to respondents with lower levels of income while Master Blend attracts higher income individuals. No inferences may be made about race segmentation due to the lack of non - white respondents. It must also be noted that some of the findings

TABLE 4 - 2

DEMOGRAPHIC CHARACTERISTICS OF THOSE WHO PREFER SPECIFIC BRANDS
(AVERAGE)

	MAXWELL HOUSE	%	FOLGERS	%	SANKA	%	MASTER BLEND	%	ASTOR	%	CHOCK FULL O NUTS	%
SEX												
MALE	11	27%	3	13%	2	20%	0	0%	3	43%	3	60%
FEMALE	30	73%	20	87%	8	80%	4	100%	4	57%	2	40%
MARITAL STATUS												
SINGLE	11	27%	8	35%	3	30%	0	0%	1	14	0	0%
MARRIED	30	73%	15	65%	7	70%	4	100%	6	86%	5	100%
AGE (AVG.)	46		47		43		48		46		51	
# OF ADULTS	2		2		2		2		2		3	
# CHILDREN	0		0		1		1		0		0	
EDUCATION												
MALE	HIGH SCHOOL		HIGH SCHOOL		HIGH SCHOOL		HIGH SCHOOL		HIGH SCHOOL		ASSOC. DEGREE	
FEMALE	SOME COLLEGE		SOME COLLEGE		HIGH SCHOOL		SOME COLLEGE		ASSOC. DEGREE		BACHELORS DEGREE	
AVG. INCOME	$36,891		$30,910		$40,560		$51,670		$30,000		$41,000	
RACE												
WHITE	38	93%	23	100%	10	100%	4	100%	7	100%	5	100%
BLACK	3	7%	0	0%	0	0%	0	0%	0	0%	0	0%
HISPANIC	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
ASIAN	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
ORIENTAL	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
OTHER	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
TOTAL	41		23		10		4		7		5	

are derived from small sample sizes, therefore, it is

difficult to generalize in a conclusive manner.

Though there may seem to exist certain demographic segments among those respondents who indicated their brand choice, these segments do not appear to be significantly different from each other. Forty - one, or twenty four percent, of coffee drinkers indicated that they preferred Maxwell House. This particular brand appears to be substantially ahead of the rest. The remaining coffee drinkers preference choices were so diffused that there is substantial indication that market fracturing exists in a demographic sense. This indicates that indeed, the demographics of those who preferred Maxwell House are not significantly different from the others (Appendix B, Table I).

Partial testing of Hypothesis II B is related to determining if there are significant differences in the social self perceptions of those who identify themselves with a specific coffee brand. In order to review the top six brands, four social self perception scales are utilized. These are related to (1) modern and traditional, (2) friendly and formal, (3) classy and folksy, and (4) casual and sophisticated. A weighted average score is determined for each group.

It can be seen from figure 4 -2 that there exists differences between brands, which may be construed as significant. Maxwell House, Chock Full O' Nuts, and

SOCIAL SELF PERCEPTION OF RESPONDENTS
WHO IDENTIFY SPECIFIC BRAND PREFERENCE

■ MODERN/TRADITIONAL ▨ FRIENDLY/FORMAL

▦ CLASSY/FOLKSY ▧ CASUAL/SOPHISTICATED
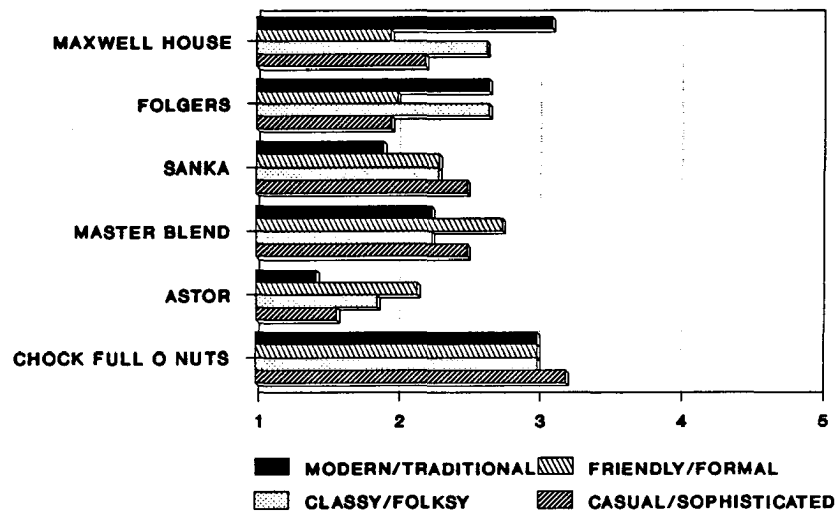
FIGURE 4 - 2

Astor seem to differentiate themselves from the other brands in terms of respondents social self perceptions. These findings may indicate that these three brands have been successful in differentiating themselves in the coffee market. Though the chi square test statistics do not indicate an outright significant difference, they do indicate the need for further research in this area (Appendix B, Table III).

As we compare table 4 - 2 relative to figure 4 - 2 it may be noted that the differences in social self perceptions are more significant than those related to demographics. Therefore, it is possible that segmentation exists psycographically, where as the market appears to be more

psycographically, where as the market appears to be more fractured on the basis of social economic dimensions. It is important to question the relative values of segmenting the market psycographically versus demographically. It may be stated that psycographic segmentation can lead to fracturing the market more easily than demographic segmentation.

To summarize, there are no significant differences in demographics yet there appear to be possible significant differences in psycographic segments. Therefore, Hypothesis I B may be only partially accepted.

The evidence presented in the analysis of these two hypotheses confirm that market fracturing, as defined in this paper, currently exists in the marketplace (at least partially). Therefore, we accept Hypothesis I that manufacturers are fracturing the market which is evident by the diffusion of the brand / consumer relationships.

ARE COFFEE DRINKERS DIFFERENT?

In order to determine the differences (if any) between coffee drinkers and non - coffee drinkers, five tests were performed: (1) demographic data examination, (2) self perception analysis, (3) coffee consumption habits, (4) brand recognition characteristics, and (5) brand preference assessment.

HYPOTHESIS II: There are no clear cut differences between coffee drinkers and non - coffee drinkers.

TABLE 4 - 3.

DEMOGRAPHICS OF COFFEE DRINKERS VS. NON - COFFEE DRINKERS

DEMOGRAPHIC CHARACTERISTICS	COFFEE DRINKERS	%	NON DRINKERS	%
SEX				
MALE	45	27%	25	38%
FEMALE	120	73%	40	62%
MARITAL STATUS				
SINGLE	50	30%	37	57%
MARRIED	115	70%	28	43%
AGE (AVG.)	46		36	
NO. OF ADULTS	2		2	
NO. OF CHILDREN	0		0.2	
AVG. EDUCATION				
MALE	SOME COLLEGE		SOME COLLEGE	
FEMALE	SOME COLLEGE		SOME COLLEGE	
AVG. INCOME	$34,371		$30,910	
RACE				
WHITE	149	90%	57	88%
BLACK	13	8%	8	12%
HISPANIC	2	1%	0	0%
ASIAN	1	1%	0	0%
ORIENTAL	0	0%	0	0%
OTHER	0	0%	0	0%
TOTAL	165		65	

The first test examines the demographic relationships between coffee drinkers and non - coffee drinkers. The

demographics of each group are presented in table 4 - 3. Examination of this data immediately points to two significant differences between groups. Coffee drinkers tend to have a greater chance of being married than non - coffee drinkers. Seventy percent of those who drink coffee are married while only thirty percent are single. For non - coffee drinkers, fifty - seven percent were single while those who were married accounted for forty three percent. These observations support the literature search (Chapter Two) which defines coffee as more appealing to older consumers. Any differences in income may also be attributed to the older age of coffee drinkers since there seems to exist no differences in education levels. With regards to the other demographic attributes presented there are no statistically significant differences between these two groups (Appendix B, Table III).

Figure 4-3, represents the average score for each group regarding their self perceptions. Here, coffee drinkers are compared to non - coffee drinkers. In terms of the modern / traditional scale, there appear to be almost no differences between the two groups. Relative to the friendly / formal scale, there appears to be a tendency for coffee drinkers to skew towards a friendly self perception. Non -coffee drinkers seem to be more formal by their own admission. This is also true with regards to the responses obtained upon the classy / folksy scale. Again, while coffee drinkers tend to elevate themselves in the direction of being classy, non -coffee

drinkers appear to lean toward a more folksy image.   Finally,

SELF PERCEPTIONS OF
COFFEE DRINKERS VS. NON COFFEE DRINKERS

| TRADITIONAL | FORMAL | FOLKSY | SOPHISTICATED |
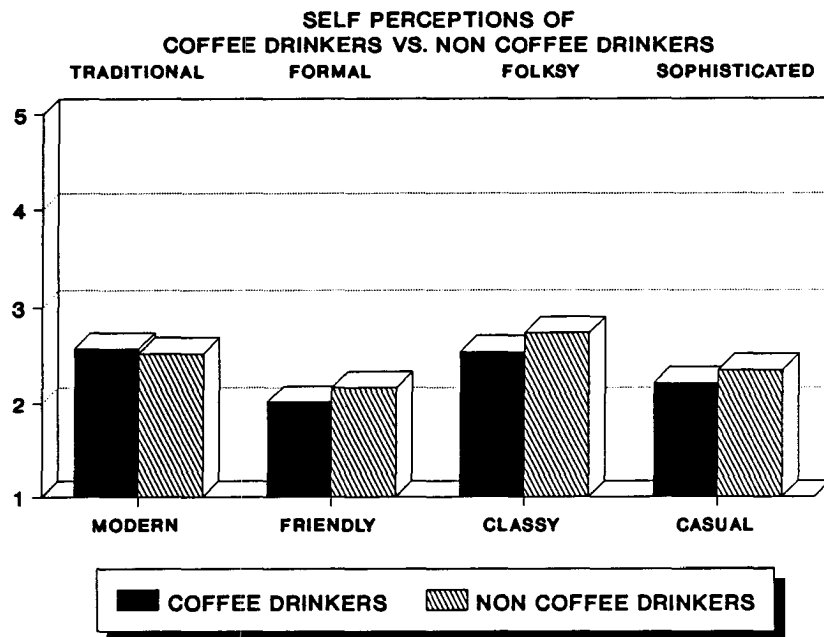
FIGURE 4 - 3

coffee drinkers tend to see themselves as being more casual, while non - coffee drinkers think in more sophisticated terms.   Though these differences are evident they are not statistically significant (Appendix B, Table IV). Thus, no differences exist between coffee drinkers and non - coffee drinkers with regards to their own admitted self perceptions.

Again as can be seen by these two tests for differences among coffee drinkers and non - coffee drinkers, the hypothesis that there are no clear cut differences between these two groups cannot be totally accepted or rejected. There do exist significant demographic differences between the two groups.   However, the self perception criteria indicates

no clear cut psycographic differences between coffee drinkers and non - coffee drinkers. Therefore, Hypothesis II can only be partially accepted.

HYPOTHESIS II A: Heavy coffee drinkers are less than twenty - five percent of all coffee drinkers.

TABLE 4 -4

COFFEE CONSUMPTION FREQUENCY BY RESPONDENTS

CONSUMPTION FREQUENCY	--------CUPS	PER	DAY--------			
	1-3	4-6	7-9	10-12	12 or more	Total
Occasionally	15	0	0	0	0	15 (9%)
Weekly	7	3	0	0	0	10 (6%)
Daily	75	49	7	7	2	140 (85%)
Total	97	52	7	7	2	165
%	(59%)	(32%)	(4%)	(4%)	(1%)	

Jacksonville average cups per day = 3.82
National average cups per day =   3.34*

*International Coffee Organization Winter Survey 1988

Table 4 - 4 indicates coffee consumption by heavy vs. light drinkers. The consumption level of four or more cups per day is used to represent heavy coffee consumption, while light coffee consumers drink less. To that effect, it appears that sixty -eight, or forty -one percent, of the respondents may be classified as heavy coffee drinkers. Thus, we reject

the hypothesis that heavy coffee drinkers are less than twenty
- five percent of all coffee drinkers.

Although coffee consumption is slightly above the
national average, heavy consumers average cups per day was
substantially higher than light users (6.4 cups/day vs. 2
cups/day respectively).

HYPOTHESIS II B: Heavy coffee drinkers are more familiar with
available brands than light coffee drinkers.

The fourth test for determining differences between
coffee drinkers is to establish any variances in the level of
brand recognition for heavy and light coffee users. Figure 4
- 4 presents this summary in graphic form. Basically, it is
assumed that heavy coffee drinkers would identify more brands
than light drinkers, since they are attached to a number
coffee brands. Figure 4 - 4 does not support this assumption.
As can be seen, both heavy and light drinkers separately tend
to follow the same pattern as they did collectively in figure
4 - 1. One hundred percent of the respondents in each group
identified at least one brand. However, as can be seen there
is a significant breakdown of brand recognition for both
groups as the number of brands increase. Therefore, we reject
the hypothesis that heavy coffee drinkers are more familiar
with available brands than light coffee drinkers.

BRAND FAMILIARITY AMONG
HEAVY AND LIGHT COFFEE DRINKERS

PERCENT OF COFFEE DRINKERS

NUMBER OF BRANDS

HEAVY DRINKERS   LIGHT DRINKERS
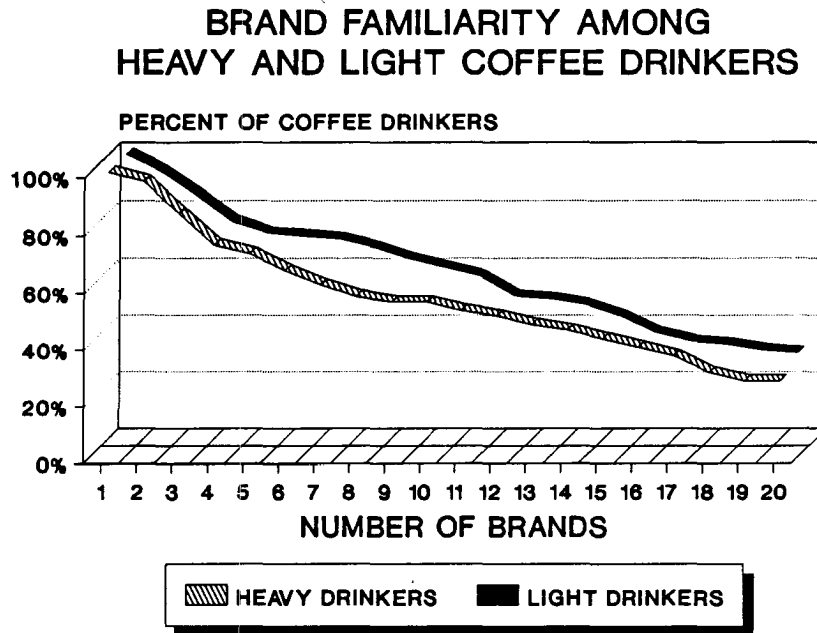
FIGURE 4 - 4

HYPOTHESIS II C: Heavy coffee drinkers are not particularly attached to any particular brand.

The fifth test is to determine brand loyalty patterns exhibited by heavy coffee consumers. The degree of brand loyalty was determined by asking respondents which, if any, one brand they prefer to buy. This was cross tabulated with their coffee purchase patterns for the past twelve months as to the actual brand(s) purchased. These results have been classified into three categories which were discussed earlier in this chapter: (1) hard core loyals, or those who prefer to purchase and have only purchased one brand; (2) brand switchers, or consumers who may prefer one brand but their purchase patterns exhibit multiple brand purchases; and (3) no

brand preference.

TABLE 4 - 5

BRAND LOYALTY PATTERNS AMONG HEAVY AND LIGHT COFFEE DRINKERS

	HEAVY DRINKERS	%	LIGHT DRINKERS	%
HARD CORE LOYALS	12	18%	25	26%
BRAND SWITCHERS	38	56%	38	39%
NO BRAND PREFERENCE	18	26%	34	35%

Analyzing the data in table 4 - 5 shows the degree of brand loyalty which exist among both heavy and light coffee drinkers. Only eighteen percent of heavy coffee drinkers can be classified as hard core loyals to one brand. Surprisingly, fifty -six percent of heavy coffee drinkers tend to switch among available brands while twenty - six percent have no preference at all. It appears that the coffee manufacturer has a greater chance of a light coffee drinker becoming a hard core brand loyal than with a heavy coffee drinker. However, there is a greater chance of no brand preference at all. Therefore, we accept the hypothesis that heavy coffee drinkers are not particularly attached to a specific brand.

HYPOTHESIS III: Heavy coffee drinkers display a higher degree of self congruence and brand congruence over light coffee drinkers.

Figure 4 - 5 presents the relationship between light and heavy coffee drinkers preferred brand image as well as their own social self image. Again, using the scales modern / traditional, friendly / formal, classy / folksy, and casual / sophisticated the average for each group is presented.

Examination of the data shows that light coffee drinkers are more apt to perceive their brand as being slightly skewed towards the traditional, formal, folksy, and sophisticated scale than their social self image. On average, light coffee drinkers perceive the image of their brand to be slightly more traditional than modern. Each of the following scales follow in like manner. Conversely, heavy coffee drinkers tend to view their social self image and preferred brand image in a more congruent manner. The two noteworthy exceptions, represented in figure 4 -5, lie upon the friendly / formal and classy / folksy scale. Heavy coffee drinkers on average see themselves as being more formal and folksy than their preferred brands. However, heavy coffee drinkers do show a higher degree of social self image and brand image congruence (Appendix B,Table V). Therefore, we accept the hypothesis. However, it must be noted that while there is more congruence in heavy coffee drinkers brand and social self image scale,

## SOCIAL SELF IMAGE BRAND IMAGE CONGRUENCE
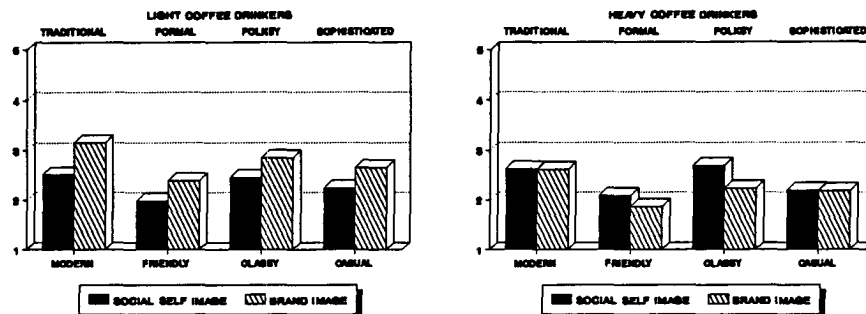
FIGURE 4 - 6

loyalty is not as strong compared to light coffee drinkers. This may be construed to be symptom of excessive market fracturing. Having too many brands is confusing serious coffee drinkers.

HYPOTHESIS IV: Coffee purchase patterns of heavy and light drinkers are significantly different.

Respondents were asked to rate the degree of influence certain variables had upon their coffee purchase decision. Using 1 to represent no influence and 5 to represent a strong influence, the average of the responses is calculated to arrive at a score for both heavy and light coffee drinkers. Figure 4 - 6 presents the results of this test.   As can be

COFFEE PURCHASE PATTERNS
### HEAVY VS. LIGHT COFFEE DRINKERS
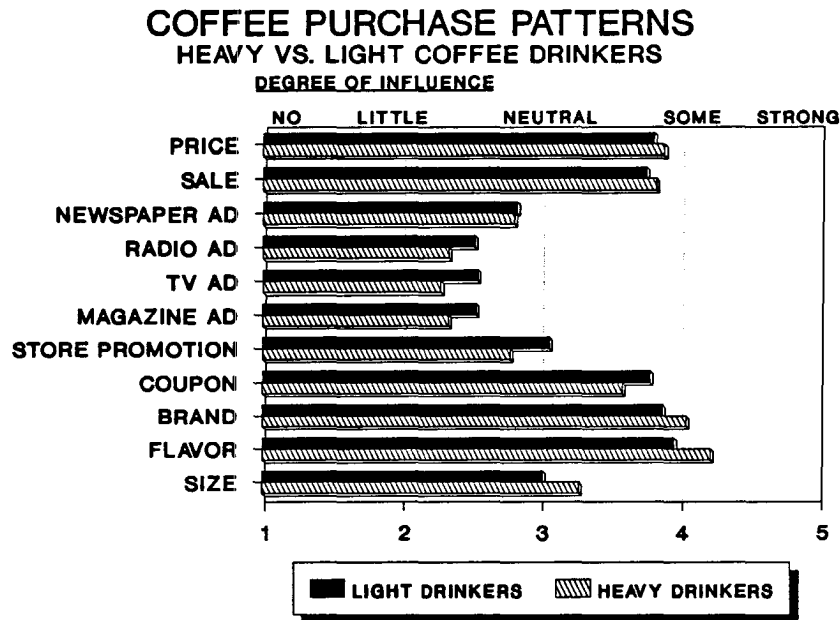
FIGURE 4 - 6

two groups. Price, sale, and newspaper advertising influenced both groups almost equally. Light coffee drinkers seem to be influenced by external advertising forces such as radio and television ads, magazine ads, store promotions, and coupons. On the other hand, heavy drinkers tend to be influenced more by product attributes such as brand, flavor, and size.

These differences are, however, quite small and statistically insignificant (Appendix B, Table VI). Therefore, the results of this test are not significant enough to accept the hypothesis. However, these slight differences may further dissipate as the market is being fractured.

HYPOTHESIS V: The dissemination of information is significantly different among heavy and light coffee drinkers.

The final test for determining differences between groups was to ask respondents to identify the degree of influence information sources have upon their coffee brand purchase. These information sources represented significant brand / purchase influences. These included spouses, relatives, associates, friends, alertness, and health. As with the test for product influences, the respondents were asked to rate the level of influence each carried on a scale of one to five. An average is calculated to assign a point level for the survey area.

DISSEMINATION OF INFORMATION
HEAVY VS. LIGHT COFFEE DRINKERS
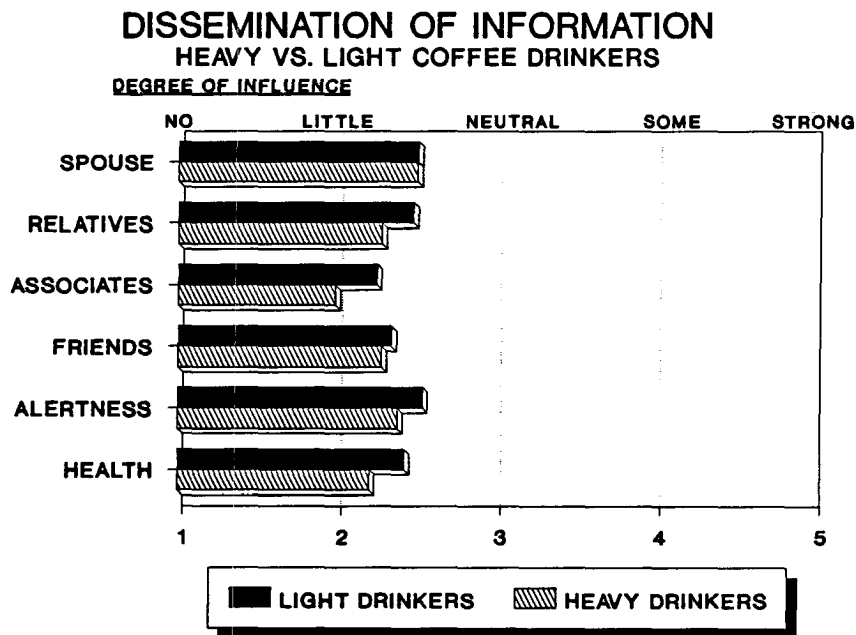
FIGURE 4 - 7

The results of this test are exhibited in figure 4 - 7. As can be seen, little difference in the dissemination of

information can be seen between heavy and light coffee
drinkers. Light coffee drinkers, as they did in the prior
test, display a tendency to be influenced more by these
factors over heavy coffee drinkers. Again, the insignificance
of these differences prohibits the acceptance of this
hypothesis (Appendix B, Table VII). This also provides
evidence that fracturing the market disallows the natural
segmentation of these two groups.

SUMMARY

In this chapter the five key hypotheses are tested. It
is conclude that the coffee industry is extending product
orientation and is fracturing the market (Hypothesis I). In
this respect, it is found that consumers are not attached to a
specific brand (Hypothesis I A). Furthermore, those who
identify themselves with a coffee brand were not significantly
different from other users (Hypothesis I B).

Study findings also indicate that coffee drinkers are not
significantly different from non - coffee drinkers (Hypothesis
II). However, there are some noticeable differences in the
demographic attributes between the two while self perception
scores did not differ noticeably. The findings also show that
heavy coffee drinkers are a large portion of the coffee
drinking population (41%) (Hypothesis II A). Brand
familiarity of heavy coffee drinkers is not significantly

different compared to light coffee drinkers (Hypothesis II B). It is found in this study that heavy coffee drinkers are not particularly attached to a specific brand. Self perceptions of heavy drinkers appears to be highly congruent with their choice of coffee brand (Hypothesis III). In terms of coffee purchase behavior there appears to be no significant differences between heavy and light coffee drinkers. However, it must be noted that heavy drinkers are influenced more by product related features where as light drinkers are influenced by promotional efforts (Hypothesis IV). Finally, dissemination of information is not different between these two groups. Both are equally influenced by others (i.e. spouse, relatives, etc.) and by alertness and health concerns.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

In chapter four the results of the survey are presented. Of the five hypotheses three were accepted. In this chapter, conclusions derived from the analysis will be presented relative to the Jacksonville market, as well as the material presented in chapters one and two.

MARKET FRACTURING: THE PROBLEM EXISTS AMONG COFFEE BRANDS AND THE MARKET.

Based upon the evaluation of the results presented in chapter four, line extensions and new products are not reaching micro segments. Rather, they seem to indicate a return to product oriented marketing whereby their is no specific segment for each brand introduced. This conclusion is based upon: (1) Breakdown of brand awareness as the number of coffee brands increase. Study findings indicate that a large group of consumers are unaware of a large number of brands. (2) The degree of brand switching within the market. Again, the results of the study show that particularly among heavy coffee drinkers, brand loyalty lacked. This group was exceptionally prone to switching brands. (3) The lack of brand loyalty among heavy coffee drinkers. In fact, the existing brand loyalty appeared to be more predominant among light coffee drinkers. Finally, (4) the inability of coffee

brands to attract extremely homogeneous subgroups. It was determined from study findings that there are no significant social economic differences among those who identify a brand preference or loyalty. However, from a psycographic point of view, it is noted that there are some potentially significant differences. This finding might lead to the conclusion that, at this point, the coffee industry has been more successful in psycographic segmentation than demographic segmentation. Such a conclusion has significant implications for the industry in terms of its future marketing procedures.

To further substantiate the existence of market fracturing, we compare the results of the study to the components of effective segmentation as outlined by Smith : effective segments must be (1) identifiable, (2) measurable, (3) substantial, (4) accessible, and (5) actionable (Smith, 1956).

Can a segment be identified on the basis of a specific brand? The study results answer this question in a negative manner. There is no direct pattern of segmentation exhibited in the market. Rather, the potential segments seem to be intertwined across the brands examined. As was presented in chapter two, the natural demographic segments such as caffeinated and decaffeinated drinkers may be identifiable. Furthermore, there is some evidence of segmentation based upon psycographics. However, brand loyalty is so diffused,

in other words segments were unidentifiable, that there is more evidence of fracturing as opposed to successful Micro Marketing.

Can we measure these (if any) segments? This would be quite difficult due to two reasons. First, the degree of erosion, relative to brand awareness displayed by consumers, as the number of brands increase. Secondly, the diffusion which exists within the market, evidenced by the level of brand switching, indicates that market segments are not very measurable.

Are these segments (if any) substantial? Again the answer is clouded for the same reasons described in the preceding paragraph. In a highly diffused market, the market itself becomes the segment (see chapter two). Though the coffee market itself is large enough to support the profit objectives of the firm, this fracturing of the market erodes the profitability of introducing multiple brands which do not have readily measurable and substantial segments.

Are these segments (if any) accessible? The answer to this question is yes, and no. Distribution systems are well established if not saturated. However, since segments in a micro sense are not well defined, accessibility is almost hypothetical. Accessibility of non or partially existing segments may not be probable.

Finally, are these segments (if any) actionable? Again the answer is yes. It is possible for the firm to implement marketing programs to reach the consumer via price, product, promotion, placement, and positioning. Again, we must consider the fact that there are not as many micro markets as brands. However, it is important to note that since these micro segments are not readily defined, actionability of these segments will require more refinement. This refinement is possible with more tailored strategies for more clearly defined micro segments.

Based on the components of Micro Marketing, it is important that the industry be very effective in identifying and catering to micro segments. On the basis of this premise , the study findings indicate that the coffee industry has been more prone to extending its product line than identifying and catering to micro segments. In other words, the industry has shown a little more tendency to product orientation. The long term effects of this strategy are not known; however, the ineffectiveness associated with product orientation implies continued negative growth and returns over time.

MARKET OPPORTUNITIES

If the primary basis for segmentation is demographic,

then it may be stated that there are hardly any significant demographic differences between coffee drinkers. The only key differences, as study findings reveal, are that coffee drinkers are slightly older, married, with slightly higher income. The fact that coffee drinking and non - drinking sectors are quite similar indicates that the industry should not pursue facturing as much as jointly working towards demand expansion. The study findings indicate that companies are more occupied with their share of the market than expanding it; thus, cultivating basic demand is neglected in favor of selective demand.

If the industry decides to stimulate coffee consumption, three separate activities appear to be critical, based upon study findings these are: (1) Stimulate heavy coffee drinkers. In order to stimulate this segment further, the industry must engage in primary demand advertising which emphasize product attributes (i.e. size, form, flavor, etc.) (2) Stimulate light coffee drinkers. According to study findings, light coffee drinkers are more influenced by external factors (i.e. television ads, store promotions, etc.) (3) Stimulate non - coffee drinkers. Since there are hardly any differences between coffee drinkers and non - coffee drinkers, it is very appropriate to cultivate this sector further. As seen in figure 5 - 1, non coffee drinkers are primarily influence by four factors: price, health,

INFLUENCES OF
## NON COFFEE DRINKERS
DEGREE OF INFLUENCE
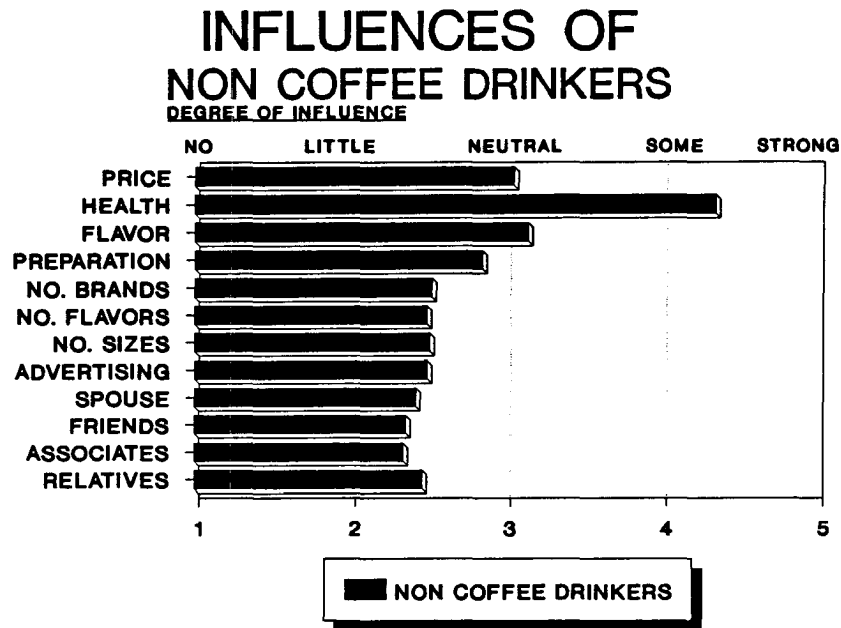
FIGURE 5 - 1

flavor, and preparation. Of these, health concerns have the strongest influence on one's non - drinking decision. If the industry wants to cultivate this sector of the population, it must first and foremost address the health factor. It will be necessary to discredit the assumption that coffee drinking is unhealthy. Indeed, there is no need to assume that colas are more healthy than coffee. Therefore, it will be necessary to develop major advertising campaigns based upon these factors to stimulate basic demand towards coffee drinking.

RECOMMENDATIONS FOR THE INDUSTRY

In order for the industry to avoid the negative long term effects of product orientation, it is important to

realign manufacturers efforts to implement Micro Marketing at its fullest.

First and foremost, manufacturers must be very careful about continuing the multiple brand strategy which has evolved over the years. The firm must consider moving from a large variety of brands strategy to a brand restricted, or umbrella brand strategy. One need only look at their local supermarket shelf to realize the differences between these two. The implementation of a trademark, or umbrella brand, strategy allows manufacturers three important advantages. First, there is less erosion of brand recognition when the trademark becomes the focal brand name. A prime example of this is a comparison between the two leading coffee companies, General Foods and Procter and Gamble. General Foods (makers of Maxwell House, Sanka, Brim, Yuban, Maxim, and General Foods International Coffees) employs a "variety of brands" strategy. Even new products over the past year, which are part of the Maxwell House trademark, have placed emphasis in advertising and packaging upon the flavor differentiation (i.e. Rich French Roast and Colombian Supreme). The introduction of additional brands may not be cost effective in the long run (e.g. the share per brand is disfunctional to the total share). Procter and Gamble, on the other hand, (makers of Folgers and High Point) employs a "brand of variety" or trademark strategy, whereby the trademark and the brand are synonymous. Differentiation via

flavor is secondary.

The second advantage of employing a "brand of variety" strategy are a shift in advertising expenses . Advertising expenses are shifted from those associated with each brand to the market allowing for greater accuracy in reaching target markets via special events, non media advertising, and localized promotional efforts.

Finally, the degree of brand loyalty also increases whereby a consumer can select from a variety of flavors, grinds, or prices all under one umbrella brand name. Market share becomes more stable in that targeted groups can identify with at least one variety of the brand.

From the study findings it appears that this is a very significant way of stopping the market fracturing process. Although, it has not been carefully analyzed, in this study, it is implied that market fracturing is not cost effective and optimally profitable. By implementing this strategy the firm lessens the risk of market share erosion by competitors, both nationally and regionally. Furthermore, Micro Marketing can be implemented to the fullest.

FUTURE RESEARCH AVENUES

Though this study has dealt with segmentation relative

to coffee brands in Jacksonville and the evidence of fracturing which exists, it is important not to stop here. The implications of the results presented may or may not transpose themselves to other geographic regions of the country, or better yet the world. Therefore, further research is necessary, specifically in three areas: (1) ethnic segmentation, (2) brand switching trends, and (3) the extent of brand loyalty relative to price and promotion. These three areas must be explored at the national level with national cross sections of the population.

The primary respondents to this survey were ninety percent white and only ten percent non white (black, oriental, Hispanic, etc.). With the emergence of these non white ethnic groups as viable markets over the past twenty years, it is important to determine those coffee consumption trends which may exist within them. Research regarding brand loyalty and brand segmentation are of great importance.

Also, further research needs to be performed regarding brand switching among consumers. It is important to the industry to determine which brands experience a high degree of switching, and the brands which those consumers switch to. Furthermore, the reasons behind the switching process would provide valuable information as to the construction of a family brand network, which brands to further cultivate, and which brands should be dissolved.

Finally, further research needs to be performed as to the extent of brand loyalty relative to price and promotion. In some markets advertising dwells upon every day low shelf prices. However, in other markets, special feature prices are advertised. Though the popular trend in the grocery industry is to implement "Everyday Low Shelf Price" strategies, it is important to determine the degree of brand loyalty in these markets versus feature price promotion. Since the former is replacing the latter, the level of difference, if any, can greatly affect the marketing efforts of the coffee manufacture in a specific geographic market area.

Although the concepts and instruments used in this study were carefully researched and developed, there is still a need for additional validity of the study findings and the reliability of the study instrument. Therefore, future research must be directed towards the research methodology in the coffee industry.

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APPENDIX A

SURVEY INSTRUMENT

COFFEE CONSUMPTION SURVEY

The purpose of this questionnaire is to identify purchase habits of consumers who buy coffee for in home use.

1. Do You Drink Coffee? ____ YES ____ NO
   If "NO" please proceed to question # 11

2. Why do you drink coffee? (Check all that apply).

   ____ To stay alert   ____ to relax
   ____ like the flavor   ____ to socialize
   ____ status   ____ for variety
   ____ health
   ____ most of my friends drink coffee
   ____ most of my co-workers drink coffee

OTHER REASONS:_____

_____

3. How often do you drink coffee?
   ____ Occasionally   ____ Weekly   ____ Daily

   How often do other members of your household drink coffee?
   ____ Occasionally   ____ Weekly   ____ Daily

   In an typical day, how many cups of coffee do the following members of your household drink? (please check the appropriate range)

	1 to 3	4 to 6	7 to 9	10 to 12	more than 12
YOURSELF					
SPOUSE					
CHILDREN					
OTHERS					

4. Is the coffee you purchase ground, instant, whole bean, or a combination of these? (check all that apply)

   GROUND ____   INSTANT ____   WHOLE BEAN ____

   Is the coffee you purchase caffeinated, decaffeinated, or a combination of these? (check all that apply)

   CAFFEINATED ____   DECAFFEINATED ____

   Please indicate which of the following attributes best describe your coffee purchase (check all that apply)

   GRIND: __DRIP__REGULAR__ELECTRA-PERK__AUTOMATIC DRIP

   PACKAGE TYPE: __BAG__CAN__JAR__INDIVIDUAL SERVING__TIN

   SIZE: If instant:__2 TO 4 OZ.__6 TO 9 OZ.__10 to 12 OZ.

   If ground:__10 to 16 OZ__23 TO 32 OZ__34 TO 48 OZ.
   or whole bean

Are there any particular flavor or flavors you buy?

YES _____   NO _____

If yes, please list them below.

_____
_____
_____
_____

5. Please identify each of the following brand names of coffee which you are aware of (indicate by placing a "X" beside the brand name). Check all that apply.

1. _____	MAXWELL HOUSE	2 _____	FOLGERS
3 _____	SANKA	4 _____	HIGH POINT
5 _____	MAXWELL HOUSE MASTER BLEND	6 _____	MAXWELL HOUSE COLOMBIAN SUPREME
7 _____ *	MAXWELL HOUSE RICH FRENCH ROAST	8 _____	BRIM
9 _____	MAXIM	10 _____	YUBAN
11 _____	MAXWELL HOUSE PRIVATE COLLECTION	12 _____	NESCAFE CLASSIC
13 _____	NESCAFE SILKA	14 _____	NESCAFE BRAVA
15 _____	NESCAFE DECAF	16 _____	FOLGERS SPECIAL ROAST
17 _____	MOUNTAIN BLEND	18 _____	PUBLIX
19 _____	BREAKFAST CLUB	20 _____	TASTERS CHOICE
21 _____	CHASE & SANBORN	22 _____	MARTINSON
23 _____	ASTOR	24 _____	ASTOR SUPER BLEND
25 _____	PRESTIGE	26 _____	BROWN GOLD
27 _____	EIGHT O'CLOCK	28 _____	CHOCK FULL O NUTS
29 _____	LUZIANNE	30 _____	MELITTA
31 _____	JANET LEE	32 _____	CAFE BUSTELLO
33 _____	MEDGALIA DORO	34 _____	ALBERTSONS
35 _____	MILLSTONE	36 _____	FOOD LION
37 _____	FOLGERS GOURMET SUPREME	38 _____	BARNIE'S
39 _____	VAN COURTLANT	40 _____	HILLS BROTHERS

41 _____ GENERAL FOODS INTERNATIONAL COFFEE'S
(SUISSE MOCHA, CAFE VIENNA, CAFE FRANCIAS,ETC.)

Others:

_____   _____   _____
_____   _____   _____

6. Of the brands listed in question 5, please circle the corresponding number of those which you have purchased during the past year. (circle all that apply, if listed in the "Other" category, please circle the brand)

Of these, is there one particular brand which you prefer to buy? If so, which one? If you purchase more than one type of coffee (i.e. ground, instant, whole bean, caffeinated, or decaffeinated) specify your preferred brand for each. (Please check the appropriate type)

BRAND	GROUND	INSTANT	WHOLE BEAN	CAFFEINATED	DECAF
_____	___	___	___	___	___
_____	___	___	___	___	___
_____	___	___	___	___	___
_____	___	___	___	___	___
_____	___	___	___	___	___

7. Using the scale below, to what extent do you see the brand(s) you purchase as being?

MODERN |-----|-----|-----|-----|--X--| TRADITIONAL

Please rate between each of the following images

```
CLASSY         |-----|-----|-----|-----|-----|       FOLKSY
FRIENDLY       |-----|-----|-----|-----|-----|       FORMAL CASUAL
|-----|-----|-----|-----|-----|                SOPHISTICATED MODERN
|-----|-----|-----|-----|-----|                TRADITIONAL
```

8. How often do you purchase coffee for in home use?
   ____ Weekly   ____ Twice per Month   ____ Monthly
   ____ Every 6 weeks   ____ Other (please specify)
   _____

9. Where do you usually purchase coffee? (check all that apply)
   ____ Supermarket   ____ Mass Merchandise Store
   ____ Specialty Store(i.e. Barnies, etc.) ____ Drug Store   ____ Wholesale Club ____ Other (please specify)_____

   Why do you purchase from this type of outlet? (check all that apply)

   ____ Price   ____ Selection   ____ Service
   ____ Convenience ____ Appearance ____ Store Personnel
   ____ Store Promotion ____ Location ____ Habit
   ____ Other (Specify)

10. Using a scale from 1 to 5, 1 representing the least and 5 representing the greatest, please identify the degree of influence each of the following factors have upon your brand choice.

	STRONG 5	SOME 4	NEUTRAL 3	LITTLE 2	NO 1
PRICE	-----	-----	-----	-----	-----
SALE	-----	-----	-----	-----	-----
ADVERTISING					
- NEWSPAPER	-----	-----	-----	-----	-----
- RADIO	-----	-----	-----	-----	-----
- TELEVISION	-----	-----	-----	-----	-----
- MAGAZINE	-----	-----	-----	-----	-----
STORE PROMOTION	-----	-----	-----	-----	-----
COUPON	-----	-----	-----	-----	-----
BRAND	-----	-----	-----	-----	-----
FLAVOR	-----	-----	-----	-----	-----

	STRONG 5	SOME 4	NEUTRAL 3	LITTLE 2	NO 1
SIZE	------	------	------	------	------
SPOUSE	------	------	------	------	------
RELATIVES	------	------	------	------	------
ASSOCIATES	------	------	------	------	------
FRIENDS	------	------	------	------	------
ALERTNESS	------	------	------	------	------
HEALTH	------	------	------	------	------

OTHER STRONG INFLUENCES

GO TO THE NEXT PAGE.

QUESTION 11 IS FOR NON-COFFEE DRINKERS ONLY !!!

11. Using a scale from 1 to 5, 1 representing the least and 5
    representing the greatest, identify the degree of
    influence that each of the following factors have upon
    your decision not to drink coffee.

    EXAMPLE: PREPARATION IN YOUR OPINION IS TO DIFFICULT AND
             TIME CONSUMING, WHICH INFLUENCE'S YOUR NON-
             PURCHASE DECISION, THEN YOUR RESPONSE WOULD BE
             5; SOME INFLUENCE, THEN YOUR RESPONSE WOULD BE
             4; IF YOU ARE NOT SURE, THEN YOUR RESPONSE WOULD
             BE 3; LITTLE INFLUENCE, THEN YOUR RESPONSE WOULD
             BE 2; NO INFLUENCE, THEN YOUR RESPONSE WOULD BE
             1.

	STRONG 4	SOME 3	NEUTRAL 2	LITTLE 1	NO 5
PRICE	------	------	------	------	------
HEALTH CONCERNS	------	------	------	------	------
FLAVOR	------	------	------	------	------
PREPARATION	------	------	------	------	------
TOO MANY BRANDS	------	------	------	------	------
TOO MANY FLAVORS	------	------	------	------	------
TOO MANY SIZES	------	------	------	------	------
ADVERTISING	------	------	------	------	------
SPOUSE	------	------	------	------	------
FRIENDS	------	------	------	------	------
ASSOCIATES	------	------	------	------	------
RELATIVES	------	------	------	------	------

OTHER STRONG INFLUENCES

THE FOLLOWING QUESTIONS DEAL WITH YOUR SELF PERCEPTIONS.
USING THE SCALE BELOW, PLEASE ANSWER EACH QUESTION.

EXAMPLE: YOU SEE YOURSELF AS BEING MORE MODERN THAN
TRADITIONAL, INDICATE YOUR ANSWER BY PLACING AN "X" ON THE
SCALE CLOSER TO MODERN, AND SO ON.

MODERN |-----|--X--|-----|-----|-----| TRADITIONAL

Please rate between each of the following images

12 . To what extent do you think people see you as being:

```
MODERN     |-----|-----|-----|-----|-----|  TRADITIONAL
FRIENDLY   |-----|-----|-----|-----|-----|  FORMAL
CLASSY     |-----|-----|-----|-----|-----|  FOLKSY
CASUAL     |-----|-----|-----|-----|-----|  SOPHISTICATED
```

13. How would you <u>like</u> people to see you as being:

```
MODERN     |-----|-----|-----|-----|-----|  TRADITIONAL
FRIENDLY   |-----|-----|-----|-----|-----|  FORMAL CLASSY
|-----|-----|-----|-----|-----|  FOLKSY CASUAL      |-----
|-----|-----|-----|-----|  SOPHISTICATED
```

In order to help categorize the data collected in this survey, please answer the following statements.

SEX: ____ MALE ____ FEMALE

MARITAL STATUS: ____ SINGLE ____MARRIED

AGE: ____ 18-25 ____ 26-35 ___ 36-45 ____ 46-55

____ 56-65 ____ 66 AND OVER

Number of Adults (over 18 years of age) in your household (include yourself) ____ 1 ____ 2 ____ 3 ____ 4 ____ 5 ____ 6 or more

Number of Children (under 18 years of age) in your household ____ 0 ___ 1 ____ 2 ____ 3 ____ 4 ____ 5 ____ 6 or more

YOUR OCCUPATION:_____
SPOUSES OCCUPATION:_____

EDUCATION: (INDICATE THE LAST PHASE COMPLETED)

<u>YOUR EDUCATION</u>	<u>SPOUSES EDUCATION</u>
____ SOME HIGH SCHOOL	____ SOME HIGH SCHOOL
____ HIGH SCHOOL OR GED	____ HIGH SCHOOL OR GED
____ SOME COLLEGE	____ SOME COLLEGE
____ ASSOCIATES DEGREE	____ ASSOCIATES DEGREE
____ BACHELORS DEGREE	____ BACHELORS DEGREE
____ POST GRADUATE WORK	____ POST GRADUATE WORK
____ MASTERS DEGREE	____ MASTERS DEGREE
____ BEYOND MASTERS	____ BEYOND MASTERS

INCOME LEVEL: (SPECIFY RANGE THAT BEST FITS YOUR HOUSEHOLD)

____ BELOW $10,000
____ $10,000 TO $19,000
____ $20,000 TO $29,000
____ $30,000 TO $39,000
____ $40,000 TO $49,000
____ $50,000 TO $59,000
____ $60,000 TO $70,000
____ above $70,000

THANK YOU FOR YOUR PARTICIPATION!!!!

w b h o a x

APPENDIX B

CHI SQUARE ANALYSIS

TABLE I.

DEMOGRAPHIC CHARACTERISTICS OF THOSE WHO PREFER SPECIFIC BRANDS

DEMOGRAPHIC

ATTRIBUTE	MAXWELL HOUSE	FOLGERS	SANKA	MASTER BLEND	ASTOR	CHOCK FULL O NUTS	TOTAL	%
SEX								
MALE	11	3	2	0	3	3	22	24.44%
(predicted)	10.02	5.62	2.44	0.98	1.71	1.22		
FEMALE	30	20	8	4	4	2	68	75.56%
(predicted)	30.98	17.38	7.56	3.02	5.29	3.78		
TOTAL	41	23	10	4	7	5	90	

CHI SQUARE STATISTIC   7.85
DEGREES OF FREEDOM   5
CRITICAL VALUE   11.07
(95% CONFIDENCE LEVEL)

MARITIAL STATUS	MAXWELL HOUSE	FOLGERS	SANKA	MASTER BLEND	ASTOR	CHOCK FULL O NUTS	TOTAL	%
SINGLE	11	8	3	0	1	0	23	25.56%
(predicted)	10.48	5.88	2.56	1.02	1.79	1.28		
MARRIED	30	15	7	4	6	5	67	74.44%
	30.52	17.12	7.44	2.98	5.21	3.72		
TOTAL	41	23	10	4	7	5	90	

CHI SQUARE STATISTIC   4.72
DEGREES OF FREEDOM   5
CRITICAL VALUE   11.07
(95% CONFIDENCE LEVEL)

(TABLE I CONTINUED)

AGE	MAXWELL HOUSE	FOLGERS	SANKA	MASTER BLEND	ASTOR	CHOCK FULL O NUTS	TOTAL	%
18-25	4	1	1	0	1	0	7	7.78%
(predicted)	3	2	1	0	1	0		
26-35	13	7	4	1	1	1	27	30.00%
(predicted)	12	7	3	1	2	2		
36-45	7	0	0	0	0	0	7	7.78%
(predicted)	3	2	1	0	1	0		
46-55	6	8	3	2	3	2	24	26.67%
(predicted)	11	6	3	1	2	1		
56-65	6	5	1	1	2	2	17	18.89%
(predicted)	8	4	2	1	1	1		
66+	5	2	1	0	0	0	8	8.89%
(predicted)	4	2	1	0	1	0		
TOTAL	41	23	10	4	7	5	90	

CHI SQUARE STATISTIC   ERR
DEGREES OF FREEDOM   25
CRITICAL VALUE   37.7
(95% CONFIDENCE LEVEL)

NUMBER OF ADULTS	MAXWELL HOUSE	FOLGERS	SANKA	MASTER BLEND	ASTOR	CHOCK FULL O NUTS	TOTAL	%
1	8	6	1	0	0	0	15	16.67%
(predicted)	8	4	2	1	1	1		
2	29	16	8	4	6	3	66	73.33%
(predicted)	34	18	8	3	5	4		
3	2	1	1	0	1	1	6	6.67%
(predicted)	3	2	1	0	0	0		
4	2	0	0	0	0	1	3	3.33%
(predicted)	2	1	0	0	0	0		
6	5	2	1	0	0	0	8	8.89%
(predicted)	4	2	1	0	1	0		
TOTAL	46	25	11	4	7	5	98	

CHI SQUARE STATISTIC   ERR
DEGREES OF FREEDOM   20
CRITICAL VALUE   31.4
(95% CONFIDENCE LEVEL)

(TABLE I CONTINUED)

NUMBER OF CHILDREN	MAXWELL HOUSE	FOLGERS	SANKA	MASTER BLEND	ASTOR	CHOCK FULL O NUTS	TOTAL	%
0	25	17	6	2	7	5	62	68.89%
(predicted)	28	16	7	3	5	3		
1	10	3	1	1	0	0	15	16.67%
(predicted)	7	4	2	1	1	1		
2	4	2	2	1	0	0	9	10.00%
(predicted)	4	2	1	0	1	1		
3	2	0	1	0	0	0	3	3.33%
(predicted)	1	1	0	0	0	0		
4	0	1	0	0	0	0	1	1.11%
(predicted)	0	0	0	0	0	0		
TOTAL	41	23	10	4	7	5	90	

CHI SQUARE STATISTIC   ERR
DEGREES OF FREEDOM   15
CRITICAL VALUE   25
(95% CONFIDENCE LEVEL)

INCOME	MAXWELL HOUSE	FOLGERS	SANKA	MASTER BLEND	ASTOR	CHOCK FULL O NUTS	TOTAL	%
< $10,000	1	1	0	0	0	0	2	2.25%
(predicted)	1	1	0	0	0	0		
$10,000-$19,000	5	5	0	0	1	1	12	13.48%
(predicted)	5	3	1	1	1	1		
$20,000-$29,000	8	8	2	2	1	0	21	23.60%
(predicted)	9	5	2	1	2	1		
$30,000-$39,000	8	2	3	0	2	1	16	17.98%
(predicted)	7	4	2	1	1	1		
$40,000-$49,000	6	5	2	0	1	1	15	16.85%
(predicted)	7	4	2	1	1	1		
$50,000-$59,000	9	1	3	0	2	2	17	19.10%
(predicted)	8	4	2	1	1	1		
$60,000-$69,000	3	1	0	2	0	0	6	6.74%
(predicted)	3	2	1	0	0	0		
TOTAL	40	23	10	4	7	5	89	

CHI SQUARE STATISTIC   31.30
DEGREES OF FREEDOM   30
CRITICAL VALUE   43.8
(95% CONFIDENCE LEVEL)

TABLE II.

SOCIAL SELF PERCEPTIONS OF RESPONEDNTS WHO IDENTIFY SPECIFIC BRAND PREFERENCES

MODERN/TRADITIONAL	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MAXWELL HOUSE	7	9	7	9	9	127	41	3.10
FOLGERS	3	10	6	0	4	61	23	2.65
SANKA	4	4	1	1	0	19	10	1.90
MASTER BLEND	2	1	0	0	1	9	4	2.25
ASTOR	5	1	1	0	0	10	7	1.43
CHOCK FULL O NUTS	1	1	1	1	1	15	5	3.00

CHI SQUARE TEST

MODERN/TRADITIONAL

MAXWELL HOUSE		1	2	3	4	5	POPULATION	
	ACTUAL	7	9	7	9	9	41	0.46
	PREDICTED	10.02	11.84	7.29	5.01	6.83		
FOLGERS								
	ACTUAL	3	10	6	0	4	23	0.26
	PREDICTED	5.62	6.64	4.09	2.81	3.83		
SANKA								
	ACTUAL	4	4	1	1	0	10	0.11
	PREDICTED	2.44	2.89	1.78	1.22	1.67		
MASTER BLEND								
	ACTUAL	2	1	0	0	1	4	0.04
	PREDICTED	0.98	1.16	0.71	0.49	0.67		
ASTOR								
	ACTUAL	5	1	1	0	0	7	0.08
	PREDICTED	1.71	2.02	1.24	0.86	1.17		
CHOCK FULL O NUTS								
	ACTUAL	1	1	1	1	1	5	0.06
	PREDICTED	1.22	1.44	0.89	0.61	0.83		
OBSERVATIONS		22	26	16	11	15	90	

CHI SQUARE STATISTIC   27.40
DEGREES OF FREEDOM   20
CRITICAL VALUE   31.4
(95% CONFIDENCE LEVEL)

(TABLE II CONTINUED)

FRIENDLY/FORMAL	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MAXWELL HOUSE	18	10	11	1	1	80	41	1.95
FOLGERS	8	10	3	1	1	46	23	2.00
SANKA	3	4	1	1	1	23	10	2.30
MASTER BLEND	1	1	1	0	1	11	4	2.75
ASTOR	3	2	1	0	1	15	7	2.14
CHOCK FULL O NUTS	1	0	3	0	1	15	5	3.00

CHI SQUARE TEST

FRIENDLY/FORMAL		1	2	3	4	5	POPULATION	
MAXWELL HOUSE								
	ACTUAL	18	10	11	1	1	41	0.46
	PREDICTED	15.49	12.30	9.11	1.37	2.73		
FOLGERS								
	ACTUAL	8	10	3	1	1	23	0.26
	PREDICTED	5.62	6.64	4.09	2.81	3.83		
SANKA								
	ACTUAL	3	4	1	1	1	10	0.11
	PREDICTED	2.44	2.89	1.78	1.22	1.67		
MASTER BLEND								
	ACTUAL	1	1	1	0	1	4	0.04
	PREDICTED	0.98	1.16	0.71	0.49	0.67		
ASTOR								
	ACTUAL	3	2	1	0	1	7	0.08
	PREDICTED	1.71	2.02	1.24	0.86	1.17		
CHOCK FULL O NUTS								
	ACTUAL	1	0	3	0	1	5	0.06
	PREDICTED	1.22	1.44	0.89	0.61	0.83		
OBSERVATIONS		34	27	20	3	6	90	

CHI SQUARE STATISTIC   19.71
DEGREES OF FREEDOM   20
CRITICAL VALUE   31.4
(95% CONFIDENCE LEVEL)

(TABLE II CONTINUED)

CLASSY/FOLKSY	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MAXWELL HOUSE	11	8	12	5	5	108	41	2.63
FOLGERS	5	5	9	1	3	61	23	2.65
SANKA	3	3	2	2	0	23	10	2.30
MASTER BLEND	1	1	2	0	0	9	4	2.25
ASTOR	4	1	1	1	0	13	7	1.86
CHOCK FULL O NUTS	1	0	3	0	1	15	5	3.00

CHI SQUARE TEST

CLASSY/FOLKSY		1	2	3	4	5	POPULATION	
MAXWELL HOUSE								
	ACTUAL	11	8	12	5	5	41	0.46
	PREDICTED	11.39	8.20	13.21	4.10	4.10		
FOLGERS								
	ACTUAL	5	5	9	1	3	23	0.26
	PREDICTED	5.62	6.64	4.09	2.81	3.83		
SANKA								
	ACTUAL	3	3	2	2	0	10	0.11
	PREDICTED	2.44	2.89	1.78	1.22	1.67		
MASTER BLEND								
	ACTUAL	1	1	2	0	0	4	0.04
	PREDICTED	0.98	1.16	0.71	0.49	0.67		
ASTOR								
	ACTUAL	4	1	1	1	0	7	0.08
	PREDICTED	1.71	2.02	1.24	0.86	1.17		
CHOCK FULL O NUTS								
	ACTUAL	1	0	3	0	1	5	0.06
	PREDICTED	1.22	1.44	0.89	0.61	0.83		
OBSERVATIONS		25	18	29	9	9	90	

CHI SQUARE STATISTIC 26.04
DEGREES OF FREEDOM 20
CRITICAL VALUE 31.4
(95% CONFIDENCE LEVEL)

(TABLE II CONTINUED)	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
CASUAL/SOPHISTICATED								
MAXWELL HOUSE	13	13	11	2	2	90	41	2.20
FOLGERS	9	6	8	0	0	45	23	1.96
SANKA	1	6	1	1	1	25	10	2.50
MASTER BLEND	1	1	1	1	0	10	4	2.50
ASTOR	4	2	1	0	0	11	7	1.57
CHOCK FULL O NUTS	0	1	3	0	1	16	5	3.20

CHI SQUARE TEST

CASUAL/SOPHISTICATED	1	2	3	4	5	POPULATION	
MAXWELL HOUSE							
ACTUAL	13	13	11	2	2	41	0.46
PREDICTED	12.76	13.21	11.39	1.82	1.82		
FOLGERS							
ACTUAL	9	6	8	0	0	23	0.26
PREDICTED	5.62	6.64	4.09	2.81	3.83		
SANKA							
ACTUAL	1	6	1	1	1	10	0.11
PREDICTED	2.44	2.89	1.78	1.22	1.67		
MASTER BLEND							
ACTUAL	1	1	1	1	0	4	0.04
PREDICTED	0.98	1.16	0.71	0.49	0.67		
ASTOR							
ACTUAL	4	2	1	0	0	7	0.08
PREDICTED	1.71	2.02	1.24	0.86	1.17		
CHOCK FULL O NUTS							
ACTUAL	0	1	3	0	1	5	0.06
PREDICTED	1.22	1.44	0.89	0.61	0.83		
OBSERVATIONS	28	29	25	4	4	90	

CHI SQUARE STATISTIC 30.87
DEGREES OF FREEDOM 20
CRITICAL VALUE 31.4
(95% CONFIDENCE LEVEL)

TABLE III.

DEMOGRAPHICS OF COFFEE DRINKERS VS. NON - COFFEE DRINKERS

DEMOGRAPHIC ATTRIBUTE		COFFEE DRINKERS	NON DRINKERS	TOTAL	%
SEX					
	MALE	45	25	70	30.43%
	(predicted)	50.22	19.78		
	FEMALE	120	40	160	69.57%
	(predicted)	114.78	45.22		
	TOTAL	165	65	230	

CHI SQUARE STATISTIC   2.76
DEGREES OF FREEDOM   1
CRITICAL VALUE   3
(95% CONFIDENCE LEVEL)

MARITIAL STATUS		COFFEE DRINKERS	NON DRINKERS	TOTAL	%
	SINGLE	50	37	87	37.83%
	(predicted)	62.41	24.59		
	MARRIED	115	28	143	62.17%
	(predicted)	102.59	40.41		
	TOTAL	165	65	230	

CHI SQUARE STATISTIC 14.05
DEGREES OF FREEDOM   1
CRITICAL VALUE   3
(95% CONFIDENCE LEVEL)

(TABLE III CONTINUED)

AGE	COFFEE DRINKERS	NON DRINKERS	TOTAL	%
18-25	18	25	43	18.70%
(predicted)	31	12		
26-35	41	17	58	25.22%
(predicted)	42	16		
36-45	13	0	13	5.65%
(predicted)	9	4		
46-55	42	15	57	24.78%
(predicted)	41	16		
56-65	31	5	36	15.65%
(predicted)	26	10		
66+	20	3	23	10.00%
(predicted)	17	7		
TOTAL	165	65	230	

CHI SQUARE STATISTIC   ERR
DEGREES OF FREEDOM   5
CRITICAL VALUE   11.07
(95% CONFIDENCE LEVEL)

NUMBER OF ADULTS	COFFEE DRINKERS	NON DRINKERS	TOTAL	%
1	33	30	63	27.63%
(predicted)	46	17		
2	117	27	144	63.16%
(predicted)	104	40		
3	8	3	11	4.82%
(predicted)	8	3		
4	4	3	7	3.07%
(predicted)	5	2		
5	1	0	1	0.44%
(predicted)	1	0		
6	2	0	2	0.88%
(predicted)	1	1		
TOTAL	165	63	228	

CHI SQUARE STATISTIC   ERR
DEGREES OF FREEDOM   5
CRITICAL VALUE   11.07
(95% CONFIDENCE LEVEL)

(TABLE III CONTINUED)

NUMBER OF CHILDREN	COFFEE DRINKERS	NON DRINKERS	TOTAL	%
0	125	53	178	77.39%
(predicted)	128	50		
1	25	11	36	15.65%
(predicted)	26	10		
2	10	1	11	4.78%
(predicted)	8	3		
3	4	0	4	1.74%
(predicted)	3	1		
4	1	0	1	0.43%
(predicted)	1	0		
TOTAL	165	65	230	

CHI SQUARE STATISTIC   ERR
DEGREES OF FREEDOM   7.8
CRITICAL VALUE   25
(95% CONFIDENCE LEVEL)

INCOME	COFFEE DRINKERS	NON DRINKERS	TOTAL	%
< $10,000	10	10	20	8.93%
(predicted)	14	6		
$10,000-$19,000	25	15	40	17.86%
(predicted)	28	12		
$20,000-$29,000	37	15	52	23.21%
(predicted)	37	15		
$30,000-$39,000	33	5	38	16.96%
(predicted)	27	11		
$40,000-$49,000	20	14	34	15.18%
(predicted)	24	10		
$50,000-$59,000	20	2	22	9.82%
(predicted)	16	6		
$60,000-$69,000	9	2	11	4.91%
(predicted)	8	3		
> $70,000	5	2	7	3.13%

TABLE IV.

SELF PERSEPTIONS OF COFFEE DRINKERS VS. NON COFFEE DRINKERS

DRINKER	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MODERN/TRADITIONAL	39	52	36	16	22	425	165	2.58
FRIENDLY/FORMAL	66	50	37	4	8	333	165	2.02
CLASSY/FOLKSY	40	42	52	15	16	420	165	2.55
CASUAL/SOPHISTICATED	49	52	50	7	7	366	165	2.22
NON DRINKER								
MODERN/TRADITIONAL	15	22	14	7	7	164	65	2.52
FRIENDLY/FORMAL	21	23	15	1	5	141	65	2.17
CLASSY/FOLKSY	9	18	27	3	8	178	65	2.74
CASUAL/SOPHISTICATED	17	19	21	5	3	153	65	2.35

CHI SQUARE TEST MODERN/TRADITIONAL	1	2	3	4	5	POPULATION	
DRINKER							
(ACTUAL)	39	52	36	16	22	165	0.72
(PREDICTED)	38.74	53.09	35.87	16.50	20.80		
NON DRINKER							
(ACTUAL)	15	22	14	7	7	65	0.28
(PREDICTED)	15.26	20.91	14.13	6.50	8.20		
OBSERVATIONS	54	74	50	23	29	230	

CHI SQUARE STATISTIC	0.38
DEGREES OF FREEDOM	4
CRITICAL VALUE	9.48
(95% CONFIDENCE LEVEL)	

FRIENDLY/FORMAL	1	2	3	4	5	POPULATION	
DRINKER							
(ACTUAL)	66	50	37	4	8	165	0.72
(PREDICTED)	62.41	52.37	37.30	3.59	9.33		
NON DRINKER							
(ACTUAL)	21	23	15	1	5	65	0.28
(PREDICTED)	24.59	20.63	14.70	1.41	3.67		
OBSERVATIONS	87	73	52	5	13	230	

CHI SQUARE STATISTIC	1.95
DEGREES OF FREEDOM	4
CRITICAL VALUE	9.48
(95% CONFIDENCE LEVEL)	

(TABLE IV CONTINUED)

	1	2	3	4	5	POPULATION	
CLASSY/FOLKSY							
DRINKER							
(ACTUAL)	40	42	52	15	16	165	0.72
(PREDICTED)	35.15	43.04	56.67	12.91	17.22		
NON DRINKER							
(ACTUAL)	9	18	27	3	8	65	0.28
(PREDICTED)	13.85	16.96	22.33	5.09	6.78		
OBSERVATIONS	49	60	79	18	24	230	

CHI SQUARE STATISTIC 5.32
DEGREES OF FREEDOM 4
CRITICAL VALUE 9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
CASUAL/SOPHISTICATED							
DRINKER							
(ACTUAL)	49	52	50	7	7	165	0.72
(PREDICTED)	47.35	50.93	50.93	8.61	7.17		
NON DRINKER							
(ACTUAL)	17	19	21	5	3	65	0.28
(PREDICTED)	18.65	20.07	20.07	3.39	2.83		
OBSERVATIONS	66	71	71	12	10	230	

CHI SQUARE STATISTIC 1.42
DEGREES OF FREEDOM 4
CRITICAL VALUE 9.48
(95% CONFIDENCE LEVEL)

TABLE V

SELF AND BRAND IMAGE OF HEAVY AND LIGHT COFFEE DRINKERS

LIGHT DRINKER'S SELF PERCEPTION

	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MODERN/TRADITIONAL	27	27	22	8	13	244	97	2.52
FRIENDLY/FORMAL	39	32	19	3	4	192	97	1.98
CLASSY/FOLKSY	27	26	26	9	9	238	97	2.45
CASUAL/SOPHISTICATED	29	28	32	3	5	218	97	2.25

LIGHT DRINKER'S BRAND PERCEPTION

	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MODERN/TRADITIONAL	14	24	23	5	31	306	97	3.15
FRIENDLY/FORMAL	32	25	23	4	13	232	97	2.39
CLASSY/FOLKSY	23	19	26	7	22	277	97	2.86
CASUAL/SOPHISTICATED	26	18	34	2	17	257	97	2.65

HEAVY DRINKER'S SELF PERCEPTION

	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MODERN/TRADITIONAL	12	26	14	7	9	179	68	2.63
FRIENDLY/FORMAL	26	19	18	1	4	142	68	2.09
CLASSY/FOLKSY	12	17	26	6	7	183	68	2.69
CASUAL/SOPHISTICATED	19	25	18	4	2	149	68	2.19

HEAVY DRINKER'S BRAND PERCEPTION

	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
MODERN/TRADITIONAL	15	21	17	5	10	178	68	2.62
FRIENDLY/FORMAL	26	27	13	2	0	127	68	1.87
CLASSY/FOLKSY	16	29	17	3	3	152	68	2.24
CASUAL/SOPHISTICATED	21	23	18	3	3	148	68	2.18

LIGHT COFFEE DRINKERS BRAND / SOCIAL SELF IMAGE   (TABLE V CONTINUED)

MODERN/TRADITIONAL	1	2	3	4	5	POPULATION	
SELF							
(ACTUAL)	27	27	22	8	13	97	0.50
(PREDICTED)	20.50	25.50	22.50	6.50	22.00		
BRAND							
(ACTUAL)	14	24	23	5	31	97	0.50
(PREDICTED)	20.50	25.50	22.50	6.50	22.00		
OBSERVATIONS	41	51	45	13	44	194	

CHI SQUARE STATISTIC   12.38
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

FRIENDLY/FORMAL	1	2	3	4	5	POPULATION	
SELF							
(ACTUAL)	39	32	19	3	4	97	0.50
(PREDICTED)	35.50	28.50	21.00	3.50	8.50		
BRAND							
(ACTUAL)	32	25	23	4	13	97	0.50
(PREDICTED)	35.50	28.50	21.00	3.50	8.50		
OBSERVATIONS	71	57	42	7	17	194	

CHI SQUARE STATISTIC   6.84
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

CLASSY/FOLKSY	1	2	3	4	5	POPULATION	
SELF							
(ACTUAL)	27	26	26	9	9	97	0.50
(PREDICTED)	25.00	22.50	26.00	8.00	15.50		
BRAND							
(ACTUAL)	23	19	26	7	22	97	0.50
(PREDICTED)	25.00	22.50	26.00	8.00	15.50		
OBSERVATIONS	50	45	52	16	31	194	

CHI SQUARE STATISTIC   7.11
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE V CONTINUED)

	1	2	3	4	5	POPULATION	
CASUAL/SOPHISTICATED							
SELF							
(ACTUAL)	29	28	32	3	5	97	0.50
(PREDICTED)	27.50	23.00	33.00	2.50	11.00		
BRAND							
(ACTUAL)	26	18	34	2	17	97	0.50
(PREDICTED)	27.50	23.00	33.00	2.50	11.00		
OBSERVATIONS	55	46	66	5	22	194	

CHI SQUARE STATISTIC   9.14
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

HEAVY COFFEE DRINKERS BRAND / SOCIAL SELF IMAGE

	1	2	3	4	5	POPULATION	
MODERN/TRADITIONAL							
SELF							
(ACTUAL)	12	26	14	7	9	68	0.50
(PREDICTED)	13.50	23.50	15.50	6.00	9.50		
BRAND							
(ACTUAL)	15	21	17	5	10	68	0.50
(PREDICTED)	13.50	23.50	15.50	6.00	9.50		
OBSERVATIONS	27	47	31	12	19	136	

CHI SQUARE STATISTIC   1.54
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
FRIENDLY/FORMAL							
SELF							
(ACTUAL)	26	19	18	1	4	68	0.50
(PREDICTED)	26.00	23.00	15.50	1.50	2.00		
BRAND							
(ACTUAL)	26	27	13	2	0	68	0.50
(PREDICTED)	26.00	23.00	15.50	1.50	2.00		
OBSERVATIONS	52	46	31	3	4	136	

CHI SQUARE STATISTIC   6.53
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE V CONTINUED)

	1	2	3	4	5	POPULATION	
CLASSY/FOLKSY	------	------	------	------	------	------	------
SELF							
(ACTUAL)	12	17	26	6	7	68	0.50
(PREDICTED)	14.00	23.00	21.50	4.50	5.00		
BRAND							
(ACTUAL)	16	29	17	3	3	68	0.50
(PREDICTED)	14.00	23.00	21.50	4.50	5.00		
OBSERVATIONS	28	46	43	9	10	136	

CHI SQUARE STATISTIC   8.19
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
CASUAL/SOPHISTICATED	------	------	------	------	------	------	------
SELF							
(ACTUAL)	19	25	18	4	2	68	0.50
(PREDICTED)	20.00	24.00	18.00	3.50	2.50		
BRAND							
(ACTUAL)	21	23	18	3	3	68	0.50
(PREDICTED)	20.00	24.00	18.00	3.50	2.50		
OBSERVATIONS	40	48	36	7	5	136	

CHI SQUARE STATISTIC   0.53
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

TABLE VI.

COFFEE PURCHASE PATTERNS OF HEAVY & LIGHT COFFEE DRINKERS

LIGHT DRINKERS	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
PRICE	12	5	14	25	41	369	97	3.80
SALE	13	5	12	30	37	364	97	3.75
NEWSPAPER AD	29	11	17	28	12	274	97	2.82
RADIO AD	39	6	20	26	6	245	97	2.53
T.V. AD	37	6	26	20	8	247	97	2.55
MAGAZINE AD	37	7	24	22	7	246	97	2.54
STORE PROMOTION	26	6	17	32	16	297	97	3.06
COUPON	14	4	8	34	37	367	97	3.78
BRAND	14	3	7	30	43	376	97	3.88
FLAVOR	12	5	7	24	49	384	97	3.96
SIZE	27	5	22	25	18	293	97	3.02

HEAVY DRINKERS	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
PRICE	6	1	14	21	26	264	68	3.88
SALE	9	0	8	28	23	260	68	3.82
NEWSPAPER AD	20	5	22	10	11	191	68	2.81
RADIO AD	28	6	21	9	4	159	68	2.34
T.V. AD	29	6	20	11	2	155	68	2.28
MAGAZINE AD	28	7	20	8	5	159	68	2.34
STORE PROMOTION	20	8	16	15	9	189	68	2.78
COUPON	7	8	11	22	20	244	68	3.59
BRAND	5	1	6	30	26	275	68	4.04
FLAVOR	4	1	7	20	36	287	68	4.22
SIZE	12	6	15	21	14	223	68	3.28

CHI SQUARE TEST

PRICE	1	2	3	4	5	POPULATION	
LIGHT DRINKERS							
(ACTUAL)	12	5	14	25	41	97	0.59
(PREDICTED)	10.58	3.53	16.46	27.04	39.39		
HEAVY DRINKERS							
(ACTUAL)	6	1	14	21	26	68	0.41
(PREDICTED)	7.42	2.47	11.54	18.96	27.61		
OBSERVATIONS	18	6	28	46	67	165	

CHI SQUARE STATISTIC   3.38
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE VI CONTINUED)

	1	2	3	4	5	POPULATION	
SALE							
LIGHT DRINKERS							
(ACTUAL)	13	5	12	30	37	97	0.59
(PREDICTED)	12.93	2.94	11.76	34.10	35.27		
HEAVY DRINKERS							
(ACTUAL)	9	0	8	28	23	68	0.41
(PREDICTED)	9.07	2.06	8.24	23.90	24.73		
OBSERVATIONS	22	5	20	58	60	165	

CHI SQUARE STATISTIC   4.92
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
NEWSPAPER AD							
LIGHT DRINKERS							
(ACTUAL)	29	11	17	28	12	97	0.59
(PREDICTED)	28.81	9.41	22.93	22.34	13.52		
HEAVY DRINKERS							
(ACTUAL)	20	5	22	10	11	68	0.41
(PREDICTED)	20.19	6.59	16.07	15.66	9.48		
OBSERVATIONS	49	16	39	38	23	165	

CHI SQUARE STATISTIC   8.27
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
RADIO AD							
LIGHT DRINKERS							
(ACTUAL)	39	6	20	26	6	97	0.59
(PREDICTED)	39.39	7.05	24.10	20.58	5.88		
HEAVY DRINKERS							
(ACTUAL)	28	6	21	9	4	68	0.41
(PREDICTED)	27.61	4.95	16.90	14.42	4.12		
OBSERVATIONS	67	12	41	35	10	165	

CHI SQUARE STATISTIC   5.56
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE VI CONTINUED)

	1	2	3	4	5	POPULATION	
T.V. AD							
LIGHT DRINKERS							
(ACTUAL)	37	6	26	20	8	97	0.59
(PREDICTED)	38.80	7.05	27.04	18.22	5.88		
HEAVY DRINKERS							
(ACTUAL)	29	6	20	11	2	68	0.41
(PREDICTED)	27.20	4.95	18.96	12.78	4.12		
OBSERVATIONS	66	12	46	31	10	165	

CHI SQUARE STATISTIC   2.96
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
MAGAZINE AD							
LIGHT DRINKERS							
(ACTUAL)	37	7	24	22	7	97	0.59
(PREDICTED)	38.21	8.23	25.87	17.64	7.05		
HEAVY DRINKERS							
(ACTUAL)	28	7	20	8	5	68	0.41
(PREDICTED)	26.79	5.77	18.13	12.36	4.95		
OBSERVATIONS	65	14	44	30	12	165	

CHI SQUARE STATISTIC   3.49
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
STORE PROMOTION							
LIGHT DRINKERS							
(ACTUAL)	26	6	17	32	16	97	0.59
(PREDICTED)	27.04	8.23	19.40	27.63	14.70		
HEAVY DRINKERS							
(ACTUAL)	20	8	16	15	9	68	0.41
(PREDICTED)	18.96	5.77	13.60	19.37	10.30		
OBSERVATIONS	46	14	33	47	25	165	

CHI SQUARE STATISTIC   4.24
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE VI CONTINUED)

	1	2	3	4	5	POPULATION	
COUPON							
LIGHT DRINKERS							
(ACTUAL)	14	4	8	34	37	97	0.59
(PREDICTED)	12.35	7.05	11.17	32.92	33.51		
HEAVY DRINKERS							
(ACTUAL)	7	8	11	22	20	68	0.41
(PREDICTED)	8.65	4.95	7.83	23.08	23.49		
OBSERVATIONS	21	12	19	56	57	165	

CHI SQUARE STATISTIC   6.90
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
BRAND							
LIGHT DRINKERS							
(ACTUAL)	14	3	7	30	43	97	0.59
(PREDICTED)	11.17	2.35	7.64	35.27	40.56		
HEAVY DRINKERS							
(ACTUAL)	5	1	6	30	26	68	0.41
(PREDICTED)	7.83	1.65	5.36	24.73	28.44		
OBSERVATIONS	19	4	13	60	69	165	

CHI SQUARE STATISTIC   4.57
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
FLAVOR							
LIGHT DRINKERS							
(ACTUAL)	12	5	7	24	49	97	0.59
(PREDICTED)	9.41	3.53	8.23	25.87	49.97		
HEAVY DRINKERS							
(ACTUAL)	4	1	7	20	36	68	0.41
(PREDICTED)	6.59	2.47	5.77	18.13	35.03		
OBSERVATIONS	16	6	14	44	85	165	

CHI SQUARE STATISTIC   4.05
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE VI CONTINUED)

	1	2	3	4	5	POPULATION	
SIZE							
LIGHT DRINKERS							
(ACTUAL)	27	5	22	25	18	97	0.59
(PREDICTED)	22.93	6.47	21.75	27.04	18.81		
HEAVY DRINKERS							
(ACTUAL)	12	6	15	21	14	68	0.41
(PREDICTED)	16.07	4.53	15.25	18.96	13.19		
OBSERVATIONS	39	11	37	46	32	165	

CHI SQUARE STATISTIC   3.03
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

TABLE VII.

DISSIMINATION OF INFORMATION BETWEEN HEAVY AND LIGHT COFFEE DRINKERS

LIGHT DRINKERS	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
SPOUSE	41	8	15	24	9	243	97	2.51
RELATIVES	38	10	19	25	5	240	97	2.47
ASSOCIATES	43	13	18	20	3	218	97	2.25
FRIENDS	42	10	19	22	4	227	97	2.34
ALERTNESS	38	10	20	17	12	246	97	2.54
HEALTH	42	7	21	19	8	235	97	2.42

HEAVY DRINKERS	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
SPOUSE	30	4	12	14	8	170	68	2.50
RELATIVES	30	6	16	15	1	155	68	2.28
ASSOCIATES	35	8	17	7	1	135	68	1.99
FRIENDS	30	6	17	13	2	155	68	2.28
ALERTNESS	30	4	18	10	6	162	68	2.38
HEALTH	33	5	16	11	3	150	68	2.21

SPOUSE	1	2	3	4	5	POPULATION	
LIGHT DRINKERS							
(ACTUAL)	41	8	15	24	9	97	0.59
(PREDICTED)	41.74	7.05	15.87	22.34	9.99		
HEAVY DRINKERS							
(ACTUAL)	30	4	12	14	8	68	0.41
(PREDICTED)	29.26	4.95	11.13	15.66	7.01		
OBSERVATIONS	71	12	27	38	17	165	

CHI SQUARE STATISTIC   1.00
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

RELATIVES	1	2	3	4	5	POPULATION	
LIGHT DRINKERS							
(ACTUAL)	38	10	19	25	5	97	0.59
(PREDICTED)	39.98	9.41	20.58	23.52	3.53		
HEAVY DRINKERS							
(ACTUAL)	30	6	16	15	1	68	0.41
(PREDICTED)	28.02	6.59	14.42	16.48	2.47		
OBSERVATIONS	68	16	35	40	6	165	

CHI SQUARE STATISTIC   2.34
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE VII CONTINUED)

	1	2	3	4	5	POPULATION	
ASSOCIATES							
LIGHT DRINKERS							
(ACTUAL)	43	13	18	20	3	97	0.59
(PREDICTED)	45.85	12.35	20.58	15.87	2.35		
HEAVY DRINKERS							
(ACTUAL)	35	8	17	7	1	68	0.41
(PREDICTED)	32.15	8.65	14.42	11.13	1.65		
OBSERVATIONS	78	21	35	27	4	165	

CHI SQUARE STATISTIC   4.34
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
FRIENDS							
LIGHT DRINKERS							
(ACTUAL)	42	10	19	22	4	97	0.59
(PREDICTED)	42.33	9.41	21.16	20.58	3.53		
HEAVY DRINKERS							
(ACTUAL)	30	6	17	13	2	68	0.41
(PREDICTED)	29.67	6.59	14.84	14.42	2.47		
OBSERVATIONS	72	16	36	35	6	165	

CHI SQUARE STATISTIC   1.03
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

	1	2	3	4	5	POPULATION	
ALERTNESS							
LIGHT DRINKERS							
(ACTUAL)	38	10	20	17	12	97	0.59
(PREDICTED)	39.98	8.23	22.34	15.87	10.58		
HEAVY DRINKERS							
(ACTUAL)	30	4	18	10	6	68	0.41
(PREDICTED)	28.02	5.77	15.66	11.13	7.42		
OBSERVATIONS	68	14	38	27	18	165	

CHI SQUARE STATISTIC   2.41
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

(TABLE VII CONTINUED)

	1	2	3	4	5	POPULATION	
HEALTH							
LIGHT DRINKERS							
(ACTUAL)	42	7	21	19	8	97	0.59
(PREDICTED)	44.09	7.05	21.75	17.64	6.47		
HEAVY DRINKERS							
(ACTUAL)	33	5	16	11	3	68	0.41
(PREDICTED)	30.91	4.95	15.25	12.36	4.53		
OBSERVATIONS	75	12	37	30	11	165	

CHI SQUARE STATISTIC   1.44
DEGREES OF FREEDOM   4
CRITICAL VALUE   9.48
(95% CONFIDENCE LEVEL)

TABLE VIII.
BRAND FAMILIARITY AMONG
HEAVY AND LIGHT DRINKERS

# OF BRANDS	HEAVY DRINKERS	LIGHT DRINKERS	TOTAL	%
1	68	97	165	9.05%
(predicted)	65	100		
2	66	91	157	8.61%
(predicted)	62	95		
3	58	83	141	7.73%
(predicted)	56	85		
4	51	75	126	6.91%
(predicted)	50	76		
5	49	71	120	6.58%
(predicted)	48	73		
6	45	70	115	6.30%
(predicted)	46	69		
7	41	69	110	6.03%
(predicted)	44	66		
8	39	66	105	5.76%
(predicted)	42	63		
9	37	62	99	5.43%
(predicted)	39	60		
10	36	59	95	5.21%
(predicted)	38	57		
11	34	56	90	4.93%
(predicted)	36	54		
12	32	49	81	4.44%
(predicted)	32	49		
13	32	48	80	4.39%
(predicted)	32	48		
14	31	47	78	4.28%
(predicted)	31	47		
15	29	43	72	3.95%
(predicted)	29	44		
16	26	37	63	3.45%
(predicted)	25	38		
17	24	34	58	3.18%
(predicted)	23	35		

(TABLE VIII CONTINUED)

# OF BRANDS	HEAVY DRINKERS	LIGHT DRINKERS	TOTAL	%
18	20	33	53	2.91%
(predicted)	21	32		
19	18	31	49	2.69%
(predicted)	19	30		
20	18	30	48	2.63%
(predicted)	19	29		
TOTAL	722	1102	1824	

CHI SQUARE STATISTIC   2.30
DEGREES OF FREEDOM   19
CRITICAL VALUE   30.1
(95% CONFIDENCE LEVEL)

NON CONSUMPTION INFLUENCES OF NON COFFEE DRINKERS

	1	2	3	4	5	SCORE	TOTAL SCORE	SCORE AVERAGE
PRICE	20	1	12	20	12	198	65	3.05
HEALTH	4	0	6	15	40	282	65	4.34
FLAVOR	20	1	10	18	16	204	65	3.14
PREPARATION	22	1	17	15	10	185	65	2.85
# BRANDS	26	2	20	11	6	164	65	2.52
# FLAVORS	27	1	20	12	5	162	65	2.49
# SIZES	27	1	21	9	7	163	65	2.51
ADVERTISING	26	3	20	10	6	162	65	2.49
SPOUSE	27	3	20	11	4	157	65	2.42
FRIENDS	28	3	21	9	4	153	65	2.35
ASSOCIATES	29	3	20	8	5	152	65	2.34
RELATIVES	26	4	21	7	7	160	65	2.46

VITA

Keith Edwards is the son of Archel R. and Ruth S. Edwards of Ponte Vedra Beach, Florida. Originally from West Virginia, he completed his undergraduate studies at Marshall University, in Huntington. There he received both an Associate in Applied Science in Small Business Management and a Bachelors of Business Administration degree in Management. Recently, he completed work on a Masters degree in Business Administration at the University of North Florida, in Jacksonville Florida.

Keith has been involved in various aspects of the consumer goods industry. As an undergraduate, Keith was employed by Sears Roebuck and Company. In 1985 he accepted a position as Operations Manager for Mattress Warehouse, a five store specialty chain, in West Virginia. In 1986 he moved to Jacksonville, Florida, to accept a position with Kraft General Foods as an Availability Coordinator. From 1988 to present, he has been employed by the Maxwell House Coffee Company as a Sales Representative in the Jacksonville market.

Keith is a member of Lambda Chi Alpha Fraternity and Omicron Delta Kappa Fraternity, a national leadership honorary. Married to the former Julie Phillips, he currently resides in Ponte Vedra Beach, Florida.