

Client preference of coffee shop in Digos City: A conjoint analysis

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ABSTRACT

The purpose of this study was to determine the clients' preference of coffee shops in Digos City and to determine the relative importance of the following attributes in determining the client preference of coffee shops in Digos City – location, price, and ambiance. It also aimed to determine the aggregate utility model of clients' preference for a coffee shop in Digos City and, lastly, to determine the preferable combination of attributes of a coffee shop. Results revealed that most of the respondents were female, ages from 15 to 25 years old, single, college graduate, and employed. The coffee shop's location is the most important attribute, followed by the ambiance, and the least important is the price. Moreover, the preferable location for a coffee shop is along the highway. The preferable ambiance for a coffee shop is a regular coffee shop with music. Lastly, the preferable price for a coffee in a coffee shop is within the usual price. Using the conjoint analysis, it was revealed that the combination of attribute levels for a coffee shop that has the highest preference is Card ID 10, which is a coffee shop located along the highway, a regular coffee shop with a music and has the price that is within the usual price. And the least preferred combination of attributes is Card ID 5, a coffee shop in the mall, a themed coffee shop with music, and a price that was higher than the usual price.

Keywords: client preference, coffee shop, Digos City, conjoint analysis

INTRODUCTION

Coffee is one of the most consumed beverages globally, thus, putting coffee shop as one of the fast-developing sectors in the business industry (Williams, 2016). Businessmen should know the trend that the consumers demand - coffee is one of them. "Customers are the determiners of how successful a company becomes," as stated by Amy Clark (2015). Moreover, customers have their preferences that were affected by external and internal forces. Thus, businessmen should figure out what characteristics of a coffee shop that a customer prefers.

Internationally, in 2013, Latin America saw the speediest worth deals development rate of any world locale coffee shops, with a development of 18%. These figures address unique progression in the area's bistros and coffeehouses scene, and additionally to the potential for long-haul open doors for anchored bistros and other unrelated ideas (Friend, 2014). Furthermore, there are uppermost three factors for customers to patronize their target cafés in the casual dining sector were quality of the food in the menu, service, and atmosphere (Mattila & Wirtz, 2001).

According to market analysts, specialist coffee shops in the country are projected to keep developing in the coming years in the Philippine setting. For the most part, the strong development is ascribed to magnificent shopper requests, as coffee drinking has turned into an exceptionally prominent social activity. Coffeehouses have turned into a materialistic trifle for younger customers, and Filipinos, in general, have begun to be additionally segregating in their preferences coffee. Moreover, multinational chains dominate specialist coffee shops and have experienced robust growth since the late 1990s. Popular foreign franchised specialist coffee shops include Starbucks, Seattle's Best, The Coffee Bean & Tea Leaf, Gloria Jeans, and UCC Coffee (Ang, 2011).

In Davao City, according to Perez on Sun Star Davao (2016), regardless of the developing number of universal coffee shops stretching out in the city, its homegrown coffee society has kept on thriving. "Davaoños" have a one-of-a-kind coffee-taking way of life that is livened up, much the same as the caffeine-filled individuals that maintain it. According to Elyong (2009), most of the people in Davao frequently visit a coffee shop that has Wi-Fi – free Wi-Fi tempts customers to visit their coffee shop. Furthermore, the launching of many irreplaceable ideas in coffee-making and dynamic styles used by coffee shop

managers and proprietors in terms of advertising and setting up front-line interior designs gathers the customers to visit their coffee shops.

METHOD

This study made use of the quantitative descriptive research method to analyze the attributes that affect client preference. According to Burns and Grove (2003), descriptive research "is designed to provide a picture of a situation as it naturally happens." Moreover, it was used in acquiring information about the current status of the phenomena to describe "what exists" concerning variables or conditions in a situation (Key, 1997).

Moreover, quantitative methods emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or explaining a particular phenomenon (Babbie, 2010). This study included prospective coffee shop clients in the chosen Barangays of Digos City, specifically Barangay Zone II, Barangay Zone III, Barangay Tres De Mayo, Barangay Aplaya as the respondent of the study.

Before distributing the survey questioner, Key informant interview (KII) was conducted to obtain four (4) most preferable attributes derived from the literature review. The four most preferred attributes were source from generated hypothetical profiles of coffee shops in the survey questioner. Conjoint Analysis was used to determine the order of relative importance of four chosen attributes. This study utilizes the score subcommand to rate the coffee shops' profiles instead of ranking them using sequence sub-command. Rating the profiles was decomposed, resulting in part-worth estimates of each attribute level.

RESULTS AND DISCUSSION

Profile of the Respondents

The profile of respondents to be discussed is determined as to their age, sex, civil status, employment status, and educational attainment.

Age. As shown in table 1, most of the coffee-shop customers are at the age ranging from 15 to 25 years old (n=43), which represents 43 percent of the respondents, followed by the age ranging from 26 to 35 years old (n=39), which represent 39 percent of the respondents, proceeded by the age ranging from 36 to 45 years old (n=14), which represent 14 percent of the respondents. Next, the group with age ranging from 46 to 55 years old (n=3), which represent 3 percent of the respondents, and lastly, ages 60 and above (n=1), which depicts 1 percent of the respondents was the least among the age groups.

Sex. Based on the results in table 1, most of the coffee-shop customers were female, garnering 53 out of 100 customers who represent 53% of the respondents. Moreover, male respondents' weight (n=47) that represents 47 percent of the respondents.

Table 1. *Profile of the Respondents*

Profile variables	Frequency	Relative frequency
Age		
15-25	43	43
26-35	39	39
36-45	14	14
46-55	3	3
Above 60	1	1
Sex		
Male	47	47
Female	53	53
Civil Status		
Single	61	61
Married	39	39
Employment status		
Employed	55	55
Unemployed	36	36
Self-employed	9	9
Education		
High school graduate	2	2
College level	31	31
College graduate	62	62
Postgraduate	5	5
Total	100	100

Civil status. Based on the result provided in table 1, most of the customers in the coffee-shops are single (n=61), comprising 61 percent of the respondents. Followed by the customers were married (n=39), which represents 39 percent of the respondents.

Employment Status. As presented in table 1, most of the surveyed coffee-shop goers were employed (n=55), consisting the 55 percent of the respondents, followed by the unemployed customers (n=36), which represent 36 percent of the respondents, and lastly, the self-employed customers (n=9), which represent the 9 percent of the respondents.

Education. The result of the client's profiling in terms of their educational background whether the respondents are post-graduate, high school graduate, in college-level or a college graduate. As presented in table 1, most of the respondents were college graduates (n=62), representing 62 percent of the respondents. Followed by customers who are at the college level, representing the 31 percent of the respondents (n=31), proceeded by customers who are postgraduate, representing the 5 percent of the respondents (n=5), and lastly, the customers who are high school graduate, representing the 2 percent of the respondents (n=2).

Relative Importance and Marginal Utility of Attributes of Coffee Shops in Digos City

The relative importance of the three determining attributes of clients' preference for a coffee shop in Digos City is shown in Table 2. Importance measures are relative, meaning if the range of the attribute levels that were tested changes, the relative importance of that attribute is likely to change.

Based on the results shown in Table 2, the conjoint analysis revealed that the location is the most important characteristic in affecting customers' inclination for the coffee shop, having a general estimation of 45.897. Besides, as per Andrew Hetzel (2016), location is vital for a coffeehouse since the coffee business is mostly strolling movement, as stopping is typically hard. You won't get the same number of clients as those that go before your bistro. Moreover, according to Love (1972), location is the key factor in successful fast-food operations and coffee shop business. Without a good location, expert management and quality goods are nothing. Moreover, site location becomes more critical as sales become more saturated. It is impossible to over-stress the importance of location in fast food operations and coffee shops.

Next to a location is the ambiance, having a relative significance level score of 32.38. The least important quality in deciding customers' inclination is the cost, having a relative significance level score of 21.73. As indicated by Bruce Milleteo (2008), the ambiance that the coffee shop makes is one of the most powerful effective apparatuses that could pull in clients instead of the cost of the espresso a bistro offers. To include, Sage (2013) cited that ambiance affects customers' behavior. In a coffee shop, customers will stay inside the coffeehouse, enjoying the place, without disregarding how much cash they will spend, therefore, putting the cost at the rundown base. Besides, as expressed by Andrew Hetzel (2016), customers consider the value of a location rather than the price. Although the price obtained the least relative importance level score, it should not be excluded from the decision-making process.

The clients' preference can also be described from the peripheral utility assessed at every attribute level. The most important characteristics level is the attribute with the most marginal utility. This study demonstrates that a coffee shop located along the highway is the most favored characteristic level for the client – gathering a peripheral utility score of 1.392. As expressed by Telford (2010), along with or near the highway is the most preferred coffee shop location. Putting coffee shop business in this location will provide the customer's wants and needs while waiting for a bus and waiting for the passenger or waiting for someone. Moreover, the location in respect to major roads, the capacity to stroll from encompassing neighborhoods, access to close-by shops, stopping accessibility, along with any other outside or site contemplation are much detectable, in this manner putting cafés close to the primary streets more desirable over coffeehouse goers (Waxman, 2006).

Table 2. Relative Importance of Attributes

Attributes	Relative importance	Attribute Level	Marginal utility
Location	45.897	Along the high way	1.392
		Near the school	-0.52
		In the mall	0.101
Price	21.73	Within the usual price	5.28
		Higher than the usual price	-0.43
		Lower than the usual price	1.25
Ambiance	32.38	Themed coffee shop with music	1.04
		Regular coffee shop with music	4.13

A marginal utility ambiance study also discovered that a general coffee shop with music is the most favored climate for a coffeehouse than a themed coffee shop. Although the themed coffee shop was wild in our general public to this era, a standard or straightforward coffee shop will never be obsolete. As Ring (2013) stated, the ambiance does not only mean having an extravagant concept, but it also means having an excellent customer relationship, the coffee shops' cleanliness, the lighting and sound, the furniture, and also the menu and coffee they serve. A coffee shop that offers an excellent atmosphere is very inviting to customers. Furthermore, it is realized that associations between senses can influence general recognition. The research of physical ambiances in building and configuration relies on the joining of lighting, warm sensation, and acoustics – whether basic or themed, the length of it looks satisfying and welcoming, affecting the client (Migneron & Migneron, 2015).

In conclusion, this study likewise uncovers that an espresso's ideal cost in a coffeehouse is inside its typical cost. On the off chance that the items or espresso and administrations are cost harshly from what the clients hope to pay, they will ponder. Regardless of whether the cost was too low or too high, the value itself will make the clients feel awkward with it – awkward clients don't purchase. Along these lines, the espresso and administrations that a bistro will offer should be inside the typical cost or sensible cost (Gentile, 2015).

Preferred Combination of Attributes for a Coffee Shop

Based on the path-worth utility concept, the total utility can be determined from combinations of path-worth utilities. This can be done by adding the marginal utility value of each attribute level combinations plus the value of constant derived in the conjoint estimation. The value of the constant was 7.394. This preference model estimated can be used to calculate the total utility for 18 alternative product profiles. The total utility and order of preference of the 18 attribute profiles of the coffee shop are shown in table 3.

As presented in table 3, the attribute combination that the highest preference for a coffee shop was Card ID 10, which is "a coffee shop that is located along the highway, a regular coffee shop with music, and offers coffee within a usual price," having a total utility of 5.34 calculated by adding the constant $7.394 + 1.392$ (the utility of location of along the highway), $+ 4.13$ (the utility of ambiance of regular coffee shop with music) $+ 5.28$ (utility of price of within the usual price). This

Table 3. Total Utility and Order of Preference for Coffee Shops

Card ID	Location	Ambiance	Price	Marginal Utility	Rank
1	Along the highway	Themed coffee shop with music	Within the usual price	4.77	4
2	Along the highway	Themed coffee shop with music	Higher than the usual price	4.03	7
3	Along the highway	Themed coffee shop with music	Lower than the usual price	4.3	5
4	In a mall	Themed coffee shop with music	Within the usual price	3.17	12
5	In a mall	Themed coffee shop with music	Higher than the usual price	1.009	18
6	In a mall	Themed coffee shop with music	Lower than the usual price	3.84	8
7	Near the school	Themed coffee shop with music	Within the usual price	4.12	6
8	Near the school	Themed coffee shop with music	Higher than the usual price	3.30	11
9	Near the school	Themed coffee shop with music	Lower than the usual price	3.551	9
10	Along the highway	Regular coffee shop with music	Within the usual price	5.34	1
11	Along the highway	Regular coffee shop with music	Higher than the usual price	4.89	3
12	Along the highway	Regular coffee shop with music	Lower than the usual price	5.001	2
13	In a mall	Regular coffee shop with music	Within the usual price	2.03	15
14	In a mall	Regular coffee shop with music	Higher than the usual price	3.442	10

Table 3. *Total Utility and Order of Preference for Coffee Shops (cont.)*

Card ID	Location	Ambiance	Price	Marginal Utility	Rank
15	In a mall	Regular coffee shop with music	Lower than the usual price	1.98	16
16	Near the school	Regular coffee shop with music	Within the usual price	2.311	14
17	Near the school	Regular coffee shop with music	Higher than the usual price	2.79	13
18	Near the school	Regular coffee shop with music	Lower than the usual price	1.63	17

was followed by Card ID numbers 12, 11, 1, and 3, having total utility values of 5.001, 4.89, 4.77, and 4.3, respectively.

In contrast, the least preferred combination of attributes for a coffee shop is Card ID 5, the combination of "a coffee shop that is in the mall, themed coffee shop with a music and with a price that was higher than the usual price," having a total utility value of 1.009.

CONCLUSION AND RECOMMENDATIONS

This study aimed to determine the clients' preference for coffee shops in Digos City and determine the relative importance of the following attributes in determining the client preference of coffee shops in DigosCity – location, price, and ambiance. It also aimed to determine the aggregate utility model of clients' preference for a coffee shop in Digos City and, lastly, to determine the preferable combination of attributes of a coffee shop. The researchers used a descriptive quantitative method of research to verify the hypothesis of the study. Furthermore, the results show that most of the respondents were female; most are in the age ranging from 15 to 25 years old, married, and employed. The attributes for a coffee shop are all important in contributing to a coffee shop's overall utility – location is the most preferred attribute. At the same time, the price is the least preferred attribute. And for the aggregate utility level, the respondents' preferred attribute levels were located along the highway, regular coffee shop with music, and has a price within the usual price.

Most of the respondents are female. According to age, most of the respondent's ages ranging from 15 to 25 years old, followed by 26 to 35 years old, 36 to 45 years old, 46 to 55 years old, and above 60 years old, respectively. As to civil status, most of the customers were single, and the least were married. As to their education, most of them were college graduates, followed by college-level/students, postgraduate, and high school graduates, respectively. Lastly, according to employment status, most of the respondents were employed, followed by unemployed, and the least were self-employed.

Conjoint analysis reveals that the location as an attribute of a coffee shop is the most important attribute influencing clients' preference for a coffee shop, having a relative importance value of 45.897. Next to a location is the ambiance, having a relative importance value of 32.38. Meanwhile, the least important coffee shop attribute is the price, having relative importance of 21.73. Using the marginal utility of each attribute levels for each attribute, this study found out that the preferable location for a coffee shop is along the highway with a marginal utility value of 1.392, the preferable ambiance for a coffee shop is a regular coffee shop with music having a marginal utility value of 4.13. Lastly, the preferable price for a coffee in a coffee shop is within the usual price, having a marginal utility value of 5.28. The combination of attribute levels for a coffee shop with the highest preference is Card ID 10, having a utility value of 5.34, a coffee shop located along the highway, a regular coffee shop with music, and the is within the usual price. And the least preferred combination of attributes is Card ID 5, a coffee shop in the mall, a themed coffee shop with music, and a higher price than the usual price, having a total utility value of 1.009.

Based on the study's findings, most of the respondents were female, ages from 15 to 25 years old, single, college graduate, and employed. Furthermore, the coffee shop's location is the most important attribute, followed by the ambiance, and the least important is the price. More so, the preferable location for a coffee shop is along the highway. The preferable ambiance for a coffee shop is a regular coffee shop with music. Lastly, the preferable price for a coffee in a coffee shop is within the usual price. Then, the combination of attribute levels for a coffee shop with the highest preference is Card ID 10, a coffee shop located along the highway, a regular coffee shop with music, and has the price that is within the usual price. And the least preferred combination of attributes is Card ID 5, a coffee shop in the mall, a themed coffee shop with music, and a price that was higher than the usual price.

Based on the findings and conclusion of the study, the researchers propose that the starting entrepreneurs/businessmen who're planning for a coffee-shop business may use the result of the study, especially the combinations of attributes of a coffee shop, to develop or establish a coffee shop that a customer prefers. Moreover, the perspective clients and customers of coffee shops should be guided by this study's results, especially the attributes preferred by the respondents of the study, for them to choose the most preferable coffee shop that is suitable for their wants and needs. Lastly, further research should be conducted to determine the best combination of a coffee shop's attributes, which may include other attributes, to have more specific and realistic result.

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