CONSUMER PREFERENCE FOR CAFÉ COFFEE DAY PRODUCTS - A STUDY IN BANGALORE CITY

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Project Report submitted to the

University of Agricultural Sciences, Bangalore

in partial fulfillment of the requirements for the degree of

Master of Business Administration

(Agribusiness Management)

BANGALORE **JULY, 2011**

Affectionately
Dedicated
To
My Beloved
Parents,
&
My Guide

DEPARTMENT OF AGRICULTURAL MARKETING, CO-OPERATION AND BUSINESS MANAGEMENT UNIVERSITY OF AGRICULTURAL SCIENCES GKVK, BANGALORE- 560065

CERTIFICATE

This is to certify that the Project Report entitled, **"Consumer Preference for Café Coffee Day products-A study in Bangalore city"** *submitted by* ***Mr. Naveen Kumar, K.R.,*** *ID NO.* ***MBA 920*** *in partial fulfillment of the requirement for the degree of* ***Master of Business Administration (Agribusiness Management)*** *to the University of Agricultural Sciences, Bangalore, is a record of bonafide research work done by him during the period of his study in this University under my guidance and supervision and the Project Report has not previously formed the basis for the award of any degree, diploma, associate ship, fellowship or other similar titles.*

Bangalore **P.K. MANDANNA**
July, 2011 **(MAJOR ADVISOR)**

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July, 2011
Bengaluru (Naveen Kumar K.R)

CONSUMER PREFERENCE FOR CAFÉ COFFEE DAY PRODUCTS-A STUDY IN BANGALORE CITY

NAVEEN KUMAR, K.R

ABSTRACT

Coffee is an important commercial crop of India. Coffee is one of the world's most popular beverages with over 400 billion cups consumed each year. In addition to employment to the rural labor force it provides income to the growers and also earns foreign exchange. Coffee production is concentrated in the state of Karnataka. Even though coffee is an important beverage consumed worldwide its consumption in India is concentrated in the southern states of the country. But in recent years there has been an increasing trend especially youth consuming different brands of coffee. The study aimed at analyzing Consumer Preference for Café Coffee day products in Bangalore city. For the study data from 100 respondents were collected in different areas of Bangalore city. About 57 per cent of the respondents were graduates and 29 per cent were post graduates and belonged to high income group, in the age group of 20 – 40 years. Branded Coffee is available only in those outlets and Coffee day retail outlets do not deal with local and unbranded Coffee. The respondents have given preference to the Cappuccino and Chocolate Coffee.91 respondents preferred to balanced acidity. More number of Cafe Coffee Day outlets was located in college locality and surroundings of high profile areas. Cafe Coffee Day is a passion to the Bangalore urban people with good entertainment to the youths as they can spend more time. The major segments of consumers to Cafe Coffee Day were youth segment.

Signature of the Students   Signature of the Major Advisor

ಬೆಂಗಳೂರು ನಗರದಲ್ಲಿ ಕೆಫೆ ಕಾಫಿ ಡೇ ಉತ್ಪನ್ನಗಳಿಗೆ ಗ್ರಾಹಕರ ಆದ್ಯತೆ ಕುರಿತು ಅಧ್ಯಯನ

ನವೀನ್ ಕುಮಾರ್, ಕೆ.ಆರ್.

ಸಾರಾಂಶ

ಭಾರತದ ವಾಣಿಜ್ಯ ಬೆಳೆಗಳಲ್ಲಿ ಕಾಫಿ ಪ್ರಮುಖವಾಗಿದ್ದು, ಕಾಫಿ ಬೆಳೆಗಾರರಿಗೆ ಅತಿ ಹೆಚ್ಚು ಆದಾಯ ನೀಡುವುದರೊಂದಿಗೆ ಕಾಫಿ ತೋಟಗಳಲ್ಲಿ ಹೆಚ್ಚು ಉದ್ಯೋಗವನ್ನು ಸೃಷ್ಟಿಸುತ್ತಿದೆ. ಜಗತ್ತಿನೆಲ್ಲೆಡೆ ಕಾಫಿ ಬಳಕೆ ಅಧಿಕವಾಗಿದ್ದರೂ, ದಕ್ಷಿಣ ಭಾರತದಲ್ಲಿ ಇದರ ಬಳಕೆಯು ದಕ್ಷಿಣ ರಾಜ್ಯದಲ್ಲಿ ಸೀಮಿತವಾಗಿದೆ. ಇತ್ತೀಚಿನ ದಿನಗಳಲ್ಲಿ ವಿವಿಧ ಬಗೆಯ ಕಾಫಿಯು ಯುವ ಸಮುದಾಯವನ್ನು ಸೆಳೆದುಕೊಂಡಿದೆ. ಹಲವಾರು ಕೆಫೆ ಅಂಗಡಿಗಳು, ಅವುಗಳ ಉತ್ಪನ್ನಗಳು, ಅವರ ಮಾರಾಟದ ಜಾಲಗಳು ಯುವ ಗ್ರಾಹಕರನ್ನು ಸೆಳೆಯುವುದರಲ್ಲಿ ಸಫಲವಾಗಿದೆ. ಈ ಮೇಲಿನ ವಿಚಾರಗಳ ಕುರಿತು ಉನ್ನತ ಮಟ್ಟದ ಅಧ್ಯಯನದ ಅವಶ್ಯಕತೆಯಿರುವುದರಿಂದ, ಬೆಂಗಳೂರು ನಗರದಲ್ಲಿರುವ ಕೆಫೆ ಕಾಫಿ ಡೇ ಮಳಿಗೆಗಳಲ್ಲಿ ಮಾರುವ ವಿಭಿನ್ನ ರೀತಿಯ ಕಾಫಿಯ ಕುರಿತು ಕೃಷಿ ಮಾರುಕಟ್ಟೆ, ಸಹಕಾರ ಮತ್ತು ವ್ಯವಹಾರ ನಿರ್ವಹಣೆ ವಿಭಾಗದಲ್ಲಿ ವಿಶ್ಲೇಷಣ ಅಧ್ಯಯನವನ್ನು 2010–11 ರಲ್ಲಿ ನಡೆಸಲಾಗಿದೆ. ಕೆಫೆ ಕಾಫಿ ಡೇಯಲ್ಲಿ ಬರುವ ಗ್ರಾಹಕರ ವಯಸ್ಸು 20 ರಿಂದ 40 ಎಂದು ತಿಳಿದು ಬಂದಿದೆ. ಗ್ರಾಹಕರ ಪ್ರಮುಖ ಆದ್ಯತೆ ಕ್ಯಾಫೆಚಿನು ಹಾಗೂ ಚಾಕೊಲೇಟ್ ಕಾಫಿ ಎಂದು ಅಧ್ಯಯನದಲ್ಲಿ ತಿಳಿದುಬಂದಿದೆ. ಕಾಫಿಯ ಉತ್ಪನ್ನಗಳ ರುಚಿ, ಬೆಲೆ ಹಾಗೂ ಉತ್ಕೃಷ್ಟತೆ ಗುಣಗಳಿಂದ ಗ್ರಾಹಕರು ಈ ಉತ್ಪಾದನೆಗಳನ್ನು ಹೆಚ್ಚಾಗಿ ಖರೀದಿಸಲು ಬಯಸುತ್ತಾರೆ. ಕೆಫೆ ಕಾಫಿ ಡೇಯಲ್ಲಿ ಬರುವ ಗ್ರಾಹಕರಲ್ಲಿ ಆರೋಗ್ಯಕ್ಕೆ ಮುತುವರ್ಜಿ ಹೆಚ್ಚಿದ್ದು ಕಾಫಿ ಸೇವನೆಯಿಂದ ಆಗುವ ಪರಿಣಾಮಗಳ ಬಗೆಗಿನ ಅರಿವಿದೆ ಎಂದು ತಿಳಿದುಬಂದಿದೆ. ಕೆಫೆ ಕಾಫಿ ಡೇಯ ಅಂಗಡಿಗಳು ಕಾಲೇಜು ಆವರಣ ಹಾಗೂ ಶ್ರೀಮಂತ ಜನರು ವಾಸಿಸುವ ಸ್ಥಳಗಳಲ್ಲಿ ಹೆಚ್ಚಿನ ಸಂಖ್ಯೆಗಳಲ್ಲಿ ಕಾಣಲಾಗುತ್ತದೆ. ಕೆಫೆ ಕಾಫಿಡೇಗೆ ಬರುವ ಗ್ರಾಹಕರಲ್ಲಿ ಅತಿ ಹೆಚ್ಚು ಯುವ ಜನತೆಯೆಂದು ತಿಳಿದುಬಂದಿದೆ. ಬೆಂಗಳೂರಿನಲ್ಲಿ ನೂತನ ಕಾಫಿಗೆ ಗ್ರಾಹಕರಿಂದ ಹೆಚ್ಚಿನ ಒಲವು ಕಂಡುಬಂದಿದ್ದು, ಮುಂದಿನ ದಿನಗಳಲ್ಲಿ ಕೆಫೆ ಕಾಫಿಡೇಗೆ ಪ್ರತಿಸ್ಪರ್ಧಿಗಳು ಹೆಚ್ಚಾಗಬಹುದೆಂದು ಗುರುತಿಸಲಾಗಿದೆ. ಆದ್ದರಿಂದ ಗ್ರಾಹಕರನ್ನು ತನ್ನತ್ತ ಸೆಳೆಯಲು ಕೆಫೆ ಕಾಫಿಡೇಯು ಮುಂದಿನ ದಿನಗಳಲ್ಲಿ ನೂತನ ಮಾದರಿಯ ಕಾಫಿಗೆ ಅಧಿಕ ಬಗೆಯ ಕಾಫಿಗಳನ್ನು ತಯಾರಿಸಿ ಇದರ ಗುಣಮಟ್ಟವನ್ನು ಕಾಪಾಡಿಕೊಳ್ಳಬೇಕೆಂದು ಸಲಹೆಯನ್ನು ನೀಡಲಾಗಿದೆ.

ಕೃಷಿ ಮಾರುಕಟ್ಟೆ, ಸಹಕರ ಮತ್ತು ವ್ಯವಹಾರ ನಿರ್ವಹಣೆ ವಿಭಾಗ, (ಡಾ. ಪಿ.ಕೆ.ಮಂದಣ್ಣ)
ಜಿಕೆವಿಕೆ, ಬೆಂಗಳೂರು ಪ್ರಧಾನ ಸಲಹೆಗಾರರು

CONTENTS

LIST OF TABLES

INTRODUCTION

CHAPTER I

INTRODUCTION

Coffee (*coffea Arabia, coffea canephora*) is the second largest traded commodity after oil in the world. The market for take-away coffee is worth $ 100 billion at present. This market has trebled over the past 2 decade years. The export of coffee in income doubled in the past 5 years alone (Anon, 2010). All coffee is grown in the global south of the world and is mostly consumed in the global north. At present Europe is the largest consumer of coffee with nearly 40% of the global consumption. The US and Japan account for 24 % and 10 % of the global consumption. (Anon,2002). An estimated 25 million small-scale farmers are involved with producing coffee around the world. Total coffee production amounted to 9.2 million metric tons in 2009-10. Nearly $ 13 billion worth of coffee was exported from Latin America, Africa, and Asia, mostly to Europe and North America. Brazil, Columbia, and Vietnam were the main exporters with market shares of 30 %, 15%, and 5 %, respectively. In addition, many African countries are important exporters of coffee. In particular, coffee is the main (more than 50 % of their total exports) export earner of Uganda, Rwanda, Burundi, Ethiopia, and Burkina Faso. Coffee also account for more than 25% of the exports of many Central American countries like El Salvador, Honduras, and Guatemala. This also means that fluctuation in international coffee prices has a much greater impact on their economies (Anon, 2010).

The world coffee production in the coffee year 2009-10 is estimated to be 123.6 million bags signifying a decline of over 4.5 million bags in the CY 2008-09 when production totaled at 128.2 million bags. This is revealed in a report of International Coffee Organization market report for January 2010 excluding additional information that has to come from Colombia and Vietnam. The ICO report also states of a significant fall in coffee production in Brazil - by about 14 percent besides production shortfall apprehended in countries like Cote d'Ivoire; Tanzania, Uganda, Papua New Guinea, Vietnam, Mexico, El Salvador, Equador and Peru. The Colombian production is unlikely to register worth mentioning increase. The overall world supply of coffee is likely to be tight in 2010 due to low level of opening stocks as well. In the export front calendar 2009 closed with a decline of 3 percent at 94.7 million bags from 97.7 million bags in 2008. World consumption however is provisionally estimated at 130 million bags in 2008 from 128 million bags in 2007. Domestic consumption in exporting countries was up at 36.7 million bags compared with 35.4 million bags in calendar 2007. The Brazilian Coffee Industry Association expects 4.15 percent increase in world consumption (Anon, 2010).

Coffee production in India is dominated in the hill tracts of South Indian states, with the state of Karnataka accounting 53% followed by Kerala 28% and Tamil Nadu11% of production of 8,200 tonnes. Indian coffee is said to be the finest coffee grown in the shade rather than direct sunlight anywhere in the world. There are approximately 250,000 coffee growers in India; 98% of them are small growers. As of 2009, the production of coffee in India was only 4.5% of the total production in the world. Almost 80% of the country's coffee production is exported. Of that which is exported, 70% is bound for Germany, Russianfederation, Spain, Belgium, Slovenia, UnitedStates, Japan, Greece, Netherlands and France and Italy accounts for 29% of the exports. Most of the export is shipped through the Suez Canal. Indian coffee, grown mostly in southern India under monsoon rainfall conditions, is also termed as “Indian monsoon coffee". Its flavor is defined as: "The best Indian coffee reaches the flavour characteristics of Pacific coffees, but at its worst it is simply bland and uninspiring”. The four well known varieties of coffee grown are the Arabica, Robusta, the first variety that was introduced in the Baba

Budan Giri hill ranges of Karnataka in the 17th century marketed over the years under the brand names of Kent and S.795 (Anon, 2010).

The Coffee Board of India

The Coffee Board of India is an autonomous body, functioning under the Ministry of Commerce and Industry, Government of India. The Board focuses on research, development, extension, quality up gradation, market information, and the domestic and external promotion of Indian coffee.

Research and Development:

The Coffee Board conducts basic and applied research on coffee and can boast of 75 glorious years in coffee research. The Research Department publishes various journals and periodicals. It also offers various services to growers and exporters. The Board also encourages the consumption of coffee in India and abroad. Towards this end, the Board participates in food and Beverage exhibitions abroad. The Board also runs 14 India Coffee Houses in the country. The India Coffee House brand of coffee powder is well known in India for its quality and aroma.

The Board has for long years worked on the quality of Indian coffee. The Board runs two quality control laboratories in Bangalore and Hassan, which control and advise the industry on quality issues. The labs are equipped with the best roasting and brewing machines. The best cup- tasters and quality evaluators keep a strict vigil on the pre and post harvest processes with a view to ensure that the quality of Indian coffee is maintained.

Economic & Market Intelligence Unit:

The Board has an Economic & Market Intelligence Unit functioning from its head office at Bangalore. The unit undertakes various activities related to market information & intelligence, market research studies, crop forecasting and coffee economics aspects. The unit also undertakes studies on research related to the coffee trade including WTO issues. Notable publications include the daily market intelligence report, a comprehensive database on coffee (Bimonthly) and market intelligence report (Quarterly). The periodical reports that are already completed included Coffee Consumption in Urban India 2001 and Coffee Consumption in India 2003. The unit is currently coordinates a study on logistics and competitiveness of coffee producing countries (India, Vietnam & Brazil) and a manual on coffee retailing. The unit also in the process of implementing a project on price risk management for coffee growers. Research & extension, Central Coffee Research Institute The Central Coffee Research Institute, established during 1925, is located in the heartland of coffee tracts, near Balehonnnur in Chikmagalur district of Karnataka.

Research activities:

The Institute is involved in intensive research in the disciplines of Plant Breeding, Agronomy, Agricultural Chemistry & Soil Science, Plant Physiology, Pathology, Entomology and Post-harvest Technology.

Consumptions of Coffee in India:

According to the Indian Coffee Board, domestic coffee consumption is increasing 5 to 6 percent annually, partly due to expansion of the coffee café culture and the spread of the coffee drinking habit throughout India, even into non-traditional coffee drinking regions in the north. The concerted efforts of the Coffee Board and coffee marketers in promoting the beverage as a lifestyle drink via coffee cafes and vending machines has added more visibility to coffee. According to a survey sponsored by the Indian Coffee Board, Coffee consumption in 2008 is estimated at 94,400 tons, 73 percent in urban areas and 27 percent in rural areas (south India). Based on this, coffee consumption in 2009 is estimated by the Board at 97,000 tons and in 2010 at 100,000 tons.

Trade sources are, however, skeptical about the Coffee Board's high consumption figure. According to them, production, supply and distribution fundamentals do not support such high consumption figures. According to them, a significant quantity of chicory is blended with coffee, particularly in the soluble coffee segments, which tends to amplify the coffee consumption figures. According to some sources the amount of chicory going into the coffee blend is as high as 25,000 tons, which tends to over-estimate actual coffee consumption.

The indicative Bangalore wholesale price of Arabica Plantation "A" averaged Rs. 203 per kg in 2009 ($2 per pound), and Robusta Cherry "AB" averaged Rs. 96 per kg (98 cents per pound), compared with the 2008 average price of Rs. 146 per kg for Arabica and Rs. 110 per kg for Robusta. The retail price of pure grind coffee (Arabica plantation) in major southern cities averaged around Rs. 270 per kilogram ($2.75 per pound), a 17 percent increase over a year ago price. ($1= Rs. 44.50). Farm gate price for Arabica parchment registered a 30 percent increase in CY 2009 but the increase was much lower or even negative in the case of Arabica cherry and Robusta parchment and cherry.

Coffee is one of the world's most popular beverages with over 400 billion cups consumed each year. Coffee acts as a mild stimulant. Coffee is a brewed beverage prepared from roasted seeds, commonly called coffee beans. It is the largest single commodity entering the international trade, next only to petroleum. The coffee industry of the world employs nearly 25 million people.

Brazil is the world leader in production of green coffee, followed by Vietnam and Colombia. India is 6thlargest producer of coffee and accounts for about 4.5 percent of world coffee production. Most coffee in India is grown in three states viz., Karnataka, Kerala, and Tamil Nadu. These states accounted for over 92 percent of India's coffee production in the 2005-2006 growing season.

During 2007-08, nearly 3.5 lakh ha of land is utilized for coffee production in India producing 2.62 lakh tonnes annually. Consumption of coffee has remained more or less static at around 55,000 tonnes for the past one and half decades till 1999 and then slightly improved to 70,000 tonnes in 2003(Anon,2010).

Growth Promotional Activities

Only one fifth of the coffee bean produced in India every year is consumed in the domestic markets, while rest of it is exported. Most of the exports are to Russian Federation, Germany, Italy and US. Coffee growers with a total coffee cultivation area of above 10 hectares were required to sell a minimum of 30 percent of their production to the Coffee Board. This quota system has now been abolished to encourage exports and now growers can export 100 per cent of their produce. In order to boost the coffee consumption the coffee industry has started emphasizing on three channels of distribution, namely Cafe chains, vending machines and ready to drink products.

About coffee day

Sustainable farming, Advisory, Retail, Products, Technology, Solutions, Corporate Social responsibility and Operations.

All by just one entity.

Cafe Coffee Day has come a long way since launched in 1994. Today, Cafe Coffee Day provides a full range of coffee products through a robust and transparent system of farming and social responsibility.

Designing, processing and delivering coffee-products requires entrepreneur skills, well-integrated suite of capabilities and a strong set of processes. To meet these challenges, and continue with Coffee Day innovation, Cafe Coffee Day maintain major practices in Advisory, Sustainable farming, Retail, Products, Technology, Solutions, Corporate Social Responsibility and Operations.

Innovation, Tradition and Coffee Day are synonymous with each other as far as everything and anything to do with coffee is concerned. The origins of Coffee Day began over 140 years ago, with the humble bean. Decades later, and across 10,000 acres of coffee grown wilds, the focus remains clear: The humble bean is the pivot of all our enterprises. Cafe Coffee Day products and brands, innovations, ideas and knowledge are backed by unmatched technical and qualitative expertise

- First consolidated and pure coffee outlet to find its footprint across the globe
- Backed by ISO 9002 Certification, and a heritage of over 140 year
- Asia's largest integrated coffee company with the second largest network of coffee estates
- One of the top coffee exporters in India – to United States, Europe and Japan
- First company in India to receive UTZ certification

Today Coffee Day is at the forefront of the Coffee revolution – co-riding with coffee growers, suppliers, corporations and planters.

Amalgamated Bean Coffee trading Company Ltd. (ABCTCL), popularly known as Coffee Day India's largest coffee conglomerate, a Rs. 700+Crores ISO 9002 certified company. Coffee Day group grows Coffee in its own estates of 10000 acres and another 4000 acres managed by it. Apart from this, this group also sources coffee from 1500 small growers

Coffee Day is one of the India's leading coffee Exports with clients across USA, Europe and Japan. With its roots in the golden soil of Chickamagalur and its future as a vision of a true entrepreneur, Coffee Day has its business growing and spanning the entire value chain of coffee consumption in India.

With a rich coffee heritage since 1875, and coupled with the opportunity that arose with the deregulation of the coffee board in the early nineties, ABCTCL started exporting coffee to clients outside India and today is one of the largest exporters in the country. But they did not stop at this they moved on to becoming India's only vertically integrated company under the brand name coffee Day. The various business groups as of today are Fresh 'n Ground (Coffee Power stores), Café Coffee Day (pioneer and also the largest retail coffee café chain in the country), Coffee day take away (vending), Coffee day Xpress (Convenient Café chain), Coffee Day Exports and coffee Day FMCG (packed filter coffee), apart from these they have other upcoming business like coffee day resorts, coffee day international etc.

Coffee day has a wide and professional network in the major coffee growing areas of the country comprising of over 50 agents and 50 collecting depots, Coffee day has two curing works located at Chickamagalur and Hassan which cures over 17,000 tonnes of coffee per annum. The process is carried out under the control of experienced personnel to meet highest quality standards. Along with the help of modern technology great care is taken to maintain consistency and roast the coffee beans to the demanding specification of the discerning coffee customers.

ABCTCL has a research centre, set up at Chickamagalur to innovate with coffee and various products related to coffee. It also monitors quality of our existing products.

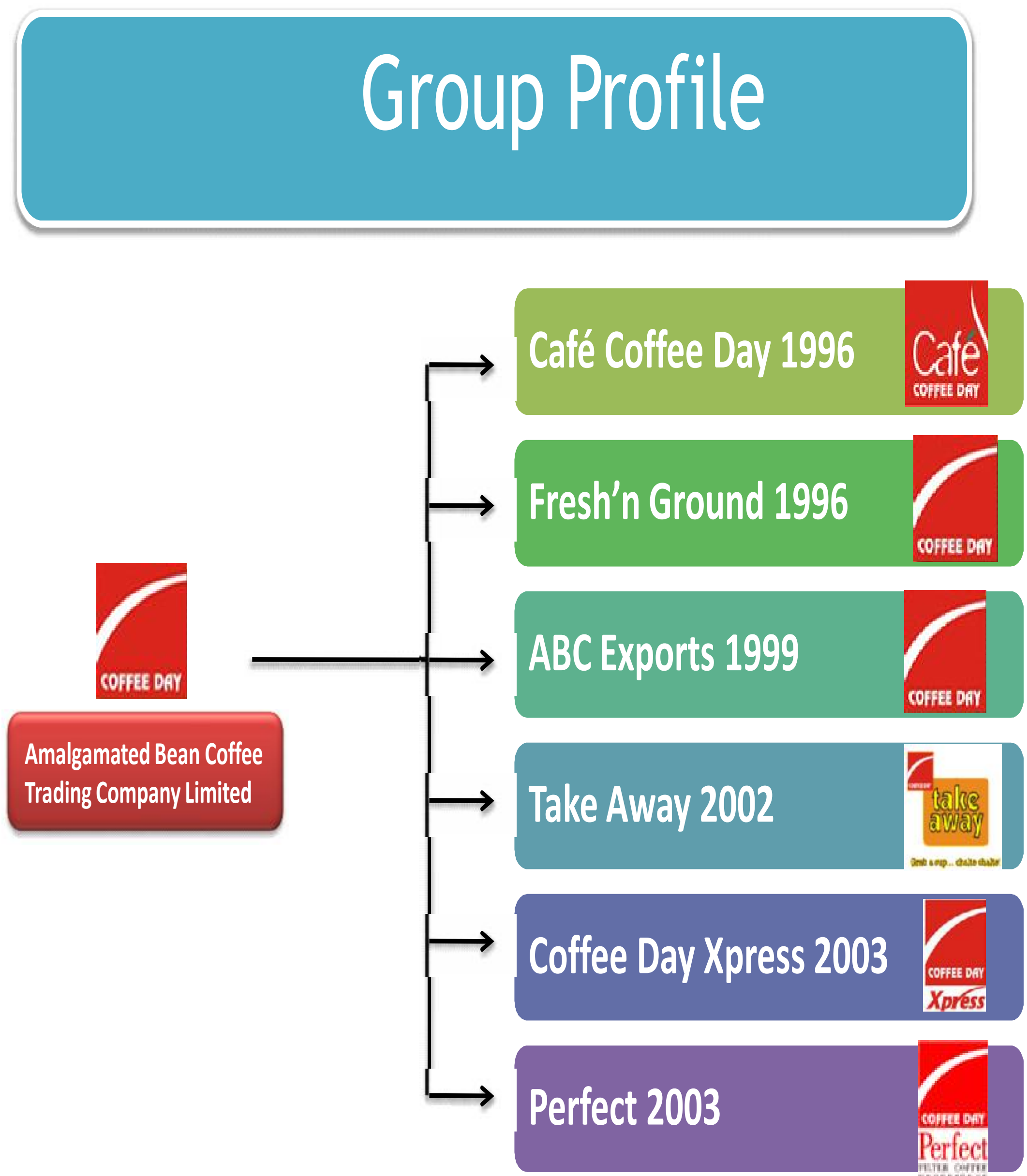

Fig. 1. Division of Café Coffee Day

Division of ABCTCL

Fresh ‘n Ground

It started operation in 1996 as division of ABCTCL, today it is leading retail chain in the roast & ground Filter Coffee segment, reaching over 4,00,000 homes every month in the south Indian states of Andhra Pradesh, Karnataka, Tamil Nadu, Pondicherry and Kerala. With a chain of over 400 exclusive one-stop coffee beverage shops, Fresh ‘n Ground presently offers 22 exquisite coffee blends and a few unique tea blends. Coffee Day Fresh’ n Ground takes upmost care in ensuring that only the best coffee beans from ABCTCL ‘s prime estates are picked to brew the exquisite Roast & Ground coffee, which is made available in blends of chicory + coffee mixes and pure coffee powder. Fresh ‘n Ground’s team of experienced coffee cup tasters study preferences of various consumer segments and offer new blends to meet the specific market/customer needs and taste preferences.

Café Coffee Day:

Café Coffee Day (CCD) pioneered the café concept in India in 1996 by opening its first café at Brigade Road in Bangalore. Till about the late 1990’s coffee drinking in India was restricted to the intellectual, the South Indian traditionalist and the five star coffee shop visitor. As the pure (as opposed to instant coffee) coffee café culture in neighboring international markets grew, the need for a relaxed and fun “hangout” for the emerging urban youth in the country was clearly seen.

Recognizing the potential that lay ahead on the horizon, Café Coffee Day embarked on a dynamic journey to become a large organized retail chain with a distant brand identity of its own. From a handful of cafes in six cities in the first 5 years, Café Coffee Day has become India’s largest and premier retail chain of cafes with 783 cafes in 105 cities around the country.

"Enthused by the success of offering a world – class coffee experience, Café Coffee Day has opened a Café in Vienna, Austria and is planning to open other cafes in the Middle East, Eastern Europe, Eurasia, Egypt and South East Asia in the coming months".

Take Away (Vending):

The take away initiative is a virtual revolution in the way coffee is served in the country. Freshness is a major part of our vending machine proposition. Only the freshest ingredients are used and strict control is maintained to ensure that every cup delivers the satisfaction of a freshly brewed cup of coffee. One of the new initiatives of the vending department is the Bean2Cup machine. This machine uses handpicked roasted beans and absolutely fresh milk to give out an aromatic and deliciously authentic filter coffee. The Bean2Cup is also the only machine that allows customization of a beverage to suit one'

Coffee Day FMCG (Packed Filter Coffee):

After extensive cup of tasting sessions by the company's world renowned blend masters, a superior blend of 75%coffee and 43% chicory was conceived. The main idea behind it was to provide the consumer a superior coffee – chicory blend that he or she has been drinking till date. A superior product than what others have been offering. They aim at making their products available in every possible retail outlet, ensuring convenience and ease in availability. Coffee Day perfect blend of beans handpicked from our own estates in Chickamagalur, roasted & ground to give you that prefect taste you've never experienced before.

Coffee Day Exports:

Amalgamated Bean Coffee Trading Company, better known as "ABC", is one of the largest exporters of green coffee from India since 1999. ABC business mission has its roots in coffee knowledge. This culminates into an incessant effort to adapt to dynamics of the coffee market resulting onto a leadership role. ABC has invested well into a Research and development on coffee quality that supports our domestic promotion of various blends of coffee and augments our exports activities.

Coffee Day Xpress:

In the year 2003, ABCTCL came up with a new concept to bridge the gap between the leisurely coffee experience Café Coffee Day and that of serving a quick cuppa from a vending point, to offer the very best in every segment for the diverse coffee Day patrons; and this concept was called Coffee Day Xpress, an idea that feeds a world that's continuously in transit.

Coffee Day Xpress is a unique concept of convenient café. The CDX kiosk is a sanctuary where the harried urbanite can pause for refreshment before getting on with life. Retail custom made for the 21stcentury. Catering to a world that needs coffee on the go! At high – traffic locations. With hot and cold beverage and a variety of ready – to-eat snacks.

It is a unique food retailing concept addressed to provide fast, hygienic, convenient- to- eat and affordable food and beverages. With its speed of service convenient location, freshness, superior quality of coffee, high hygiene standards and affordability, Xpress has quickly reached more than 800 outlets over 18 cities and plans 1000 franchisees by the year 2010.

Café Coffee Day Mission, Vision and Values

The mission of Coffee Day is to provide authentic, accessible coffee to our customers. And, our vision is to be present in every space where coffee can be an integral ingredient. We aim to be one of the top three players, worldwide, in the coffee retail segment. That's a dream we live up to, and make real every day.

Values and Principles:

The age-old Indian value system has its imprint on Coffee Day's value system too. Coffee Day promotes a healthy working environment, which encourages and fosters a climate of openness, respect and innovation, along with Integrity, Leadership, Ownership and Trust.

Integrity:

Coffee Day respects honesty within and outside the company. The Group practices ethical business principles in law and spirit, and strive to bring the best to the consumer.

Leadership is the essence of Coffee Day's growth. Through continuous innovation, research, networking and collaboration, the Group strives to excel and stay ahead of competition.

Ownership Coffee Day drives the sense of ownership for its employees, providing opportunities for learning, knowledge enhancement and continuous growth.

Trust a strong foundation of trust encourages our people to deliver their best. This trust is also extended to reflect in our endearing relationship with our loyal and growing clientele.

In all we do, we strive for **Respect, Innovation and Excellence**…the fuel that drives our growth.

Need for the Study

Presently Café Coffee Day is in a Royal stage, it has started in 1994 in Karnataka and it is grown up to International level. India has emerged as one of the fastest growing markets of coffee for ABCTL on the global map. Despite the country's more population of over 1.1Billion. The consumption of Coffee extremely high. The per capita consumption of Coffee in the country was estimated at around 97,000 tons and in 2010 at 100,000 tons in 2009-10, indicating huge potential for growth in the coming years. Various factors such as favourable government policies, increasing disposable income, progressive Coffee marketing and influence of western culture are helping to drive India's Coffee consumption.

The specific objectives of the study are

1. To study the socio-economic profile of café coffee day consumers.
2. To analyze the consumer preference for café coffee day products
3. To study the marketing strategy of café coffee day.

Presentation of the study

The project report is organized into six chapters. The first chapter provides a brief introduction along with the specific objectives. In second chapter, some pertinent reviews are presented in consonance with the study objectives. Chapter-III describes main features of the study area, sampling framework, database and analytical tools employed in the analysis of data. The empirical results are presented in chapter-IV, followed by critical discussion in chapter-V. Finally, chapter-VI summarizes the major findings of the study and policy implications.

Limitations of the study

The study is based on the primary data collected by personal interview method in respect of consumer preference for Cafe Coffee Day Products in Bangalore City. In respect of different brands of Coffee and Products available in the Cafe Coffee outlets in Malls, highways and different areas outlets in Bangalore City, the required information was gathered from consumers. The study is restricted to Bangalore city only. Thus, the results of the study are interpreted with the above limitation in view.

REVIEW OF LITERATURE

CHAPTER II

REVIEW OF LITERATURE

A review of past research studies helps in identifying the conceptual and methodological issues relevant to the study. This will enable the researcher to collect relevant data, analyze and interpret the same so as to draw meaningful interpretations. This chapter attempts a brief review of the relevant studies related to the present study. The studies relating to Consumer preference for Café Coffee Day Products in Bangalore have been reviewed and presented below by keeping objectives of the study in mind.

2.1 Socio-economic profile and consumer behavior analysis.

2.2 Consumer preference analysis

2.3 Marketing strategy.

2.1 Studies related to the socio-economic profile.

Gao and Spreen (1994) conducted the micro econometric analysis to estimate the demand for US meat. Price and expenditure elasticity's and estimates of effect of household demographic variables on the demand for six meat commodities were estimated based on 1987-88 data. The most significant household characteristics and socio economic variables considered were region ethnic background, household size, urbanization, food planning, received health information, female household head, employment status and proportion of food expenditure on away from home consumption. The results supported that both health concerns and convenience were the reasons for changes in consumer preference in favour of poultry and fish as against red meat.

Gursharn (1995) in his study on consumption of walnut found that family size, family education and disposable income of the family were the factors affecting its consumption. Furthermore, per family consumption of walnut increased with the increase in income group. It was 3.11 kgs in the poor class and 13.08 kgs in the rich class.

Muthappa (2000) in Kodagu, the coffee is grown under rich floral diversity. In the recent past planters have resorted to heavy pruning of shade trees for increasing coffee yields and planting more *Gravelia robusta* since it gives filtered shade and also a fastest growing species, which has good timber value. But, still many planters are maintaining large number of tree species that provide copious amount of shade at the cost of their reduction in yield. These planters are promoting for maintaining rich tree species and conserving bio-diversity. Because of a large number of trees in the coffee plantations some planters face elephant menace also. They should be compensated by way of GI for the valuable eco-system services offered by their mode of coffee plantations.

Donovan and McCarthy (2002) reported that consumers of today places increased importance on food safety, environmental and health issues and quality and hence some are willing to purchase organic meat. Evaluation models used in previous organic food research have identified variables such as health consciousness, environmental concern, animal welfare and income as important determinants of organic food choice. The objective of their research was to examine Irish consumers perceptions of organic meat. Three groups of consumers were identified. Respondents who purchased or had intention to purchase organic meat placed higher levels of importance on food safety when purchasing meat, compared to those with no intention to purchase organic meat. Furthermore, purchasers of organic meat were more concerned about their health than non-purchasers. Purchasers of organic meat also believed that organic meat was superior to conventional meat in terms of quality, safety, labeling, production methods and value. Availability and the price of organic meat were the key deterrents to the purchase of organic meat. Higher socio-economic groups were more willing to purchase organic meat. Increasing awareness of food safety and pollution issues are important determinants in the purchase of organic meat; but securing a consistent supply of organic meat is paramount to ensuring growth in this sector.

Shivkumar (2004) found that consumers from all the income groups were mainly influenced to purchase by the opinions of their family members. Consumers were also influenced by the dealers' recommendation, followed by advertisement.

Anna et al. (2006) examined consumer attitudes and behaviour towards organic products and products produced under the system of integrated management (SIM) and to compare the socioeconomic characteristics and attitudes that affect consumers' willingness to pay (WTP) a premium for these two different certification systems. The study is based on cross-sectional data collected through a questionnaire survey. Respondents' attitudes towards the organic and SIM certification systems have examined. A principal component analysis (PCA) with varimax rotation was primarily applied to provide a more manageable set of variables relevant to attitudes. Those attitudes together with socio-economic factors and variables relevant to respondents' motivations to food consumption were used for the estimation of the WTP for organic and SIM products. Findings suggest that consumers' level of awareness and information towards the studied certification systems has rather low especially for SIM products. This can be mainly attributed to the inadequate promotion and the low availability of certified products in the Greek market. The study also reveals that the WTP for organic products has higher among consumers who place much importance on health, consume organic fruits/vegetables and get information about food/nutrition issues from doctors/nutritionists/health institutes and magazines. WTP for SIM products is affected mainly by married consumers, regular buyers of organic products and those who consume frequently fruits/vegetables.

Sangeeta et al., (2007) studied the consumption pattern and consumer satisfaction for milk and milk products in urban Punjab. The results indicated that the family size was the major variable for determining the demand for food items both at family level and at aggregate level. Whole milk was consumed by 99 per cent while only 17 per cent preferred skimmed milk. Income of a family affected the consumption levels of milk and milk products as it enhanced their purchasing power of a family. Per capita consumption of whole milk was highest for the business category (954 ml), which included those who were self employed; followed by that for the service category (635 ml) and the house wives (559 ml). The study concluded that per capita consumption of milk and milk products showed a positive relationship with income level, occupational structure and the literacy levels, while it was negative with the food habits. Variation in the consumption levels of milk and milk products across different socio-economic groups implied that the designing of a uniform policy and treating the entire population as one homogeneous group could mislead the marketers.

Chethana, A.N. (2008) A Study on Economic Analysis of Coffee Production System for Exploring the Socio-economic Feasibility of Geographical Indications for Kodagu Coffee.

2.2 Consumer preference analysis

The main focus of this study is exploring consumer preferences for Cafe Coffee day in Bangalore City. Consumer purchasing decisions of a product are usually based on the importance of product attributes along with the socio-economic status of the consumers. This applies to the case of coffee as well. Various studies on coffee have been conducted with a focus on consumer behavior, Coffee preferences and consumption characteristics. They include exploring consumption preferences among young consumers for instant coffee; the influence of branding and advertisements on coffee choices; the influence of price, volume, packaging, place of origin, and product image on coffee choices (Tseng 1991; Lu and Hung 2000; Su and You 1999).

A study in Singapore hypothesized that, for international consumers, country of origin could be important for making purchasing decisions. The study examined the influence of country of origin of a product relative to other product attributes on preferences for food staples such as bread and coffee. Results revealed, in addition to country of origin, price and brand are important attributes (Ahmed et al. 2004; Chung and Jay 1997). A study on instant coffee preferences among consumers in Taiwan using conjoint analysis concluded that market potential for coffee products improve when important coffee attributes preferred by consumers are considered. The study explored the preferences for instant coffee by regional consumers of Taiwan and found that the price was most important followed by brand, packaging material and taste (Shih et al. 2008).

Another study conducted in Belgium on coffee preferences for fair-trade coffee, also using conjoint analysis, explored how consumer's trade-off between different coffees attributes and making ethical choices. The key questions raised focused on investigating the relative importance attached to the coffee being fair-trade coffee compared to other coffee attributes such as blend, brand, flavor, and packaging, and determining what was the willingness to pay for fair-trade coffee. The study also determined the socio-demographic differences influencing purchasing preferences. The results indicated brand attribute to be of highest relative importance followed by the fair-trade label and flavor. Packaging and blending were of the least importance. (Pelsmacker et al.2005).

The results of another study on the consumer preferences for fair-trade coffee in Toronto, Canada, using conjoint analysis, show that, regardless of location, consumers place a strong preference for price and labeling claims (Cranfield et al. 2010). Studies exploring socio-demographic influence on coffee preferences in Europe showed consistent variations in terms of nationality, gender and age, with gender and age showing significant effects on coffee preferences and coffee brands (Cristovam et al. 2000; Heidema and Jong 1998). Last but not the least, studies also show that the reputation of the quality of a country's product varies based on the type of product. In other words, if a country is perceived to have a good reputation for a specific product, consumers are more willing to buy the product from that country (Ahmed et al. 2004; Roth and Romea 1992). This is highly applicable in the case of commodities such as coffee. For example, Colombian coffee (Ahmed et al 2004) or Kona coffee has a reputation attached to it mainly due to the perception of high quality associated with coffee from these regions.

Gluckman (1986) studied the factors influencing the consumption and the preference for wine. The explicit factors identified were the familiarity with the brand name, the price of wine, quality or the mouth feel of the liquid, taste with regards to its sweetness and dryness and the suitability for all tastes. Some of the implicit factors identified through extensive questioning were colour and appearance. Most consumers preferred white wine to red. Packaging, appearance, colour, use of foreign language and graphics were taken as important clues for quality and price.

Prakash (1986) analyzed the growth rates in production, consumption, exports and imports of Indian coffee. He used a modified exponential growth function of the form Log $Y_t = a + bt + ct^2$, where growth is b+2ct. He indicated that the growth rate in production of Indian coffee increased consistently and recorded a compound growth rate of 4.51 per cent per annum during 1962-63 to 1981-82. The consumption recorded 1.69 per cent growth per annum for the same period. Exports, however, had registered a significant increase during the study period, which recorded a compound growth rate of 6.94 per cent per annum.

Jorin (1987) reported that changes in Swiss consumer spending power and buying habits since the beginning of the 20th century and in the more recent past. Current trends include greater emphasis on health and safety of foodstuffs and less attention to price, increased demand for low calorie light products, increased demand for organically grown foods. For young people more concern with enjoyment and less for health, with more meals eaten away from home, and generally an increased demand for convenience foods. The prospects for high quality branded products were seen to be good.

Knox (1996) stated that the bulk of coffee was sold to consumers as blend, meaning that coffee from different mostly unidentified origins were mixed, single-origin coffees were the total opposite of blends. Like the term specialty coffee, the term single-origin was not precisely defined so that single-origin coffee can originate in one country, one region or even one estate or farm.

Indira (1998) compared the growth in internal releases of Indian coffee to the growth rate of exports and production. Between1953-69 (period I) production increased at 6.16 percent pa, consumption at 3.13 percent and exports at 9.8 percent pa. In the second period (1969-81), production increased at a rate of 4.32 percent Pa, while internal releases and exports recorded a growth rate of 2.44 percent and 5.79 percent respectively, showing that the annual increase in production, internal releases and consumption were slower in comparison to the first period. For the combined study period, these rates were 4.38 percent for production, 2.34 percent for internal releases and 7.3 percent for exports.

Daisy et al. (1999) conducted a study on consumption pattern and consumer preference for milk products in Madras city. The results of the study revealed that family size; monthly income and education levels had a significant and positive influence on consumption of milk and milk products. Furthermore, the preference of the households was found more for toned milk in all income groups. The preference for other milk products like standardized milk, skim milk and skim milk powder, table butter, cooking butter, khoa and yoghurt increased as income increased which was due to the higher educational level of the head of the household.

Bordoloi (2000) has conducted a study on the price sensitively of coffee consumption in Bangalore city. The study has revealed that in Bangalore about 74 per cent of coffee consumers consume branded coffee, 20 per cent consume unbranded coffee and the rest 6 per cent consume both. 52 per cent of the respondents consume filter coffee, 34 per cent of consumers consume instant coffee, and 14 per cent of the consumers consume local coffee. Taste was the topmost attribute (85 per cent), followed by Quality (73 per cent), the price coming in the third position (53 per cent) other attributes are Flavour (52 per cent), Aroma (46 per cent0 and packing (23 per cent). 81 per cent of the respondents consume coffee in between 1-5 cups per day, 15 per cent consume 6-10 per day, 2 per cent consume 11-15 cups per day and 2 per cent consume

16-20 cups per day. For a price increase of 20 per cent, it was inferred that 87 per cent of the respondents show no impact while none of them reduce or stop consumption, but as the price goes on increasing, the number of respondents reduce or stop consumption 80 per cent increase, 50 per cent and 25 per cent respondent reduce and stop consumption respectively for 100 per cent in price, 32 per cent and 47 per cent reduce and stop consumption. This means that coffee consumption is price sensitive. Among the respondents 46 per cent opt of the taste factor to buy coffee, 3 per cent opt for price, 51 per cent opt for both taste and price. On the whole the study infers that for an increase in the price of coffee, the level of consumption decreases.

Schupp and Gillespie (2001) surveyed Louisiana consumers, meat processors, wholesalers, retailers and restaurants, to determine their attitudes toward mandatory labeling of country-of-origin labeling of beef. The majority of the Louisiana consumers surveyed, (93%), supported mandatory labeling of fresh and frozen beef in retail stores. Most of the consumers (86%) also rated country of origin beef superior to other beef based on their expectations of higher quality, and concerns with the safety.

Wang *et al.* (2003) reported that organic farming has been identified as an effective way to improve food safety and environment quality, the adoption of organic production and processing is highly determined by the market demand for organic food products. To assess the market potential for organic apples and milk, a conjoint analysis is conducted in the state of Vermont to examine consumer evaluation of major product attributes and their tradeoffs. Results suggest that there is likely a significant niche market for organic apples and milk and many consumers, especially people who have purchased organic food products, are willing to pay more for organic apples and milk produced locally and certified by NOFA.

Isabelle *et al.* (2003) reported that, since the late 1990s farmers' markets have been growing in popularity as an alternative outlet for: healthy, local, organic and non-organic, produce consistent with the values of green and ethical consumers, local and small producers to sell their goods and a venue where direct contact with the producers is possible and information about the goods may be sought. The study seeks to explore further the concept of community as a key attribute of such markets. The study argues that farmers' markets can provide many of the exchanges consistent with the concept of community and that these are of significant importance to many shoppers but is particularly valued by older consumers.

Apoorva Palkar (2004) studied the consumer preferences in purchase of ready to eat snacks-branded potato chips. Random sampling technique was employed covering 150 consumers and 50 retailers. The results revealed that nearly 60 per cent of the consumers prefer Lays to Peppy, Cheetos and Kurkure. The spicy and the salty flavors were found to be most preferred in chips consumers and they said that taste or time pass was the most important reason for purchasing chips. Nearly 66 per cent of the consumers purchase the products at least once in a week. Consumers prefer to purchase once or twice a week. The habitual purchasers' buy Lays brand indicating the loyalty of the consumers.

Radhakrishnan (2004) conducted a study on perspectives and prospects of coffee consumption in India. The result indicated that coffee consumption had shown an annual average growth of 2.14 per cent between1951 to 2003. In absolute terms the off take in domestic market had grown from about 18, 400 tonnes to about 70, 000 tonnes during 2003. For various reasons the decade between 1991to 2000 did not show any noticeable growth in consumption. Most of the earlier growth had come from Robusta than Arabica. Though, during the pool marketing, the period between 1981-90 showed higher volume of consumption (well above 50, 000 MT and peaked about 63, 000 MT) and the highest growth rates were achieved only during the period 1951-1960 and 1971-1980 at a CGR of 7.23 and 3.28 per cent, respectively. Market development in non- traditional areas, consolidating traditional markets, retail space: outlets and distribution, product forms, consumer education and focus on the youth were some of the policies implied by him.

Daviron *et al.* (2005) reported that Specialty coffees are not precisely defined but cover a wide range of somehow differentiated coffees, such as organic, fair trade and bird-friendly coffee. Besides these kinds of coffee another type of specialty coffee called single-origin coffee or coffee with a geographical indication of origin (GI) has been emerging in recent years.

Jabir Ali (2006) conducted a study on structural changes in consumption and nutrition of livestock products in India. The study revealed that the consumption pattern in India had undergone significant changes towards high value commodities like fruits and vegetables, milk, meat and egg due to increase in per capita income, urbanization, changes in lifestyle, preference, relative prices and increased awareness about food nutrients among consumers.

Mahajana Shetty et al. (2006) conducted a study on consumption pattern and consumer preference of milk and milk products in Hubli-Dharwar urban conglomeration. While liquid milk was used by all the households; curds, butter, ghee and paneer were used by 87 per cent, 53 per cent, 44 per cent and 29 per cent families respectively. The results of the study revealed that the per capita expenditure incurred on liquid milk and the use of liquid milk for drinking purpose increased with increasing family incomes. The results of conjoint analysis indicated that price was of maximum relative importance and brand was of minimum relative importance in the overall decisions regarding the purchase of liquid milk. They concluded that milk of any brand needs to be price competitive with good fat content in that urban conglomeration.

Banumathy and Hemamena (2006), while studying consumer brand preference with respect to soft drinks, found that after globalization most of the consumers like the international brands such as Pepsi and Coco-cola. Consumers preferred a certain brand or a particular drink mainly because of its taste and refreshing ability.

Vincent (2006) reported that quality was an important factor that drew consumers towards branded products. Branded products were accepted as good quality products. People did not mind paying extra price for branded products, as they got value for money. Media was a key constituent in promoting and influencing brand. A child's insistence affected family's buying behavior. Children were highly aware and conscious of branded items. Although unbranded products sometimes gave same satisfaction as branded products, customers still preferred to purchase a branded product.

Varun T.C (2008) the present study on consumption behaviour of coffee and tea was carried out during 2007-08 in selected four districts of Karnataka, by following multi stage sampling. Totally 240 sample households were randomly selected accounting to 932 respondents. Information was obtained by personal interview method.The important findings of the study are education of the respondents in the urban areas; and family size and price per unit of coffee in the rural area were highly significant with respect to demand for coffee. In case of demand for tea, the total family income in the urban areas and the family size in the rural areas were found to be highly significant. Majority of the respondents in the urban and rural areas of Northern Karnataka consumed tea, while coffee was consumed by 81.70 per cent of the urban and 63.80 of the rural respondents in the south. Bru and Nescafe were the two most preferred commercial brands of coffee and Red Label was the most preferred tea brand among the sample respondents. Quality, aroma, taste and flavour of coffee and tea obtained high index scores in both the urban and rural regions of Karnataka. Results of the Principal Component Analysis showed that celebrity endorsement and influence by retailers had little influence on the purchase of coffee/ tea. Results of the conjoint analysis revealed that price of coffee and tea powder attained the highest relative importance.

Jyotsna Krishnakumar and Catherine Chan-Halbrend (2010) India as a potential export market for 100% Kona coffee, this study explores consumer preferences for imported, specialty, and high-end Kona coffee in South India. Conjoint choice experiment with latent class analysis is used and results indicate that India offers an export market potential for Kona coffee, provided it caters to consumer preferences. Results show a significant preference for strong taste. The relative importance of price is lower than taste but majority are also adverse to higher prices. However, 15% of the sample population does not care about price but does care about taste, indicating the possibility of a high-end niche market segment. Based on the results, marketing strategies and policy recommendations have been suggested.

2.3 Marketing strategy

Aktin (1975) studied that the amount of exposure to television advertising and its effect on various behaviors and attitudes had been investigated; the results had indicated that frequent viewers reported more liking for frequently advertised foods.

Biradar (1995) conducted a study on marketing strategies for fertilizers. In his study on promotional aspects to be adopted for fertilizer distribution, he stressed the need of market segmentation on fertilizer wise, crop-wise, soil-wise etc. He added that the dealers and marketing staff should be trained in promoting sales of fertilizers. Other measures he described were the farmers training programmes, developing the audiovisual programmes, package of practices to farmers, more retail outlets, intensive farmer oriented market development programmes, projecting favourable image of farm-organization by maintaining high standards in dealing with farmers and general public etc.

Bojanna (2001) analysed the performance of Tata's coorg coffee works in Bangalore showed that retailers covered 45 per cent of the business, 29 per cent of them were more than ten years old. Customers at the time of purchase look at price, quality and brand. 74 per cent of the companies promote their coffee products through offers and advertisements. Customers expect promotion in the form of price discounts, more quality for a price and awareness campaigns.

Bolton and Venkatesh (2003) studied retailer pricing and promotions at brand-store level. They examined 1,364 brand-store combinations from 17 chains, 212 stores and six categories of consumer package goods in five U.S. markets. Retailer pricing and promotion strategies were found to be based on combinations of four underlying dimensions: relative price, price variation, deal intensity and deal support. At the brand-store level, retailers practice five pricing strategies, labeled exclusive, moderately promotional, Hi-Lo, EDLP (everyday low pricing) and aggressive pricing. The most prevalent pricing strategy was characterized by average relative brand price, low price variation, medium deal intensity, and medium deal support. The findings suggested that retailers need to closely monitor their competitors' price decisions at the brand level.

Gnanesh (2008) studied the growth of wine business in Karnataka, and the specific case of Nandi valley winery. Retailing of wine business in Bangalore city was assessed to find out the sales, stocking and market performance and the promotional activities taken up by the retailers was studied taking into account that Wine advertisement using mass media is banned in India. Therefore the companies take up indirect advertisement or advertisement at the point of sale or surrogate advertisement. Strategies for streamlining wine market were also suggested.

METHODOLOGY

CHAPTER III
METHODOLOGY

The present study was carried out to identify the Socio-Economic profile, consumption pattern, consumer preferences, marketing strategy for the Cafe Coffee Day outlets in Bangalore city. This chapter presents a brief description of the methodology used in the study under the headings indicated below.

3.1 Selection and description of the study area

3.2 Sampling procedure

3.3 Collection of data

3.4 Analytical tools and techniques employed

3.1 Selection and Description of the Study Area

3.1.1 Selection of the study area

Bangalore, the capital city of Karnataka was selected purposively for the study, as it is one of the fastest growing metropolitan cities and is highly cosmopolitan in nature with people of different religions, castes, occupations, cultures, languages and food habits residing here. It is the IT and BT hub of India, with industrial estates and numerous financial and educational institutions of immense potential for retail food outlets. In Bangalore, for the study purpose five areas were selected which represents central, north, south, east and west of Bangalore. The areas selected were Malleshwaram, RT Nagar, Jaynagar, Vijayanagar, White Field and CV Raman Nagar respectively.

3.1.2 Description of the study area

Bangalore is located in the Deccan Plateau in south-eastern Karnataka. It has an estimated population of 6.1 million, making it India's third-largest city and fifth-largest metropolitan centre.

Over the years, Bangalore has evolved into a manufacturing hub for public sector heavy industries particularly aerospace, telecommunications, machine tools, heavy equipment, space and defence. The establishment and success of business software services firms in Bangalore after the liberalization of India's economy has contributed in great measure to the growth and development of Bangalore. Bangalore is referred to as the Silicon Valley of India and accounts for 35 per cent of India's software exports. Home to prestigious colleges and research institutions, the city has the second-highest literacy rate among the metropolitan cities in the nation. Bangalore is also known as the Garden City of India because of its climate, greenery and the presence of many public parks.

Bangalore is situated in the south-east part of Karnataka at an average elevation of 920 meters (3,018 feet). It is positioned at 12.97° N 77.56° E and covers an area of 2190 km^2. Bangalore urban district borders with Kolar district in the northeast, Tumkur distrisct in the northwest, Mandya district in the southwest, Chamarajanagar district in the south and the neighbouring state of Tamil Nadu in the southeast.

Bangalore has large number of lakes. Of these Sankey Lake, Ulsoor Lake and Yediyur Lake being the major ones. Because of its elevation, Bangalore enjoys a pleasant and unflappable climate throughout the year. The highest temperature recorded is 39°C (102°F) and the lowest is 11°C (52°F). The wettest months are August, September and October; with a heaviest rainfall of 180 mm recorded in 24-hour period.

Bangalore is the third most populous city in India and the twenty seventh largest city in the world by population. With a decadal growth rate of 38 per cent, Bangalore is the fastest-growing Indian metropolis. Bangalore's literacy rate of 83 per cent is the second highest for any Indian metropolis, after Mumbai. The city's workforce is predominantly non-agrarian, with only 6 per cent being engaged in agriculture-related activities.

3.2 Sampling procedure

Data regarding the consumer perception towards Cafe Coffee Day product was collected using pre tested structured questionnaire. Simple random sampling method was adopted to select the respondents. In this random sampling method respondents are selected randomly irrespective of any characteristics. The sampling was done in different localities of Bangalore city to get a mix of sample mainly based on region, per capita income and social class. Data was collected from various age groups, income groups and from both the sexes. A total of 100 consumer respondents were interviewed.

3.3 Collection of data

Primary data regarding socio-economic characteristics like household size, age, income, education, expenditure on consuming varieties of Coffee, Coffee Day products, reasons for visiting, factor influencing and most prefer time to visit Cafe Coffee Day outlets were collected by personally interviewing the respondents using a structured questionnaire which was pre-tested and redefined. The respondents were contacted individually and the objectives of the study were clearly explained to them to ensure their cooperation and accuracy in their responses. Even though none of the households maintained any record regarding the expenses and purchases they recalled it from memory.

3.3.1 Period of study

The reference year of the study was 2010-11 and the collection of data was carried out during the period February and March 2011.

3.4 Analytical tools and techniques employed

Detailed descriptions of the analytical tools employed in the study are given below.

3.4.1 Descriptive Statistics

These are used to describe the basic features of the data gathered from various sources. They provide simple summaries about the sample and the following measures like averages, ratios, percentages etc. were used in the study.

3.4.3 Tabular Analysis

By and large, tabular analysis was adopted to process the data in respect of all the objectives, in general. Simple statistical measures like averages, ratios and percentages were used to compare, contrast or interpret the results meaningfully.

RESULTS

CHAPTER IV

RESULTS

In consistence with the objectives of the study, the data was collected from sample consumers were analyzed and interpreted and the results of such analysis are presented in this chapter under the following headings.

4.1 Socio-economic profile of café coffee day consumers.

4.2 Consumer preference for café coffee day products

4.3 Marketing strategy of café coffee day.

4.1 Socio-economic profile of café coffee day consumers

4.1.1 Age and Gender wise Consumers

Socio-economic profile of the consumers is presented in the Table 4.1. Majority (68%) of Café Coffee Day consumers are young and less than 30 years age .it can also be noticed that less than 20 years consumers 8%. It was followed by the age group of 30-40 years. The consumers belonging to the age group of <20 years and >20 years stood in the third position. The least number of coffee consumers were under the age group of 40-50 years.

Predominance of educated customers visiting Café Coffee Day was clear from the study with more number of graduates (57) followed by post –graduates (29).

The consumers family size was one of the variable considered in the study which showed that most of the Café Coffee Day consumers had an average family size of three to four. This is also an indication of predominance of nuclear families in Bangalore.

Table 4.1 : Socio-economic profile of Cafe Coffee Day Consumers

Sl. No.	Characters	Category /Details	Number of consumers
1.	**Age (in years)**	<20	**8**
		20-30	**60**
		30-40	**19**
		40-50	**5**
		>50	**8**
		Total	**100**
2	**Education**	Primary	0
		Middle	3
		High school	11
		Degree	57
		Post graduate	29
		Total	**100**
3	**Family size (in numbers)**	≤2	8
		3	38
		4	33
		≥5	21
		Total	**100**
4	**Number of earning persons in family (in numbers)**	1	27
		2	55
		3	18
		Total	**100**
5	**Monthly income (In Rs.)**	<10,000	0
		10,000-20,000	0
		20,000-30,000	47
		30,000-50,000	52
		50,000-1,00,000	1
		>1,00,000	0
		Total	**100**

The number of earning persons in the family varied from one to three persons. Nearly 55 per cent of the respondents had only one earning person in a family, 27 per cent of the respondents had two earning persons in the family and only 18 per cent of the respondents had three earning persons in the family.

About 52 per cent of the respondents had a monthly family income between Rs.30, 000-50,000, followed by 47 per cent of the respondents whose family income ranged between Rs 20,000-30,000. Only 1 per cent of the respondents monthly family income was in the range of Rs. 50,000-1, 00,000. This indicated that majority of the café coffee day consumers belonged to middle and high income groups.

4.1.2 Nature of Occupation

Occupation wise the respondents were divided into four groups in (Table 4.2). Students topped the list with a share of 48 per cent, followed by business people who accounted for 20 per cent. Government officials and corporate people accounted for 16 per cent of the café coffee day consumers.

4.1.3 Preference for Café Coffee Day Products on the basis of Taste

Table 4.3 indicates the preference for Cafe Coffee day products like cappuccino, iced Eskimo, Choco frappe, vegan shake and chocolate coffee. Cappuccino was found to be the most preferred product on taste basis compared to other products. Choco frappe was ranked third 58 respondents, while 42 respondents liked the taste of chocolate coffee. 64 and 63 respondents expressed their second preference for vegan shake and iced Eskimo brands respectively.

Table 4.2 : Occupation wise Café Coffee day consumers

Sl. No.	Age group of respondents				
	Occupation	**15-25**	**26-35**	**36-45**	**Total**
1.	Government Employees	0	2	14	**16**
2.	Own Business	3	14	3	**20**
3.	Corporate	3	9	4	**16**
4.	Student	37	11	0	**48**
	Total	**43**	**36**	**21**	**100**

Table 4.3 : Preference of Café Coffee Day products based on Taste

Sl. No.	Respondents Ranking For Taste of various Products of Café Coffee Day					
	Rank	**Cappuccino**	**Iced Eskimo**	**Chocó Frappe**	**Vegan shake**	**Chocolate Coffee**
1.	Best	68	20	15	15	42
2.	Good	22	63	27	64	21
3.	Better	10	17	58	21	37
	Total	**100**	**100**	**100**	**100**	**100**

(Note: 1- Best, 2- good, 3- better)

4.1.4 Preference for Café Coffee Day Products on the basis of price

Consumer preference for different Café Coffee Day Coffee on the basis of price shows in Table 4.4. Cappuccino (33) was low priced, chocolate coffee (48) was among high priced one. It can be seen from the table that Chocolate coffee had highest preference followed by both of which were at two ends of price range. This was mainly because the high income group and youngster formed the major common groups showing preference to respective products. Iced Eskimo (56) topped in second preference, as it is consumed during summer. Chocó frappe (48) and vegan shake (48) had third and fourth preferences respectively, which were moderate price brand products of Café Coffee Day.

4.1.5 Preference for Café Coffee Day Products on the basis of Quality

Consumer preference for different Coffee in Café on the basis of quality shows in Table 4.5. While Cappuccino (23) better quality leads second. Chocolate coffee (51) leads first position on basis of quality. The table represents chocolate coffee as highest preference followed by two ends of quality range. This was mainly because youngsters and high profile formed the groups showing to respective products. Iced Eskimo (31) topped in second preference, as it is consumed during the seasons. Choco frappe (30) and vegan shake (29) had third and fourth preference respectively, which were moderate in quality products of cafes.

4.1.6 Overall Preference for Café Coffee Day Products

Over all preference of the consumers for different Coffee in Café on the basis of family likings shows Table 4.6. While Cappuccino (71) has the highest preference better quality leads first. Chocolate coffee (50) leads first position on basis of family preference.

Table 4.4 : Preference of Café Coffee Day products based on Price

Sl. No.	Respondents Ranking for Prices of various Products of Café Coffee Day					
	Rank	**Cappuccino** *(Low price) 45-90 rs*	**Iced Eskimo** *(Moderate) 125-190rs*	**Chocó Frappe** *(Moderate) 150-170rs*	**Vegan shake** *(Moderate) 160-170rs*	**Chocolate Coffee** *(High price) 175-250rs*
1.	1	33	4	11	4	48
2.	2	12	56	13	19	09
3.	3	16	16	48	8	12
4.	4	20	4	17	48	11
5	5	19	20	11	21	20
	Total	**100**	**100**	**100**	**100**	**100**

(Note: 1-best, 2- good, 3-better, 4- neutral, 5-least)

Table 4.5 : Preference of Café Coffee Day products based on Quality

Sl. No.	Respondents Ranking for Quality of various Products of Café Coffee Day					
	Rank	**Cappuccino**	**Iced Eskimo**	**Chocó Frappe**	**Vegan shake**	**Chocolate Coffee**
1.	1	22	6	10	11	51
2.	2	23	31	14	22	10
3.	3	19	29	30	15	7
4.	4	18	19	27	29	7
5.	5	18	15	19	23	25
	Total	**100**	**100**	**100**	**100**	**100**

(Note: 1-Excellence, 2- Superiority, 3- Classic, 4- Value, 5- Worth)

Table 4.6 : Overall Preference of Café Coffee Day products

Sl. No.	Overall Preference					
	Rank	**Cappuccino**	**Iced Eskimo**	**Chocó Frappe**	**Vegan shake**	**Chocolate Coffee**
1.	1	71	13	16	17	50
2.	2	19	72	21	71	22
3.	3	10	15	63	12	28
	Total	**100**	**100**	**100**	**100**	**100**

(1- Favorite, 2- First choice ,3- Inclination)

Cappuccino as the highest preferred product followed by two ends of overall ranges. This was mainly because youngsters, middle class and high profile consumers formed the groups showing to respective products in Table 4.6. Iced Eskimo (72) topped in second preference, as it was consumed during the seasons. Choco frappe (63) and vegan shake (71) acquired third and second preference respectively, which were moderate in quality.

4.2 Consumer preference for Café Coffee Day products.

4.2.1 Timings of consumption of coffee in a day

The information on time consumption coffee is indicated in table 4.7 consumers. The entire respondents preferred to drink coffee in the morning and also in the evening. Whereas 37 per cent of them preferred to consume it during afternoon. But only four per cent of them preferred to consume coffee during the twilight hours.

4.2.2 Preference of place for Coffee consumption and reasons

The Cent per cent of the consumers preferred to consume coffee at home, 63 per cent of them preferred coffee from café, Coffee shop (27). The next preferential place, while food court was the least preferred place for coffee consumption. The highest number (99%) of consumer consume coffee for refreshment followed by habit (90%) special occasions (42%) The reasons for coffee consumption based on the age of the consumers have been presented in the Table 4.9.

Here 58 consumers preferred to consume coffee for the refreshment purpose, whereas 21 consumers preferred to consume coffee on social occasions, followed by those drinking coffee for stress management purpose. Habitual drinkers also topped the list with as many as 17 consumers even by income group the reason for drinking coffee remains the same.

Table 4.7 : Timings of Consumption of Coffee in a Day

Sl. No.	Coffee consuming time	No. of respondents
1.	Morning	**100**
2.	Afternoon	37
3.	Evening	**100**
4.	Night	4

(Note: Multiple responses by respondents)

Table 4.8 : Consumption of Coffee in various places

Sl. No.	Coffee consuming Place	No. of respondents
1.	Home	**100**
2.	Café	63
3.	Coffee shop	27
4.	Food court	0

(Note: Multiple responses by respondents)

Table 4.9 : Reasons for Drinking Coffee (Age wise)

Purpose of Drinking Coffee						
Sl. No.	**Age Group**	**Stress**	**Refreshment**	**Special occasions**	**Habit**	**Total**
1.	>20	1	5	1	1	8
2.	20-30	10	30	10	10	60
3.	30-40	1	9	5	4	19
4.	40-50	0	3	2	0	5
5.	<50	0	5	1	2	8
Total		**12**	**58**	**21**	**17**	**100**

4.2.3 Preference of Coffee is Influenced by Income Group

Among 100 respondents 47 respondents are lying in 20000-30000 income group shown in Table 4.10 ,all these are preferred coffee for refreshment. 52 respondents are lying in 30000-50000 income group, out of which 46 respondents preferred coffee for refreshment, 2 are preferred for stress, relief, social occasions and habit. Remaining 1 consumer having income range 50000-1lakh preferred coffee for refreshment.

4.2.5 Consumption of Coffee in Coffee shops, Ratings given by consumer

The ranking of coffee consumers in coffee shop for various attributions is presented in Table 4.11. Taste, spacious environment, enjoyable atmosphere and variety of coffee flavours received high rating, least important were given to quality of coffee beans(31) its price(54) speed of service (56) cleanness the shop (34) and friendly services (62) highest second priority was given to the enjoyable atmosphere (38) convenient locations (38) followed by variety of coffee flavours (33) and quality of coffee beans (31) while price was and speed of services (8) has not highly important of any of consumers 7 and 8 consumers expressed them to the secondary important.

4.2.6 Consumption of Coffee in Cafe Coffee Day, Ratings given by consumer

Similar to coffee shops, consumers from cafe coffee day was also asked rank for different attribute and same has been summarized in Table 4.12. The result indicated taste (72) convenient location (53) enjoyable atmosphere (49) and variety of coffee bean (47) received top rating. Second rating are given to the attribute of specious environment (60) enjoyable atmosphere (50) variety of coffee flavours (28) cleanness of

Table 4.10 : Reasons for Drinking Coffee (Income Group wise)

Sl. No.	Purpose of Drinking Coffee(Rs)					
	Income Group(Rs)	**Stress**	**Refreshment**	**Social occasions**	**Habit**	**Total**
1.	20000-30000	0	47	0	0	**47**
2.	30000-40000	2	46	2	2	**52**
3.	50000-1lakh	0	1	0	0	**1**
	Total	**2**	**94**	**2**	**2**	**100**

Table 4.11 : Consumption of Coffee in hotels, Ratings given by Consumer (-3, -2, -1= not important: 0=neutral: 1=least important 2=important 3=extremely important)

Sl. No.	Ratings for Coffee in general								
	Attributes	**-3**	**-2**	**-1**	**0**	**1**	**2**	**3**	**Total**
1	Taste	0	0	0	0	7	24	69	**100**
2	Variety of coffee flavours	0	0	0	3	21	33	43	**100**
3	Quality of coffee beans	3	1	1	13	44	31	7	**100**
4	Price	6	10	12	11	54	7	0	**100**
5	Friendly services	1	6	4	6	62	19	2	**100**
6	Speed of services	4	0	2	56	30	8	0	**100**
7	Sales promotion	0	0	1	28	40	24	7	**100**
8	Convenient locations	0	0	0	2	23	38	37	**100**
9	Spacious environment	0	0	0	0	18	30	52	**100**
10	Cleanliness of the shop	2	0	1	9	25	34	29	**100**
11	Enjoyable atmosphere	0	0	0	0	12	38	50	**100**

Table 4.12 : Consumption of Coffee in Cafe Coffee Day, Ratings given by Consumer (-3, -2, -1=not important: 0=neutral: 1=least important 2=important 3=extremely important)

Sl. No.	Ratings for CCD								
	Attributes	**-3**	**-2**	**-1**	**0**	**1**	**2**	**3**	**Total**
1	Taste	0	0	0	0	7	21	72	**100**
2	Variety of coffee flavours	0	0	0	0	3	50	47	**100**
3	Quality of coffee beans	0	0	0	32	30	28	10	**100**
4	Price	2	0	2	29	30	32	5	**100**
5	Friendly services	0	0	0	25	42	23	10	**100**
6	Speed of services	0	0	0	49	40	9	2	**100**
7	Sales promotion	0	0	0	39	44	15	2	**100**
8	Convenient locations	0	0	0	2	2	43	53	**100**
9	Spacious environment	0	0	0	0	20	60	20	**100**
10	Cleanliness of the shop	0	0	0	0	44	46	10	**100**
11	Enjoyable atmosphere	0	0	0	0	1	50	49	**100**

the shop (46) and convenient locations (43) the price was the only factor which had taste preference only by four consumer, other attributes have all been either been neutral or highly preferred.

4.2.7 Reasons for like the taste of Café Coffee Day Products

Table 4.13 presents the like and dislike of café coffee day consumers for four major reason of consumers of coffee. Balanced acidity (91) was coated by most of respondents for liking café coffee day products followed by attractive mouth feel (70) and long run satisfying after taste (63). Good with sweetener was preferred the least by only above 35 respondents.

4.2.8 Volume of Coffee Preferred by Consumers

The qualities, Short (10 Oz), Tall (12 Oz), grande (16 Oz), Venti (20 Oz) offered in the café coffee day was asked to be ranked by different respondent and the results have been presented in Table 4.14, 4.15 and 4.16, by age group ,income group ,acceptation of the respondents respectively ,respondent indicated the higher preference to Short(10 Oz),Tall (12 Oz),while Short (10 Oz) had higher preference of age group 15,25 and 25-35 age group Venti(20 Oz) was preferred only by age group of 36-45 (Table4.15) by income group also Short (10 Oz) and Tall (12 Oz) preferred irrespective of group with they belong to surprisingly Venti (20 Oz) and Grande (16 Oz) did not have preference by high income group this had higher preference by low income group of 20000-30000.

4.2.9 Volume of Coffee Preferred by Consumers on Occupation

The Occupation stage indicated students group showing their preference to Short (10 Oz), Tall (12 Oz) and Grande (16 Oz) and Venti (20 Oz) with (53), (31), (13) respondents respectively indicated their preference. Venti (3) was preferred by only government official & own business people. (Table 4.16)

Table 4.13: Café Coffee Day Products features liked and disliked by consumers

Sl. No.	Experience of the respondents after consuming various products of Café Coffee Day			
	Reasons	**1**	**2**	**Total**
1.	Attractive mouth feel	70	30	100
2.	Good with sweetener	35	65	100
3.	Balanced acidity	91	9	100
4.	Long and satisfying aftertaste	63	37	100

(Note: Like, 2-Dislike)

Table 4.14: Volume of Coffee Preferred by Consumers Influence on Age group n=100

Sl. No.	**Age group of the respondents**				
	Preferred quantity	**15-25**	**26-35**	**36-45**	**Total**
1.	Short (10 OZ)	24	20	9	**53**
2.	Tall (12 OZ)	12	11	8	**31**
3.	Grande (16 OZ)	7	5	1	**13**
4.	Venti (2OZ)	**0**	**0**	**3**	**3**
	Total	**43**	**36**	**21**	**100**

(Note: 10 oz=250ml, 12 oz=350ml, 16oz=455ml, 20oz=555ml)

Table 4.15: Volume of Coffee Preferred by Consumers Influence on Income Group

Sl. No.	Income group of the respondents				
	Preferred quantity	**20000-30000**	**31000-40000**	**>41000**	**Total**
1.	Short (10 OZ)	24	26	3	**53**
2.	Tall (12 OZ)	14	13	4	**31**
3.	Grande (16 OZ)	7	6	0	**13**
4.	Venti (20 OZ)	2	1	0	**3**
	Total	**47**	**46**	**7**	**100**

Table 4.16: Volume of Coffee Preferred by Consumers Influence on Occupation

Sl. No.	Occupation of the respondents					
	Preferred quantity	Government official	Own Business	Corporate sector	Student	Total
1.	Short (10 OZ)	7	9	5	32	**53**
2.	Tall (12 OZ)	6	8	8	9	**31**
3.	Grande (16 OZ)	1	2	3	7	**13**
4.	Venti (20 OZ)	2	1	0	0	**3**
	Total	**16**	**20**	**16**	**48**	**100**

4.3 Marketing Strategy of Café Coffee Day

Cafe Coffee Day (CCD) has an established brand image in India and ranks No 2 in the Brand Equity's Most Trusted Brands 2008 survey in the food services category. Rival Barista is at No 5. CCD has been able to make a connection with the Indian consumers, predominantly among the youth. CCD is the market leader in India and was awarded the 'Exclusive Brand Retailer of the Year' by ICICI Bank in its Retail Excellence Awards 2005 for the organized retail sector. Café Coffee Day wide network – the anytime, anywhere Café Coffee Day has been able to make its brand presence felt through the sheer number of stores. Café Coffee Day has 620 cafes at present and it has ambitious plans to launch more than 900 cafes by the end of the current financial year. This means launching one store every other day which is not surprising from a company which launched a cafe (in 2005) in Vienna, the coffee capital of the world. Café Coffee Day also has three cafes in Vienna, and two in Karachi, Pakistan. Lagging behind Café Coffee Day in the Indian market, barista has about 200 cafés, java green (around 75 cafés) and mocha (around 25 cafés). The Indian organized sector has potential for around 5,000 cafés but fewer than 1,000 cafés exist currently.

Café Coffee Day's Expansion Strategy:

Cafe Coffee Day has around 821 outlets in 115 cities in India. CCD plans to take the total number of cafes to 1,000 by March 2010 and double it to 2,000 by 2014. In October 2009, CCD announced that it will increase its international presence from the current six outlets in Vienna and Pakistan to a total of 50 stores across Europe and Middle East in two years time.

Operating Formats

Café Coffee Day operates in both regular (Coffee Day Square) and premium formats (Lounge).

Highway Cafes

In 2004, CCD began cafes on highways. By 2009, the total number of Café Coffee Day highway cafes rose to 30 owing to the overwhelming response it received from travelers.

Café Coffee Day's new brand identity

In October 2009, CCD unveiled a new brand logo, a Dialogue Box, to weave the concept of 'Power of Dialogue'. In accordance with this new brand identity, CCD planned to give all its existing outlets a new look by the end of 2009. Cafés would be redesigned to suit different environments such as book, music garden and cyber cafes suitable for corporate offices, university campus or neighborhood. The change plan included new smart menu, furniture design, among others.

Café Coffee Day's International Expansion Strategy

In June, 2010 Cafe Coffee Day chain acquired Emporio for Rs 15 crore. Emporio is a Czech Republic-based café chain present at 11 locations. CCD plans to co-brand the chain as Café Coffee Day Emporio and later transition it to Café Coffee Day. CCD is also present in Vienna. The company wants to expand in the East European region, West Asia and the Asia-Pacific region.

Cafe Market in India

In 2008, according to Technopak Advisors, the Indian food services market – cafes, full-service restaurants, fast-food outlets/quick-service restaurants was estimated to be $6 billion (Rs 26,000 crore) with organized players taking 13% of the market.(By 2014 this number is expected to increase up to 27%.). According to Technopak Advisors, the café market in India is estimated at $150 million (Rs 678 crore) and growing at 40 per cent over the last five years.

Organized coffee market in India:

The organized coffee market in India is about Rs 600 crores. This is approximately 20% of the total domestic coffee consumption (Rs 3,000 crores).

New Entrants in Indian Coffee Cafe market:

In early 2011, Hindustan Unilever, the FMCG giant planned to open a cafe outlet in Mumbai named 'Bru World Café' to popularize its in-house coffee brand Bru (HUL's only coffee brand sold only in India).

Café Coffee Day to double its human resources count:

CCD has 6,500 employees (as per Feb 2011) with each cafe requiring about 6 employees. CCD plans to double its employee count by 2013.

Coordination at business levels

Organization's strategies exist in three different levels. They are corporate level, business level and operation level.

Corporate level

High risk and greater profit, greater need for flexibility exists, long term planning and choice of business, dividend policies, sources of long-term financing and priorities for growth.

Operation level strategies

Implement the overall strategy formulated at the corporate and business levels, involve action oriented, relatively short range and low risk, modest costs which depends upon available resources, relatively concrete and quantifiable.

Business level strategies

a. Acts as a bridge between decisions at the corporate and functional levels
b. Less costly, risky, and potentially profitable than corporate level decisions
c. More costly, risky, and potentially profitable than functional level decisions
d. Include decisions on plant location, marketing segmentation, and distribution

In the strategic plan, company brings the synergy between all the three levels. To make it more clearer, company's marketing strategy are different from HR strategies but it should bring coordination between both to meet organization's objectives. Company should bring the coordination between its growth plans and segmentation then only the operation strategy works well.

4.3.1 Schemes of Café Coffee Day Products

Café coffee day is the different campaign like Free Voucher, discount card membership card and set meals etc. To promote its product among different category of consumers of age group of consumers free-voucher campaign of café coffee day presented in Table 4.17. The campaign this promotion was highly preferred by low age

Table 4.17: Promotions impact on Free voucher of Cafe Coffee Day products (-3, -2, -1 = Not influential; 0=neutral: 3 = strongly influential, 2=moderate 1=least influential)

Sl. No.	Consumer reaction to promotional efforts							
	Age Groups	**-3**	**-2**	**-1**	**1**	**2**	**3**	**Total**
1.	15-25	1	5	2	13	16	6	**43**
2.	26-35	2	6	1	9	14	4	**36**
3.	36-45	2	1	3	8	6	1	**21**
	Total	5	12	6	30	36	11	**100**

group followed by middle class & high age groups (43, 36, 21), about 23 respondents was not influential in variety of café coffee day.

The influence of loyalty card to visiting café coffee day by age group is presented in Table 4.18. This promotion was expressed to have nil influence by about 12 respondents. 36 respondents experienced this promotion activity to have moderate influence with 24 respondents expressing that was highly influence for low middle age group consumers.

Early bird discount promotion by café coffee day was stated to be influential by only one respondents of low age group category (Table 4.19).

Membership discount had the highest influence for 30 respondents. Highest being for low and middle age group consumers. Nil influence of this promotion was expressed by total of 21 respondents. Out of 36 respondents in middle age group 18 expressed members expressed to be partly influential with similar tendency in both low and high age group of consumers.

Table 4.18: Promotions impact on Loyalty Card

Sl. No	Consumer reaction to promotional efforts					
	Age groups	**0**	**1**	**2**	**3**	**Total**
1.	15-25	7	13	13	10	**43**
2.	26-35	4	11	10	11	**36**
3.	36-45	1	4	13	3	**21**
	Total	12	28	36	24	**100**

Table 4.19: Promotions impact on Early bird Discount

Sl. No.	Consumer reaction to promotional efforts			
	Age groups	**0**	**1**	**Total**
1.	15-25	42	1	**43**
2.	26-35	36	-	**36**
3.	36-45	21	-	**21**
Total		99	1	**100**

Table 4.20: Promotions impact on Membership Discount

Sl. No.	Consumer reaction to promotional efforts				
	Age groups	**0**	**1**	**2**	**Total**
1.	15-25	11	20	12	**43**
2.	26-35	6	18	12	**36**
3.	36-45	4	11	6	**21**
Total		21	49	30	**100**

DISCUSSIONS

CHAPTER V

DISCUSSION

The results presented in the previous chapter are discussed in this chapter under the following headings.

5.1 The socio-economic and socio-cultural profile of respondents.

5.2 The consumer preference for Café Coffee Day products in varied accepts.

5.3 Marketing strategy of Café Coffee Day.

5.1 The socio-economic and socio-cultural profile of respondents

5.1.1 Socio economic profile of respondents

The retail sector has been growing rapidly with increasing sophistication and modernization of the lifestyle of individuals and households, and globalization of trade. The consumers are becoming more and more brand and health conscious day by day. Consumers are ready to pay premium price for premium products, like organic coffee, as they are becoming more and more aware about various products. Double income plays a vital role in the consumption habits of the consumer.

The majority of the respondents (68%) were of the age group of 20-30 years. 19 per cent of the respondents were from the age group of 30-40 years, 8 per cent from age group of below 20 years and 8 per cent of the respondents were above 50 years of age. Only 5 per cent of respondents were of the age group 40-50 years of age group. According to the findings of Prasad (2007) the majority of respondents (33%) were in the age group of 36 to 45 years followed by the group of respondents who were 25-35 years of age (26%).

Majority of the respondent (57%) were graduates and 29 per cent of the respondents were post-graduates. This shows that the respondents are well educated.

Majority of the respondents (38%) had 3 members in the family, 33% of the respondents having 4 members in family, 21% had more than 5 members family and 8% of the respondents were having less than 2 members in the family. Table 4.1

The number of earning members in the family varies from one to three persons. About 55 per cent of the respondents had only two earning person in the family, while 27 per cent of the respondents have one earning persons in the family and only 18 per cent of the respondents have three earning persons in the family. Hence it can be inferred that most of the urban Bangalore population have nucleus family and also 55 per cent of the family's were having more than two earning person.

Predominance of educated customers visiting Café Coffee Day was clear from the study with more number of graduates followed by post – graduates. The trend among the college going population was also observed during the survey. Thus the analysis indicates that educated youngster with moderate income range were the major consumer group for Café Coffee Day.

5.1.2 Nature of Occupation Profile of Respondents

From the Table 4.2 it can be inferred that majority of the respondents, who visited Café Coffee Day were students (48%) within the age group 15-35. 20% of the respondent were self employed or owned their own business, 16 % were corporate and the rest (16%) were government employees. This shows that more of students visit Café Coffee Day comparing to others.

5.1.3 Monthly Income Range of the respondents

Table 4.1.5 shows that the majority of the respondents (52%) had an average monthly household income of Rs. 30,000-50,000. 47% of the respondents had an income of 20,000-30,000 and One per cent of the respondents had an income of 50,000-1, 00,000. This shows that the people visiting Café Coffee Day belong to middle and upper middle class of the society.

5.1.5 Earning members in the family

Table 4.1.3 shows that majority (55%) of the respondents had two earning members in the family. 27% of the respondents had only one earning member and 18% of the respondents had 3 earning members in the family. This shows that most of the respondents who visit Café Coffee Day have more than one person earning, which has contributed to brand preference.

5.2 Consumption pattern of Café Coffee.

5.2.1 Consumers Preferences towards Taste, Price, Quality and Overall preference Café Coffee Day products like Cappuccino, Iced Eskimo, Chocó Frappe, Vegan shake and Chocolate Coffee

From the Tables 4.3, 4.4, 4.5 and 4.6 most of respondents prefer Cappuccino. Lesser price, taste and availability of Cappuccino make it very popular among the respondents. Cappuccino is served the fastest as compare to other products.

Iced Eskimo Coffee is also known as cold Coffee or coffee juice. Consumer prefers Iced Eskimo Coffee during afternoon and in hot weather conditions. It is the second most preferred Café Coffee Day product. Iced Eskimo Coffee lasts longer so students and younger crowed prefer it as they can spent more time on it. It is reasonably priced as well.

Chocó Frappe is the third most preferred among Café Coffee Day products. Chocó Frappe is not available in all the outlets. The respondents did not like the taste as much as the other coffees.

Vegan shake is more expensive compare to other Café Coffee Day products. It is only available in selected outlets, especially in Malls and in the outlet on prime location.

Chocolate Coffee is the most expensive among the Café Coffee Day products. Its unique taste makes it popular among children, college students and newly married couples. But the as it is expensive lesser people buy Chocolate Coffee.

5.2.5 Timing of Consumption of Coffee in a day

Coffee consumers basically consume coffee during morning and evening time. During the afternoon time very less people consume Coffee. Coffee consumption also depends on mood, mind refreshment, mind stress in office time, general occasions, habit, meeting purposes respectively. During the night time very less number of consumers drink Coffee, that too those working night duties in office, companies, hospitals and police stations.

All of the respondents consume coffee at home hence domestic consumption of coffee in Karnataka is more than (1, 00000 metric Tons) Table 4.9. There are more and more cafes are opening in Bangalore city day by day. Majority of the coffee consumers prefer drinking coffee from café as they are more brand and health conscious. A lot of other people drink coffee from small canteens, coffee shops, hotel etc. These coffee shop respondents are mostly smokers and they prefer coffee with cigarettes. Hence most of the small coffee shops sell cigarettes also. (Table 4.10)

The general reasons for drinking coffee, which I observed during my project work, are stress, refreshment, social occasions, habit etc. Most of the respondents had given multiple responses. (Table 4.10) Majority of the respondents drink coffee for refreshment. Working people and students responded that they drink coffee during the breaks and over a period time it has become a habit. Generally, almost in every home they consume coffee as it has become a habit. Many of the respondents said that stress and social occasions are other important reasons for coffee consumption.

As most of the young respondents said that they consumed coffee either for fashion or refreshment. Many of the respondents consume coffee because of social occasion, i.e., tea party or meetings etc.

5.2.7 Factors that influences coffee consumption.

One of the important factor that the influences coffee consumption is flavor. Almost all of the respondents, regardless of their age groups, opined that flavor is the most important factor that influences coffee consumption. Almost all the respondent did not prefer bitter coffee.

Table 4.11 shows, the respondents response on the seven attributes that leads to consumption of coffee. The major attributes considered were taste, variety of flavors, quality of coffee beans, price, friendly services, speed of services, sales promotion, convenient locations, spacious environment, cleanliness of the premises, enjoyable atmosphere. The respondents were to rate both coffee shops and Café Coffee Day based on these attributes.

Most of the respondent gave positive rating for Café Coffee Day based on these attributes. Few of the respondents from Yelahanka, Nagavara, C.V Raman Nagar, Mathekere responded neutral on taste, variety of coffee, spacious environment, cleanliness of the premises and enjoyable atmosphere as it was not very pleasing.

The respondents rated negative for friendly services, price and speed of services at coffee shops as very less importance is given to these attributes comparing to Cafés. One of the reason for consumers to prefer Coffee shops over Café Coffee Day is that Café Coffee Day does not allow for smoking.

5.2.8 Reasons for liking the taste of Café Coffee Day Products

Café Coffee Day visitors were asked to rate the following attribute to identify the reason for their regular visit. Majority of the respondents rated balanced acidity as one of the important reason for liking Café Coffee Day. The respondents rated Café Coffee Day products positively on attractive mouth feel, good with sweetener, and long satisfying after-taste. This shows that the consumers consider Café Coffee Day products as very hygienic and good for health. These reasons have resulted in regular visits to Café Coffee Day.

5.2.9 Volume of Coffee Preferred by Consumers

In Café Coffee Day, a cup of Coffee comes in different measures. It varies from 200ml to 555ml. A cup of coffee comes in 200ml, 250ml (10 Oz), 350ml(12 Oz), 455ml (16 Oz) and 555ml (20 Oz). Majority of the respondents consume 10 Oz cup of coffee as most of them come of entertainment and leisure.

The supply of coffee cups in warehouse to café outlets starts from 100ml to 555 ml respectively. The cups maintains hygienic and can carry to home also to drink coffee. The cup is manufactured in locally. Because Bangalore is the head office and mother Warehouse for ABCTL organization.

5.3 Marketing strategy of Café Coffee Day outlets.

5.3.1 Schemes for Café Coffee Day Products (-3 = Not influential; +3 = strongly influential)

Free voucher, Loyalty Card, Early Bird Discount, Membership Discount and Set Meals are the five major promotional strategies using in cafes. Free voucher are given to the consumers to promote consumption. These vouchers are usually valid for 7 days. Most of the respondents are strongly influenced by these free vouchers.

Loyalty programs are structured marketing efforts that reward, and therefore encourage, loyal buying behavior which is potentially beneficial to the firm. A loyalty card, rewards card, point's card, advantage card, or club card is a plastic or paper card, visually similar to a credit card or debit card that identifies the card holder as a member in a loyalty program. Cards typically have a barcode that can be easily scanned, and some are even chip cards. Almost all café visitors will get loyalty card to visit or buy whatever they need in short time. Most of the respondents are strongly influenced by these loyalty cards.

Early bird offer, as the name suggests, is the offer that delivers a special discount to customers who buy certain products first. Early-bird offers are good strategy especially when you have a product or service that is seasonal in nature, you can often increase profits during the slow time by offering discounted rates for a limited time period. Café Coffee Day Outlets in Bangalore hardly have these early bird offers as compared to cafes in north India. Most of the respondents were neutral as they have not received such offers.

Membership card are identity card who visit the café regularly The use in this card is if any events or any shopping offers given by organization during the time of New Year, valentine day, Christmas, they will give first preference to that customer for every event. Hence in table 4.20 concluded that majority of respondents given strongly influential to member ship card about 79 in numbers, remaining respondents (21) are neutral.

Set Meals is combination of vegetarian, non vegetarian, products in café, coupons giving to the two person's three persons or more than five persons visit to café. But this coupon system is not implementation in Karnataka hence the respondents are not influenced by it.

SUMMARY & POLICY IMPLICATIONS

CHAPTER VI

SUMMARY AND POLICY IMPLICATIONS

Coffee (*coffea Arabia, coffea canephora*) is the second largest traded commodity after oil in the world. The market for take-away coffee is worth $ 100 billion at present. This market has trebled over the past 2 decade years. The export of coffee in income doubled in the past 5 years alone (Anon, 2010). All coffee is grown in the global south of the world and is mostly consumed in the global north. At present Europe is the largest consumer of coffee with nearly 40% of the global consumption. The US and Japan account for 24 % and 10 % of the global consumption. (Anon,2002). An estimated 25 million small-scale farmers are involved with producing coffee around the world. Total coffee production amounted to 9.2 million metric tons in 2009-10. Nearly $ 13 billion worth of coffee was exported from Latin America, Africa, and Asia, mostly to Europe and North America. Brazil, Columbia, and Vietnam were the main exporters with market shares of 30 %, 15%, and 5 %, respectively. In addition, many African countries are important exporters of coffee. In particular, coffee is the main (more than 50 % of their total exports) export earner of Uganda, Rwanda, Burundi, Ethiopia, and Burkina Faso. Coffee also account for more than 25% of the exports of many Central American countries like El Salvador, Honduras, and Guatemala. This also means that fluctuation in international coffee prices has a much greater impact on their economies (Anon, 2010).

Coffee is one of the world's most popular beverages with over 400 billion cups consumed each year**.** Coffee acts as a mild stimulant. Coffee is a brewed beverage prepared from roasted seeds, commonly called coffee beans. It is the largest single commodity entering the international trade, next only to petroleum. The coffee industry of the world employs nearly 25 million people.

In the light of above facts the study has been undertaken with the following specific objectives;

1. To study the socio-economic profile of café coffee day consumers.
2. To analyze the consumer preference for café coffee day products
3. To study the marketing strategy of café coffee day.

The data on socio-economic characteristics of consumers, their preference for Café Coffee Day Products, and other related information was obtained using a pre-tested schedule from 100 respondents in Bangalore. Retailers were also interviewed to know about the availability and prices of Coffee products in café outlets.

Descriptive analyses were used to find the consumer preference for Café Coffee Day Products, to know about availability, price, taste, quality, family liked and overall attitude of Coffee Day.

The major findings of the study are presented below.

1. It was found that only 100 per cent of the total respondents were Coffee Day consumers
2. Majority of the respondents were gradates were 57 per cent and 29 per cent were post graduates
3. Majority of Café Coffee Day consumers belong to high income group, whose monthly income was more than Rs. 20,000-40,000 per month, in the age group between 20 – 40 years.
4. It was observed that 68 per cent respondents were under the age group 20-30 years while 19 per cent of the respondents were respectively under 30-40 years age groups indicating that majority

of the respondents were college students (youths) hence they were independents decision makers.

5. Occupations wise the respondent or consumers is divided into four groups were students (youths) 51 per cent leads in top to visit Café Coffee Day regularly in Bangalore city followed by own business is 19 per cent Government officials 16 per cent and co-operate peoples is 14 percent which is least.

6. Most of the Coffee is available only in those outlets which deals with Coffee products, majority of the Coffee day retail outlets do not deal with local and unbranded coffee.

7. Majority of respondents given preference to the Cappuccino and Chocolate coffee based on taste, price, quality and family liked products.

8. Cappuccino is the common coffee in coffee day outlets and also price is low (45rs for 100ml-90rs for 200ml). The high and low profile prefer that coffee only due to quality, taste and family liked product in Bangalore city.

9. Taste is the most important factor that influences a consumer to buy a particular coffee. This indicates that producers have to put in more efforts to produce quality coffee. Brand was the second most influencing factor. This shows that producers have to popularize their brand to compete with other players in the market.

10. Personal recommendation was the single most influencing factor on the respondents consuming behavior. This shows the lack of knowledge about the different coffee available in the market. Brands that advertised their products were more popular. Advertising was the second most influencing factor. Proper advertising and

promotions can help bring awareness about coffee brands. Producers should have aggressive advertising campaigns and promotional activities to popularize their brand and increase sales.

11. Less number of employees was working, due to this proper services was not provided. Hence more number of workers should be in recognized outlets.

12. Family income was the major factor that had a positive influence on the demand for café coffee. Size of the family also had negative influence on the demand for coffee, which indicates that the consuming for the family as a whole will reduce with the increase in the number of family members. The results also indicated that majority of respondents prefer branded products in Bangalore city.

13. Café Coffee Day is the fashion to the Bangalore urban people and good entertainment to the college students (youths), can spend time as they like in the outlets from 10am to 10pm.

14. The characteristics of coffee play an important role in deciding the consumer behavior. All age groups can visit outlets for time sake, for meeting purposes, need of internet facilities, just for relax and also very comfortable to talk.

15. The major five products Cappuccino, Iced Eskimo, Chocó frappe, Vegan shake and Chocolate coffee are variety of products. As analysis done that Cappuccino coffee and chocolate coffee can available in every outlets and majority of consumer prefer on these products compare to other products. Due to reasons of organization marketing strategy they can avoid that product or depends on seasons the consumers like or dislike those products.

16. Majority of consumers concentrate on health conscious hence 91 numbers of respondents given prefer to balanced acidity.

17. Majority of Café Coffee Day located in college locality and surrounding of high profile VIPs areas .ex Koramangala, M.G Road, Airport road near to Devanalli, Shanjaynagar which is near to Dollars colony, Freezer town, Shivajinagar , and also in all corporate office a outlets is opened.

18. Café Coffee Day needs proper parking facilities and in small number of outlets don't have enjoyable atmosphere due to traffic nuisance.

19. Most of the Café Coffee Day Products in the city are priced 25 – 50 per cent higher than the conventional one.

20. There are around one hundred sixty Cafe Coffee Day outlets which are available and are spread across Bangalore City.

Implications of the study

1. The Major segment of consumers to Café Coffee Day for youths segments over dependency on particular segments in number of good and likely attract to other company towards this segment. Hence the Café Coffee Day may increase their presence in other segments of customers to reduce the threats from competitors

2. 100 % of respondents of consume coffee at home and 63 % consumes in café for long run sustainability, any company in their business of coffee cannot ignore volume of business and strategically important unit of home consumption of family members. Hence Café Coffee Day should initiate measures to capture highest share in house consumption segments.

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CHAPTER VII
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