

# FACTORS AFFECTING THE PURCHASING BEHAVIOR OF COFFEE SHOPS' CUSTOMERS IN CHENGDU, PRC

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## ABSTRACT

Nowadays, coffee has become more and more popular in Chengdu, and many young people and white-collar workers like to drink coffee. Chengdu currently has more than 4,000 cafes. Chengdu Cafe's service has been improving the service quality to support their customers, such as membership services, restaurants, convenience stores, internet and cable TV. Researcher is interested in studying factors that might have influence on the purchasing behavior of coffee shops' customers in the Chengdu, PRC, for example demographic factors, service marketing mix strategy and word-of-mouth communication.

This study found that demographic factors, service marketing mix strategy and word-of-mouth communication have an impact on the purchasing behavior of coffee shops' customers in the Chengdu, PRC, Results of hypothesis testing revealed will help the cafe service to provide a better understanding of customers, and that the study could be used to improve or develop a marketable service marketing strategy and reach customers better

**Keywords:** Customers in Chengdu, Service Marketing Mix Strategy and Word-Of-Mouth Communication, Customers Purchase Behavior.

## Background

Nowadays, coffee has become more and more popular in Chengdu, and many young people and white-collar workers like to drink coffee.

The word "coffee" comes from the Arabic "قهوة", which means "plant drink". People around the world love coffee more and more. The ensuing "coffee culture" is full of every moment of life. Whether at home, in the office, or at various social occasions, people are sipping coffee, which is gradually associated with fashion and modern life (Zhang 2020).

Coffee trees are native to the highlands of southwestern Ethiopia, Africa. It is said that more than a thousand years ago, a shepherd became very excited and lived after discovering that a sheep had eaten a plant and discovered coffee. There are also claims that

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a coffee forest was accidentally burned down by wildfire, and the aroma of roasted coffee caught the attention of the surrounding residents (Zhang 2020).

Local indigenous people often grind the fruit of the coffee tree, knead it with animal fat, and make many pellets. These indigenous tribe people use these coffee balls as a precious food for the warriors who are about to leave. It was not until the 11th century that people began to use boiled coffee as a beverage. In the 13th century, Ethiopian troops invaded Yemen, bringing coffee to the Arab world (Zhang 2020).

The launch of “1 + 2” instant coffee in China by Nestlé in 1989 is also considered to be the beginning of the development of the modern Chinese coffee market. After entering China in 1998, the blooming of the international giant Starbucks accelerated the popularization of coffee culture in the Chinese market. The Chinese are also slowly coming into contact with this novel drink (Zhang 2020).

The main coffee growing area in China is located in Yunnan Province. The history of coffee growing in Yunnan dates back to 1892. A French missionary brought coffee seeds to Yunnan from abroad and planted them in a valley in Binchuan County, Yunnan Province. There are still more than 30 coffee plants that are multiplied by coffee seeds in Binchuan County. At present, the province's planting area accounts for 70% of the country's area and its output accounts for 83% of the country. Regardless of the planting area and coffee bean production, Yunnan Coffee has established a leading position in China (Zhang 2020).

Chengdu currently has more than 4,000 cafes. Among them, in 2005, Starbucks first settled in Chengdu, and the first store was selected in Tianfu Square. Currently has 140 Starbucks in Chengdu. Ruixing Coffee, China's emerging coffee brand, also has 190 stores in Chengdu within a year. It can be seen that the coffee industry is fiery in Chengdu. Chengdu Cafe's service has been changed in different ways, and the previous way is that they have improved the quality of service to support their customers, such as membership services, restaurants, convenience stores, internet and cable TV (Zhang 2020).

Researcher is interested in studying factors that might have influence on the purchasing behavior of coffee shops' customers in the Chengdu, PRC. This means that the impact of demographic factors needs to be studied; the 7Ps of service marketing mix and word-of-mouth communication about coffee service customer purchasing behavior in Chengdu (Zhang 2020).

In order to develop cafe service, the researchers decided to find a hypothesis that the findings of this study will help the cafe service to provide a better understanding of customers, and that the study could be used to improve or develop a marketable service marketing strategy and reach customers better. For those interested in coffee products, this research will help make decisions about investing in their business and developing an appropriate marketing plan (Zhang 2020).

**H1:** Coffee service purchase behavior from customers with different demographic characteristics may vary.

**H2:** Service marketing mix (7P) has an impact on the purchasing behavior of coffee service customers.

**H3:** Word-of-mouth communication has an impact on the purchasing behavior of coffee service customers.

## **Investigating Constructs**

This study addresses the purchase behavior of coffee shops' customers in Chengdu, the proposed factors of demographic profile service marketing mix 7P's and word of mouth communication were used to examine the relationship with the purchasing behavior of coffee shops' customers in Chengdu. The definitions of key terms in this study are described as follows:

- **Cafe Service in China:** Service quality refers to good service delivery as the advantage attracting customers to any business.
- **Demographic profile:** Demographic segmentation is divide the market on variables such as age, race, religion, gender, nationality, occupation, family size, family life cycle, ethnicity, income, social class and education.
- **Service marketing mix 7P's** – product, place, price, promotion, people, processes, physical evidence.
- **Word-of-mouth communication** – online channel and offline channel.

According to the conclusion of (Chengdu Retail Market Research 2019):

Young people under the age of 30 are more willing to experience new things, pay attention to the display of their personalities and gain cultural recognition through social media.

The middle-aged and young people in the 30-45 age group have a more active material consumption intention, pay attention to the improvement of quality of life, and have a higher degree of attention and loyalty to the brand. Middle-aged people over the age of 45 pay more attention to the improvement of self-image and the symbolic expression of social identity. They consume scarce time and care about the convenience of high-frequency consumption.

## **Methodology**

The research is a survey research design that uses questionnaire to collect data from respondents. The research adopted quota sampling method by using online questionnaire to collect data. The respondents are who living in Chengdu. Quota sampling is used in this study because compared with other sampling techniques, researchers based

on their understanding of the overall structure, after grouping, take samples in a convenient way. Due to the number of population is unknown, the researcher use Taro Yamane table to calculate by the approximately sample size for this study (Poldongnok 2009). The sample size is calculated based on 95% confidence level and 5% sampling error. However, this study collected data from 384 samples due to the limitation in terms of only 4 months' study period for the independent study course, the researcher was allowed to collect 180 samples.

Data was analyzed using descriptive statistic to describe variables by mean, frequency standard deviation and percentage. Chi-Square was used to delimit the relationships between demographic profile and purchasing behavior of coffee shops' customers in Chengdu, and the relationships between Service Marketing Mix (7Ps) and the purchasing behavior of coffee shops' customers in Chengdu, the relationships between word-of-mouth communication and purchasing behavior of coffee shops' customers in Chengdu, using the following constructs PRC:

## **Results and Discussion**

This study collected data from coffee shops' customers in Chengdu, Questionnaires were distributed to 180 respondents through online channel and 160 acts were received and all were used in data analysis, resulting the response rate of 88.89% were achieved.

In summary, the respondents of this study are coffee shops' customers in Chengdu, the majority of the respondents were Gender – the majority of respondents were male (41.25%) followed by female (58.75%). Age – the majorities of respondents were 31-40 years old (31.25%); followed by under 20 years old (18.13%); 21-30years old (24.38%); 41-50 years old (16.25%); 51-60years old (6.88%). Marital Status – the majorities of respondents were single (48.75%) followed by married (40.63%) divorced (3.75%) separated (5%) widowed (1.88%). Education – the majorities of respondents were college degree (38.13%) followed by bachelor's degree (23.75%) Master's degree (5.63%) High school (21.25%) Secondary school (8.75%) Doctoral degree (2.5%).

Occupation-the majorities of respondents were working (51.25%) followed by retired (3.75%) homemaker (8.13%) student (36.88%). Monthly Income – the majorities of respondents had monthly income 6001-7000CNY (28.75%) followed 5001-6000CNY (22.5%) 4001-5000 CNY (23.75%) 3001-4000 CNY (11.88%) Lower than 3001CNY (6.88%) More than 7000 CNY (6.25%).

Most respondents agreed that service marketing mix strategy such as product, promotion, process and physical evidence have an impact on purchasing behavior of coffee shops' customers in Chengdu, However, price, place, from service marketing mix strategy didn't influence purchasing behavior of the coffee shops' customers in Chengdu.

Most respondents agreed that word-of-mouth communication such as online channel and offline channel have an impact on purchasing behavior of coffee shops' customers in Chengdu, this leads to development of conceptual framework of the study and the following hypothesis:

H1\*: Demographic profile has an effect on purchasing behavior of coffee shops' customers in Chengdu, PRC

H2\*: Service Marketing Mix (7Ps) has an effect on purchasing behavior of coffee shops' customers in Chengdu, PRC

H3\*: Word-of-mouth communication has an effect on purchasing behavior of coffee shops' customers in Chengdu, PRC

Note\* Partial support at significant level of 0.05.

The table 1 showed that the demographic found having significant relationship with purchasing behavior of the coffee shops' customers in Chengdu ( $P < 0.05$ ).

The table 2 showed that the product, promotion, people, process and physical evidence found having significant relationship with purchasing behavior, and place and price found having no significant relationship with purchasing behavior ( $P < 0.05$ ).

**Table 1** Result of Hypothesis 1: Relationship between Demographic Profile and purchasing behavior

Demographic Profile	purchasing behavior				
	Which cup size coffee you usually buy	What time do you mostly use Café service	Who mostly influence your buying decision	Why do you to buy coffee?	How do you mostly pay your bill at café shop
Gender	0.021*	0.000*	0.000*	0.000*	0.000*
Age	0.000*	0.000*	0.000*	0.000*	0.000*
Education	0.000*	0.000*	0.000*	0.000*	0.000*
Monthly income	0.000*	0.000*	0.000*	0.000*	0.000*
Marital Status	-	-	-	-	-

**Table 2** Result of Hypothesis 1: Relationship between Service Marketing Mix (7Ps) and purchasing behavior

Service Marketing Mix (7Ps)	purchasing behavior				
	Which cup size coffee you usually buy	What time do you mostly use Café service	Who mostly influence your buying decision	Why do you to buy coffee	How do you mostly pay your bill at café shop
Product	-	-	0.000	-	-
Price	-	-	-	-	-
Place	-	-	-	-	-
Promotion	0.018	-	-	0.001	0.001
People	-	0.000	-	-	-
Process	0.009	-	-	-	-
physical evidence	0.001	-	-	-	-

### **Service Marketing Mix (7Ps) (product) and purchasing behavior**

Product was found having a partial significant relationship with purchasing behavior of of the coffee shops' customers in Chengdu ( $P < 0.05$ ).

### **Service Marketing Mix (7Ps) (price) and purchasing behavior**

Price was not found having a partial significant relationship with purchasing behavior of the coffee shops' customers in Chengdu ( $P > 0.05$ ).

### **Service Marketing Mix (7Ps) (place) and purchasing behavior**

Place was not found having a partial significant relationship with purchasing behavior of coffee shops' customers in Chengdu ( $P > 0.05$ ).

### **Service Marketing Mix (7Ps) (promotion) and purchasing behavior**

Promotion was not found having a partial significant relationship with purchasing behavior of coffee shops' customers in Chengdu ( $P > 0.05$ ).

### **Service Marketing Mix (7Ps) (people) and purchasing behavior**

People was found having a partial significant relationship with purchasing behavior of coffee shops' customers in Chengdu ( $P > 0.05$ ).

### **Service Marketing Mix (7Ps) (process) and purchasing behavior**

Process was found having a partial significant relationship with purchasing behavior of coffee shops' customers in Chengdu ( $P < 0.05$ ).

### **Service Marketing Mix (7Ps) (physical evidence) and purchasing behavior**

Physical evidence was found having a partial significant relationship with purchasing behavior ( $P < 0.05$ ).

**Table 3** Result of Hypothesis 1: Relationship between Word-of-mouth communication and purchasing behavior

Word-of-mouth communication	purchasing behavior				
	Which cup size coffee you usually buy	What time do you mostly use Café service	Who mostly influence your buying decision	Why do you to buy coffee	How do you mostly pay your bill at café shop
Online channel	-			0.007	-
Offline channel	0.002-	-	-	0.001	

### **Word-of-mouth Communication (Online Channel) and Purchasing Behavior**

Online channel was found having a partial significant relationship with purchasing behavior ( $P < 0.05$ ). Respondents who were agree online channel (online channel (comments about café service posted on web board e.g. official website) , Respondents who were agree online channel (comments about café service posted on web board e.g. official website) Respondents who were agree online channel service on Internet social network e.g. weibo, Red Booklet), Respondents who were agree online channel (reviews article about café service that posted on Internet social network e.g. weibo, wechat).

### **Word-of-mouth Communication (Offline Channel) and Purchasing Behavior**

Offline channel was found having a partial significant relationship with purchasing behavior ( $P < 0.05$ ). Respondents who were agree offline channel (café service from friend who using café service ), Respondents who were agree offline channel (café service from friend who using café service), Respondents who were agree offline channel (reviews article about café service from the club members), Respondents who were agree offline channel (comments from friends before selecting café service), Respondents who were agree offline

channel ( exchange the view of my experience from using café service with the club members).

### **Implications of the Study**

(1) In this study the majority of the respondents in this survey are women, aged between 31-40 years old, unmarried in marital status, have a stable job, have a college degree and a monthly income of 6001-7000 yuan. Provide suitable products for this group of people. They can build a marketing model for this group to increase sales of coffee.

(2) According to product factors, customers are more susceptible to the influence of cafe menus and provide services for various products. Cafes can regularly launch new products, change menus, and stimulate customer consumption, thereby increasing cafe sales.

(3) Word-of-mouth communication is another way to promote cafes. Most people like to order coffee online, make selections of products based on the evaluation of online orders, and marketers can launch online reviews to send coffee coupons.

### **Limitations of the Study**

The research process still faces the following limitations, mainly:

(1) Due to the influence of environment, economy and culture, the trend of coffee consumption will change. It is necessary to further study the factors affecting the trend of coffee consumption.

(2) Due to the limitation of time, financial resources and social relations, this study has certain limitations in sample size and coverage. A total of 120 valid questionnaires were collected in this study. Although it meets the statistical requirements, for empirical research in the field of consumer behavior, the larger the sample size, the stronger the reliability of the conclusion and the more representative it is.



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