

# A study on the lifestyles of coffee consumers in Taiwan

by

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## Abstract

The coffee consumer population in Taiwan has seen a rapid growth in recent years. In a addition to a wide variety of coffee shops and coffee chains speedily expanding with new locations set up, fast food restaurants and convenience stores are joining the market to have a share of this big coffee consumption pie. Thanks to this coffee mania, the coffee products such as the coffee gift boxes, coffee cups, coffee making equipment and coffee makers have also received considerable attention for their business opportunities. For the operators, the development of products meeting the coffee consumers' needs and preference based on a true understanding of the thoughts and behaviors and even luring the customers with the design of the shops will be the major issues.

To understand the behaviors and opinions of the consumers, this study, through investigation and analysis on the lifestyles of the consumers, categorizes the lifestyles into the following eight aspects: “loving imported products”, “seeing coffee as a gift item”, “paying high attention to information”, “longing to be relaxed”, “considering shop image and service to be important”, “extrovert and independent”, “pursuing fashion” and “considering quality to be important”. The consumers are divided into the three groups of “the trend seekers who believe coffee drinking to be chic”, “ordinary pragmatists who simply drink coffee with no special requirements” and “consumers who see coffee as a gift item” through cluster analysis and provides a reference to operators or designers in developing the peripheral coffee products and designing the style of the shops based on the analysis of the requirements and preferences of these groups.

***Keyword: coffee, consumption behaviors, lifestyles***

## 1. Foreword

The coffee consumer population in Taiwan has seen a rapid growth in recent years. In a addition to a wide variety of coffee shops and coffee chains speedily expanding with new locations set up, fast food restaurants and convenience stores are joining the market to have a share of this big coffee consumption pie. Thanks to this coffee mania, the coffee products such as the coffee gift boxes, coffee cups, coffee making equipment and coffee makers have also received considerable attention for their business opportunities. For the operators, the development of products meeting the coffee consumers' needs and preference based on a true understanding of the thoughts and behaviors and even luring the customers with the design of the shops will be the major issues. Therefore this research conducted investigation on Taiwanese who has the habit of drinking coffee, to discuss the thinking and

consideration for the consumer's lifestyle in order to provide a guideline for target consumers and development direction for coffee-related products.

## **2. Reference**

### **2.1 Taiwanese Coffee Current Market Status**

In the 1940's and 50's, drinking coffee in Taiwan is categorized as social activity amongst the upper class circles and majority of the consumers are the riches and celebrities. During that era, to go to coffee shops and drink coffee is seen as a very western lifestyle and can be said it's the exclusive rights for the noblemen and celebrities. Thereafter during 1970's and 1980's, thanks to the economic growth, with pocket full of monies, people start to enjoy lives and that is when coffee shops gradually become part of everyday life. Coffee shop during that time became the places for dating, business and relaxation and different featured little coffee shop also became visible on the streets. From 1990's to recent, coffee has slowly becoming a necessity for people and has developed into different forms such as bright and quick coffee franchise, warm and creative coffee shops and diversified coffee shops etc. Especially in the recent decade, coffee industry has flourished in Taiwan, it is evident from the fact that fast food and convenient stores all want a bite at the coffee cake, that Taiwanese coffee drinkers has grown significantly and thus created a massive business opportunities for coffee-related products.

### **2.2 Consumer Behavior**

Consumer Behavior means the activities when consumers involve in when acquiring, purchasing or disposing product or labor, this includes the decision before and after these behaviors. Therefore, consumer behavior is a string of decisions on its own, from the discussions on the motives for purchase, collection of information, evaluation before purchase, using of products after purchase, weighing of quality, whether or not consumer is satisfied and whether or not consumer will purchase the same product again. This research investigates and analyzes the lifestyle of people to understand the behavior of the coffee consumers.

### **2.3 Lifestyle**

The concept of lifestyle derives from psychology, sociology and marketing. Lazer (1963) indicated that "Lifestyle" is a perception for a system, it represents an unique character of a specific society or a group in their everyday lives, these unique characters is the distinguishing factor separating that specific society or group from the others and is a conduct which constructively represents and further evolve into a form of personal lifestyle. An individual will use the perception within the lifestyle system to construct events in the everyday living and adjust in accordance with self-values and use their best endeavor to make individual perceptions such as abstract reasoning, original reasoning to be in consensus with their actions. In other word, lifestyle is the way of interaction with other people and societies based on personal character, custom, thinking and religion. An individual thinking is the lifestyle development through continuous self-value integrations. The common way to evaluate lifestyle is the variation of population stats with AIO table which includes activities, interests and opinions.

Joseph T Plummer in 1974 so that three dimensions plus demographic variables to describe the lifestyle and the entire management of the thirty six sub-projects such as table 1. Another meaning for the AIO variables to be stated, which is defined as follows:

A: Activity (activity): as a specific action. Such as watching TV, shopping and other activities, although these activities may be derived from observable sector, but for the reason to produce these actions and is not easy to measure directly.

I: Interest (interest): for certain things or topics that people have a special or persistent attention.

O: opinion (opinion): refers to the individual to the external environment caused by stimulus conditions, given by the expression. It can be used to express the interpretation of things, expectations and evaluation. Example: view of things.

Table 1: AIO Lifestyle Table

Activity	Interest	Opinion	Population Stats Variable
Work	Family	Self	Age
Hobby	Relative	Society	Education
Social	Profession	Politic	Income
Holiday	Community	Commercial	Profession
Entertainment	Amusement	Economic	Family members
Clubs	Fashion	Education	Address
Community	Food	Product	Geographical area
Shopping	Media	Future	Size of city
Sports	Achievement	Culture	Life cycle of family

## 2.4 Perception

In 1970, Japanese Mituo Nagamachi developed a new technology from the concept which is consumer orientated, the so-called "Kansei Engineering", "Kansei" in Japanese means "feeling and image created for specific product". The objective for Kansei Engineering is to adopt consumer's feeling and image into the new product. It is defined as "technology that transform feeling or image which consumer creates for the product into element of design." By using this technology, it can change the abstract perceptual demand into standard element for detailed design. In other word, it is a study to try and quantify user's feeling and demand and search for the design that suit these perceptual demand. Kansei Engineering is the search for:

1. How to discover the feeling of consumer toward a product through human and psychological factors
2. How to discover design feature of a product through consumer's perception
3. How to establish a human factor for Kensai Engineering
4. How to change the system to adapt to the change in society and people's preference.

Most important idea behind the Kensai Engineering is to find out the exact feeling of a consumer for a product through technology and passing it onto the designer and continuously improve and accumulate the level of knowledge and establish a database. This research will discuss the coffee user's perception and demand from their feeling and hope the conclusion of which may be used as reference for the development and design of coffee-related products.

## 3. Method

### 3.1 Method of investigation and quantity

This research conducted surveys to the coffee users at franchise coffee shops, fast food and convenient stores with coffee service around Taiwan in order to ensure the balance between samples of North, Middle and South region. There are 685 surveys based on 95% confidence level and +/-3% differentiation.

### **3.2 Questionnaire**

Questions are divided into 2 parts. First part is the population stats variation such as sex, age, profession, education and monthly income. Second part includes 50 questions on the AIO table which includes activity, interest and opinion. A trial was conducted where after 30 specific questions were selected for the final survey.

### **3.3 Method of Analysis**

SPSS19.0 stats analysis system was used to analyze the surveys to work out the lifestyle. Further, K-mean cluster analysis was used to collect the similar aspect and divide the different coffee user into different groups.

## **4. Analysis and Discussion**

This research collected 685 surveys from internet and written surveys, out of which 9 were excluded for inconsistency, the total number of surveys available is 676.

### **4.1 Factor Analysis**

KMO and Bartlett test is used to determine whether the scale factor analysis criteria. Before conducting factor analysis on lifestyle, KMO and Barlett review was used to determine whether or not questions are related to each other. In general, KMO sample relevance must be above 0.6, closer KMO to 1 means the questions are more related and are more suitable for factor analysis. KMO for this research was 0.866 and is suitable for the analysis; further, Barlett review is used to determine whether or not questions have certain levels of relevance, Barlett review for this research is 0.00, which is significant.

Factor analysis divide 30 lifestyle questions into 8 aspects of elements, namely "love for foreign products", "treat coffee as gift", "emphasis on information", "desire to relax", "importance of shop image and service", "character and determined", "fashion" and "importance of quality", total deviation quantity is 62.017% (see table 2 and 3). Questions within different aspects are discussed below:

1. Aspect 1: Love for foreign products
  - I. When I use overseas product, I feel bit more satisfied.
  - II. I pay attention to elegance dress or look.
  - III. I pay attention to the fashion trend.
  - IV. I dress up to show my character.
  - V. I yearn for lifestyle in America or Europe and other advanced countries.
  - VI. People think I am fashionable.
  
2. Aspect 2: Treat Coffee as Gift
  - I. Coffee is suitable and generous gift.
  - II. I will consider coffee when I'm buying a gift.
  - III. We should give coffee as a gift to follow the fashion trend.
  - IV. Coffee is a very elegant gift.

3. Aspect 3: Emphasis on information
  - I. I like to talk to my friend on information about coffee.
  - II. I pay attention to articles about coffee in the magazines and newspapers..
  - III. I notice the coffee shops when I am shopping.
  - IV. I like to make coffee myself.
  
4. Aspect 4: Desire to Relax
  - I. I like to relax and have a cup of coffee during work.
  - II. Coffee can calm me down when I am stressed.
  - III. I drink a cup of coffee to awake myself when I am tired.
  - IV. It is important for me to drink a cup of coffee in the morning.
  
5. Aspect 5: Importance of Shop Image and Service
  - I. Service attitude will affect my intention to purchase in a specific shop.
  - II. Reputation and image of the shop will affect my intention to purchase.
  - III. I will inspect the product carefully before purchase.
  - IV. I only want to rest and relax during holiday.
  
6. Aspect 6: Extrovert and Determined
  - I. I am active in a social activity.
  - II. I am always decisive.
  - III. I found it easy to chat to the people I met for the first time.
  
7. Aspect 7: Fashion
  - I. I want to stay in a house that shows character.
  - II. Hope to have a leisure life with character and fashion.
  - III. I like fashion and new stuff.
  
8. Aspect 8: Importance of Quality
  - I. I will not purchase product with low-quality advert
  - II. I will compare with other shops before purchase

Table 2. Total variance explained

Element	Initial value			extraction sums of squared loadings			rotation sums of squared loadings		
	Total	Variance %	Total %	Total	Variance %	Total %	Total	Variance %	Total %
1	7.035	23.45	23.450	7.035	23.450	23.450	3.651	12.169	12.169
2	2.937	9.789	33.239	2.937	9.789	33.239	2.970	9.899	22.068

3	2.006	6.685	39.925	2.006	6.685	39.925	2.492	8.306	30.374
4	1.570	5.235	45.159	1.570	5.235	45.159	2.294	7.646	38.020
5	1.554	5.180	50.339	1.554	5.180	50.339	2.116	7.054	45.074
6	1.273	4.244	54.584	1.273	4.244	54.584	2.040	6.801	51.875
7	1.170	3.899	58.483	1.170	3.899	58.483	1.859	6.195	58.070
8	1.060	3.534	62.017	1.060	3.534	62.017	1.184	3.947	62.017
9	.871	2.904	64.921						
10	.779	2.596	67.517						
11	.754	2.513	70.030						
12	.749	2.495	72.525						
13	.700	2.333	74.859						
14	.667	2.223	77.082						
15	.644	2.145	79.227						
16	.602	2.008	81.235						
17	.599	1.996	83.231						
18	.521	1.737	84.968						
19	.508	1.694	86.662						
20	.481	1.603	88.265						
21	.465	1.549	89.815						
22	.423	1.409	91.224						
23	.415	1.383	92.607						
24	.399	1.329	93.936						
25	.383	1.275	95.211						
26	.357	1.190	96.401						
27	.328	1.095	97.496						
28	.309	1.030	98.526						
29	.291	.971	99.497						
30	.151	.503	100.00 0						

Extraction method: Analysis of main element

Table 3. Element matrix after the rotation

	1	2	3	4	5	6	7	8
When I use overseas product, I feel bit more satisfied	.749							

I pay attention to the fashion trend.	.736							
I pay attention to the fashion trend	.730							
I dress up to show my character	.677							
I yearn for America, Europe and other advanced country's lifestyle	.658							
People think I am fashionable	.650							
Coffee is suitable and elegant gift		.886						
I will consider coffee when I'm buying gift		.847						
We should give coffee as a gift to follow the fashion trend.		.709						
Coffee is very elegant gift		.684						
I like to talk to my friend on information for coffee			.834					
I notice articles about coffee in magazines and newspaper			.777					
I notice coffee shops when I'm shopping			.614					
I like to make coffee myself			.563					
I like to drink a cup of coffee to relax myself at work				.741				
Drink coffee can calm me down when I am stressed				.726				
I drink a cup of coffee to awake myself when I am tired				.685				
Cup of coffee in the morning for me is important				.550				
Service attitude will affect my intention to purchase in a specific shop					.774			
Reputation and image of the shop will affect my intention to purchase					.738			

I will inspect the product carefully before purchase					.583			
I only want to rest and relax during holiday					.516			
I am active in a social activity						.719		
I am always decisive						.696		
I found it easy to chat to the people I met for the first time						.686		
I want to stay in a house that shows character							.677	
Hope to have a leisure life with character and fashion							.674	
I like fashion and new stuff							.597	
I will not purchase product with low-quality advert								.658
I will compare with other shops before purchase								-.530

Extraction method: Principle component analysis

Method of rotation: Kaiser including Varimax

a. Axis convergence into 8 folds

## 4.2 Cluster Analysis

8 Aspects extracted from lifestyle element are used as base for cluster analysis. Separate users are divided into different groups, according to the number of researched samples, leveling cluster analysis is suitable for under 200 and K means analysis is suitable for 200 and above. This research uses K-mean cluster analysis of non-leveling analysis for cluster analysis and divides Taiwanese coffee consumers into 3 groups, namely "types of people who think drinking coffee is a way of fashion", "normal types who has no specific request and just drink coffee" and "type that sees coffee as gift". Centralized and individual scores are shown in table 4 below.

Table 4: K-mean cluster analysis final centralized and individual score for cluster analysis

	Group		
	Type of people who think drinking coffee as a fashion	Plain type of people, no specific request, just simply drink coffee	Type who treat coffee as gift
love for foreign products	.21987	-.08826	-.09737
coffee as gift	-.78340	.14469	.46152
emphasis on information	.16929	-.47135	.19728
desire to relax	.24826	.31269	-.38824
importance of shop image and service	.20043	-.7445	.35945
character and determined	.42023	.17770	-.41988



fashion	.44896	-.62172	.09915
importance of quality	.38617	-.15510	-.17096
Individual score	202	191	283

1. Fashion type

202 out of 676 are fashion seekers, they want to be fashionable and think that drinking coffee is a way of showing fashion. These consumers tends to be more extrovert and determined, they care about the quality and taste for the product. Coffee product targeting market should also have the element such as fashion, cool and high-quality.

2. Plain type

191 out of 676 are plain type, those type simply just drinks coffee. They do not care about the fashion nor image of the shop, service and information etc. Drinking coffee for them is just a custom, a way to relax. This group will not be the main consumer for coffee-related product and do not really care about the change in coffee shops. Nevertheless, if the friendly atmosphere may be surrounding drinking coffee, there is still a possibility to increase the level of satisfaction amongst this group.

3. Consumer type

283 out of 676 people, they think coffee is an elegant gift, they lack character and will rely on the image and services of shop to decide whether or not to purchase. Coffee products targeting this group should focus on the delicacy, taste and image that suits gift. At the same time, image and service quality of the shop also serves as deciding factor for purchase.

Samples of various ethnic groups such as the mix of Table 5. Samples of various ethnic groups are the main income of NT \$ 35,000 below the age of 21 to 30-year-old unmarried population. In which the pursuit of popular groups in central Taiwan a higher proportion of ordinary pragmatic in northern Taiwan, a higher proportion of that coffee is a taste of the gift of consumer in the northern, central portion is less than the average case.

Also by the sample structure can be found in convenience stores in Taiwan coffee consumers buy coffee highest proportion three ethnic groups have more than half the proportion of convenience stores to buy coffee habit. Buy coffee in the cafe chain ratio, followed by various ethnic groups also have more than 30 per cent. While the proportion of specialty coffee shop consumption gap is relatively large, the pursuit of popular type of consumer spending in the specialty coffee shop a higher proportion of this type can also be interpreted consumer awareness of specialty coffee shop might be in favor of popular fashionable. Trivial pragmatic type of consumers and consumer specialty cafe consumption is relatively low, in which ordinary consumers pragmatic type cafe in the characteristics of the proportion of consumption accounted for only 7.9% of the percentage within the group, the reason may be inferred that the specialty coffee shop price less able to attract this population consumption.

Table 5.The proportion of each cluster sample structure

	Type of people who think drinking coffee as a fashion	Plain type of people, no specific request, just simply drink coffee	Type who treat coffee as gift
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		Number	Percentage within the group	Number	Percentage within the group	Number	Percentage within the group
sexuality	Male	84	41.6%	73	38.2%	100	35.3%
	Female	118	58.4%	118	61.8%	183	64.7%
Residence	Northern	55	27.2%	82	42.9%	103	36.4%
	Central	83	41.1%	51	26.7%	85	30.0%
	Southern	64	31.7%	58	30.4%	95	33.6%
Age	Less than 20	29	14.4%	22	11.5%	58	20.5%
	21~30	119	58.9%	104	54.5%	148	52.3%
	31~40	36	17.8%	43	22.5%	59	20.8%
	41~50	12	5.9%	13	6.8%	11	3.9%
	Greater than 61	6	3%	9	4.7%	7	2.5%
Marriage	Married	35	17.3%	55	28.8%	59	20.8%
	Single	167	82.7%	136	71.2%	224	79.2%
Monthly income	Less than 20,000	86	42.6%	71	37.2%	137	48.4%
	20,001~35,000	58	28.7%	67	35.1%	83	29.3%
	35,001~50,000	34	16.8%	38	19.9%	44	15.5%
	50,001~65,000	16	7.9%	8	4.2%	11	3.9%
	65,001~80,000	7	3.5%	6	3.1%	5	1.8%
	80,001~100,000	1	0.5%	1	0.5%	3	1.1%
Buy Coffee Place	Convenience store	104	51.5%	103	53.9%	148	52.3%
	Coffee shop	35	17.3%	15	7.9%	35	12.4%
	Cafe chain	63	31.2%	73	38.2%	100	35.3%

#### 4. Conclusion and Advise

In order to understand the behavior and thinking for Taiwanese coffee drinkers, this research conducted investigation and analysis and found that there are 8 aspects for Taiwanese coffee drinker's lifestyle, namely "desire to relax", "importance of shop image and service", "character and determined", "fashion" and "importance of quality". We also divided the coffee drinkers into three types of "fashion type", "plain type" and "consumers type" through cluster analysis. We found that, the first two type of customer is the main market for coffee-related products. We also understand from the characters of different groups that the first type will be attracted by coffee product that is fashionable and with new element; third type pay more attention to the vibe and service of the

coffee shop whilst for second type users, they treat coffee as way of relaxation and custom, but if a comfortable and relaxed atmosphere may be created surrounding drinking of coffee, there is still possible to attract this type of customers.

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