

## Coffee Culture among Generation Y

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### ABSTRACT

It is now a trend among the younger generation Malaysians to meet with family and friends over a cup of coffee at cafes. This has led to the mushrooming of many western and local themed cafes in the country. The objective of this research is to measure the frequency of Generation Y patronising cafes in Malaysia. Factors such as the location of the cafe, quality of product, atmosphere, and price are used as variables. Data was analysed using multiple regression to test all relationships in the model. The findings indicate that there is a significant relationship between quality of product and price.

*Keywords:* Coffee culture, consumer behaviour, generation Y, Malaysia, revisit intention

### INTRODUCTION

Studies show that coffee is the second most traded commodity next to oil (Topik, 2003). According to Pongsiri (2013) cafe, coffeehouses, coffee shop serve coffee or other hot beverages; and as the name

suggests, coffeehouses focus on serving coffee and tea as well as light snacks. Kim (2014) found the younger generation is inclined towards conspicuous consumption and patronise luxury restaurants and cafes, as a means of self-expression or symbols of their desired lifestyle (Yoong, 2014)

The Generation Y or Millennials refers to those born between the late 1970s and the late 1990s. In Malaysia, Generation Y accounts for 26.9% of the population and they have good spending power and are savvy consumers. In fact, in the food industry targets generation Y as its key market segment due to their eating habits and lifestyle (Kavitha, 2011). Thus, the

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purpose of this study is to examine the coffee culture among generation Y in Malaysia. It focuses on factors such as the location of the cafe, quality of product, atmosphere and price towards which influence the frequency of their visits.

## LITERATURE REVIEW

### Quality of Product (Coffee, Food and Beverages)

Quality of a product has a direct impact on the satisfaction level of customers which in turn influences their decision to purchase a product or services (Beibei, Shiyang & Jiahong, 2013). Today, consumers have become more demanding as they seek better quality products and services (Kang, Tang, & Bosselman, 2011). Goi (2013) found that product quality is an important determinant for customers compared with other product variables such as variety, brands, feature, size and others. A study points out that Generation Y in Sweden seek good quality choosing coffee cafes (Beibei et al. 2013). In Canada, according to Jaw, Leslie, Mattock, and Shahinfar, (2010) some consumers value the coffee's taste more than the price. This results in them willing to pay for higher quality. Meanwhile, coffee companies are well aware about consumers' choice and continuously introduce different types of coffee flavours to meet consumer demands. Today, coffee flavours include raspberry, strawberry and banana. From offering different coffee flavours, colour and serving styles are also made very attractive (Monirul & Han 2012). Findings show people are more and more inclined to drink gourmet

coffee (Diaz, 2009). Therefore, based on the literature review, this study proposes the following hypotheses:

H1: There is a significant relationship between product quality and frequency of visits of generation Y to a coffee cafe.

### Location

A good store location determines whether a store can draw the crowd (Hung, 2012). Good parking facilities are an additional attraction (Kentamaa, 2014). In addition, the location has impact on pricing, promotion and merchandising decisions. A study (Allegra Strategies. 2012) shows that after past experience and familiar surroundings, convenience of location is an important factor to lure customers. Convenient locations are sometimes more important than brand. Similarly, it is acknowledged that 51% of coffee consumers would like to have coffee shops closer to where they live (Allegra Strategies, 2012). Based on this, the following hypothesis is proposed:

H2: There is a significant relationship between location and frequency of visits of generation Y to a coffee cafe.

### Atmosphere

A good atmosphere influences positively the amount of time the customer spends at the cafe and this also increases their impulse purchases (Sathish, & Venkatesakumar., 2011) The term atmosphere here includes to ambience (temperature, lighting, music,

scent), aesthetic design (layout, comfort, privacy) and social factors (crowd). All these have an influence on store image. Interior decora such as lighting, interesting photos, posters and a cleanliness are important. Good music, free Wi-Fi and air conditioned environment are a must. Today one even finds students conducting their group study in this type of modern cafes (Monirul et al., 2012).

It has now become a trend to see many adults and students working in coffee shops. According to Jaw et al. (2010), offering free Wi-Fi is a way to attract more customers. This is because Generation Y grew up 'smart era' that allows 24/7 access and connectivity. They are exposed to global news and information. Virtual social networking such as Facebook and Twitter, and social media such as YouTube are readily available (Makhitha, 2014). The Western-styled cafes have successfully developed a good image and offer their customers access to an exciting, fashionable and contemporary lifestyle. Social interaction for Generation Y is very important (Morris, 2011). According to Bliss (2014), 61% of Millennial aged between 21 and 24 would rather have dinner at a new restaurant than buy a new pair of shoes. Therefore, the following hypothesis is proposed:

H3: There is a significant relationship between atmosphere and frequency of visits to a cafe.

### Price

According to Kotler, Bowe & Makens (2010) price affects the customer's choice

of products or services. Harith, Ting and Zakaria (2014) reported that opinions differ on the concept of price. Some are willing to pay for quality while the rest base their purchasing decision on whatever is the cheapest. Prices play a role among younger consumers looking for an eatery. Malaysia has a young population with a median age of 26.2 years in 2010. So, coffee shops and cafes keep their prices low in order to attract young customers and retain their loyalty. However, according to Jaw et al., (2010), some consumers are willing to pay for higher quality. These customers are willing to pay more because in their opinion, higher prices mean higher quality. Although Generation Y is price-conscious, however, they're value-hungry which means they expect good quality product or services. Customers are also likely to pay the premium cost not only for high quality coffee, but also for value added services the shop provides (Kang et al. 2011). Therefore, the following hypothesis is proposed:

H4: There is a significant relationship between price and frequency of visits to a cafe.

### DATA COLLECTION

In this study, a self-administered questionnaire was designed while the instrument used to measure the constructs is adapted from the literature. Each question item is set with a five-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5). The questionnaire is divided into two parts: part one focuses on the respondent's demographic variables,

such as age, gender, monthly income and other personal information. The second part contains questions regarding the constructs proposed in the study. The items related to location is adapted from Goi (2013); Kombenjamas and Lertrattananon (2011) and Yasanallah and Vahid (2012) while the items for quality of products is adapted from Chen & Hu (2010) and Kombenjamas and Lertrattananon (2011). The measurement for atmosphere is adapted from Ly (2011) and Kombenjamas and Lertrattananon

(2011) while the price items are adapted from Liang & Wu (2012) and Kombenjamas and Lertrattananon (2011). Items related to frequency visits were adapted from Kim, Ko and Park (2013).

The target respondents were cafe patrons. The cafe is located in a suburban township. A total of 200 questionnaires were distributed, of which 139 usable responses were compiled for analysis.

## FINDINGS

Table 1  
*Demographic profile of respondents*

Demographic Characteristics		Frequency	Percentage (%)
Gender	Male	45	32.4
	Female	94	67.6
Age	16-20 years old	4	2.9
	21-25 years old	52	37.4
	26-30 years old	60	43.2
	31-35 years old	23	16.5
	Occupation	Government sector	19
	Private sector	58	41.7
	Students	38	27.3
	Self-employed	20	14.4
	Unemployed	4	2.9
Marital status	Married	90	64.7
	Single	49	35.3
Education	High school	8	5.8
	Undergraduate	102	73.4
	Postgraduate	28	20.1
	Others	1	0.7
Income level	RM1000 and below	38	27.3
	RM1001-RM2000	23	16.5
	RM2001-3000	48	34.5
	RM3000 and above	30	21.6

Table 1 (continue)

Race	Malay	135	97.1
	Chinese	1	0.7
	Indian	-	-
	Others	3	2.2
Who accompanies you to cafe	Family	30	21.6
	Friends/colleagues	107	77.0
	Alone	2	1.4
Reasons visiting cafe	Refreshment	27	19.4
	Getting together with friends	73	52.5
	Discussing work/study	22	15.8
	Others	17	12.2
Frequency of visiting cafe	Once in a week	33	23.7
	Once in a month	59	42.4
	Multiple times a week	20	14.4
	Others	27	19.4

Table 1 shows 94 respondents are females (32.4%) while 45 are males (67.6%). Majority are between 16 and 35 years old and married (65%). Most of the respondents are Malays (97%) who possess at least a Bachelor's degree.

A total of 107 respondents (77%) patronise the cafe with their friends or colleagues, followed by 30 respondents (21.6%) who visit the cafe with their family, and only 2 (1.4%) respondents visit the cafe alone. A total of 73 respondents (52.5%) patronise the cafe with their friends while 27 respondents (19.4%) visit the cafe for refreshments; 22 respondents (15.8%) patronise the cafe meet with their peers to discuss about work or for group study. Hence, it is clear that most of the respondents

visit the cafe with their companions and at least once a month.

Cronbach's Alpha coefficients is used to estimate the reliability and stability of the questionnaires; the values ranged between 0.810 and 0.934 for all the constructs which were considered high and thus, able to provide a sound analysis (Sekaran, 2013). Product quality was highest at 0.888, location at 0.878, price at 0.815 and atmosphere at 0.810.

Correlation analysis was carried out to find out the direction and strength of the relationship between dependent and independent variables. All four factors have a positive relationship with frequency of visits.

Table 2  
*Pearson correlation analysis*

	L	QP	A	P	RI
Location (L)	1				
Quality of product (QP)	.305	1			
Atmosphere (A)	.378	.538	1		
Price (P)	.371	.668	.476	1	
Revisit Intention (RI)	.386**	.729**	.525**	.725**	1

\*\* Correlation is significant at the 0.01 level (2 – tailed)

The correlation value between location, quality of product, atmosphere, price and frequency of visits are  $r = .386$ ,  $r = .729$ ,  $r = .525$  and  $r = .725$  respectively. From Table 2, it can be concluded that location, quality of product, atmosphere and price are among the factors that contribute to frequency of visits.

The independent variables of this study are location, quality of products, atmosphere and price, while the dependent variable is frequency of visits. In Table III, the value

of  $R^2$  is 0.651, which indicates that 65.1% of variance in dependent variable can be explained by the four independent variables. The model of this study is suitable as indicated by the F value of 62.381 in Table 3.

The quality of products and price affect frequency of visits and are significant at the 0.0001 level. Location and atmosphere were not significant ( $p > 0.01$ ) which indicate that the relationship of both variables is not significant.

Table 3  
*Multiple regressions analysis*

Variable Entered	Generation Y's Revisit Intention				
	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-3.818	2.101		-1.818	.071
Location	.147	.096	.086	1.523	.130
Quality of product	.398	.074	.394	5.413	.000
Atmosphere	.167	.108	.098	1.545	.125
Price	.427	.079	.383	5.386	.000
R Square	= .651		Adjusted R squared = .640		
F	= 62.381		R = 0.807		
*p-value	= 0.01				

## DISCUSSION AND CONCLUSION

This results show that quality of products and price influence frequency visits of cafe patrons. These results are consistent with those of Goi (2013), who found that quality of the product is the most important factor that influences customers to visit popular coffee chains. Other factors such a variety, brands, feature and size were less important. Accordingly, Jiahong et al. (2013) found that when Generation Y choose coffee cafes, product quality is the first factor they consider. Location and atmosphere showed no significant relationship to frequency of visit. This is because the respondents are regular or repeat customers to the cafe. Therefore, the respondents are already familiar with the location and atmosphere of the cafe.

The generation Y are presented with a wide range of selection of products and services. Therefore, coffee owners in Malaysia must maintain their quality and ensure that prices of coffee are affordable to cater to this segment. Many studies show generation Y frequent cafes and it is important that cafe owners target this segment for their future business expansion and promotional strategies. The use of social media such as Facebook, Instagram, Twitter and others in promotional activities targeted at generation Y is a must as generation Y are influenced by the Internet.

In addition, superior customer service is important so customers realise that their dining experience is worth the money spent. This may also increase customers' loyalty

towards the cafe. One limitation of this study is that data was from only one ethnic group in Malaysia. Future researchers may expand this study to include other ethnic groups throughout Malaysia.

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