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**Faculty of Economics and Management**

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**Diploma Thesis**

**Consumer Behaviour in FMCG Sector with Reference to  
Coffee in Czech Republic and India**

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## **Declaration**

I declare that I have worked on my diploma thesis titled "Consumer Behaviour in FMCG Sector with Reference to Coffee in Czech Republic and India" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any other person.

In Prague on date of submission

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## **Consumer Behaviour Towards Coffee in Czech Republic and India**

### **Abstract**

Coffee is one FMCG product which is very popular and is the world's favourite beverage. There have been numerous attempts to study the consumer behaviour towards coffee in different regions. All the research has been done locally and is restricted to local areas. An attempt has been made to study the behaviour of the consumers in two different countries which are at different stages of economic development. Czech Republic is taken into consideration as a developed economy while India is a developing nation. The consumers' behaviour in both these countries is studied and a comparison is made for the factors influencing the buying behaviour of both countries. Available literature related to the subject from both the countries has been reviewed and further an exploratory research has been conducted to gauge the responses of the individuals in both these markets with the help of a survey. Along with the quantitative data analysis, the researcher has also tried to analyse the consumer behaviour trends qualitatively. Interesting revelations have been made which are different for both the countries. Nescafe is the favourite brand among both the countries. This study throws light on the fact that if the marketers want to be successful in selling their coffee, they need to pay heed to their marketing mix elements and balance all of them together coherently by intricately studying consumer behaviour.

**Key Words:** Consumer Behaviour, FMCG, Coffee, Marketing Mix

# **Chování spotřebitelů kávy v České republice a v Indii**

## **Abstrakt**

Káva je spotřební zboží, které je velmi populární a je oblíbeným nápojem ve světě. Již bylo provedeno mnoho výzkumů spotřebitelského chování ve vztahu ke kávě v různých oblastech. Celý výzkum byl proveden lokálně a je omezen na místní oblasti. Byl proveden pokus o studium chování spotřebitelů ve dvou různých zemích, které jsou v různých fázích hospodářského rozvoje. Česká republika je brána v úvahu jako vyspělá ekonomika, zatímco Indie je rozvojová země. Chování spotřebitelů je studováno v obou těchto zemích a je provedeno srovnání faktorů ovlivňujících nákupní chování. Dostupná literatura vztahující se k tomuto tématu z obou zemí byla přezkoumána a bylo provedeno dotazníkové šetření ke zjištění reakcí jednotlivců na obou těchto trzích. Spolu s kvantitativní analýzou dat se výzkumník pokusil kvalitativně analyzovat trendy chování spotřebitelů. Bylo dosaženo zajímavých zjištění, která se pro obě země liší. Nescafé je oblíbená značka v obou zemích. Tato studie vrhá světlo na skutečnost, že pokud obchodníci chtějí být úspěšní v prodeji své kávy, musí věnovat pozornost prvkům svého marketingového mixu a všechny je navzájem soudržně vyvažovat studiem chování spotřebitelů.

**Klíčová slova:** chování spotřebitele, spotřební zboží, káva, marketingový mix

**Klíčová slova:** Spotřebitelské chování, FMCG, Káva, Marketingový mix

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# Chapter 1

## Introduction

### 1.1 Research Problem

Consumer behavior is a very essential tool in any marketer's kitty. It is the weapon with which the marketers can jump into the battlefield of competitors by armoring themselves with the right kind of marketing messages which reach the consumer and derive a positive outcome. Given its importance, there have been many kinds of studies undertaken by research scholars, professors, college student and research organization in the field of consumer behavior. There is a vast database of knowledge that is available on this topic. The primary way in which consumers behave is usually broken down by the industry type. This is because the behavior of the consumer depends on the product and the service. The way in which a person reacts to a product like car will be vastly different to the way in which he reacts to a product like soap. Consumer behavior thus is studied segment wise. FMCG is a very popular segment in the economy of any nation. Consumers exhibit typical behaviors when it comes to the FMCG segment which can be due to a combination of many disconnected factors like the socio-economic environment, internal motivations, psyche and the personality of a person. Culture also plays an important role in the consumer behavior. There have been many studies which are related to the study of consumer behavior in the FMCG market with details pertaining to one or two or more product lines of the industry. Consumer behavior towards the purchase of beverages is a vastly researched topic in the field of marketing. However, the researcher could not find any topic which compared the consumer behavior of a common FMCG product in different geographies and cultures.

Coffee is one of the world's most beloved brewed beverage. It has been estimated that people consumer about 2.25 cups of coffee per day worldwide (Health benefits and risks of drinking coffee). The National Coffee Association (NCA) of the USA believes that coffee is just not a beverage, it is an economy, a culture, an art, a science and a passion. There have been many local researches and studies conducted on the consumer preferences towards coffee and their behavior towards coffee. As is mentioned by the NCA that coffee is a culture, the researcher tried to find the consumer behavior towards coffee in different countries and cultures. He could not find data which compared the behavior among two countries. As there was limited

information available on the culture of the coffee among various countries, there was scope for research in this field. Therefore, the researcher chose to research on the topic “Consumer Behaviour in FMCG Sector with Reference to Coffee in Czech Republic and India”. There are many reasons for choosing these two countries for the research. Czech Republic is a European country where as India is an Asian country. Czech Republic is a developed nation where as India is a developing country. The geographic, cultural and economic distances between the countries would make an interesting topic for the study of the consumer behaviour towards coffee.

## **Chapter 2**

### **Objectives and Research Methodology**

#### **2.1 Research Questions**

Consumer behavior basically is the study of the series of behaviors that the consumer undergoes as soon as he or she identifies the need or desire for a product or service and terminates with the purchase of the product or the service. It analyses the study of several components of the thought processes of the consumer. Some of them are briefly mentioned below:

- How do consumers behave in groups or individually?
- Why there is a change in consumer pattern behaviors based on the purchase of a product or service?
- What time are consumers most likely to make a purchase?
- What are the feelings of the consumer directly before making a purchase?
- What are the feelings of the consumer directly after making a purchase?
- What questions contribute to the buying decisions?
- What is the number of the touchpoints a consumer makes with a brand or a product before buying?

In the marketing world, consumer behavior is basically the response the target market elicits towards the marketing materials of the company. Every marketer must study consumer behavior in detail so as to align the marketing material to the consumers' thought processes.

#### **2.2 Research Objectives**

“Consumer Behaviour in FMCG Sector with Reference to Coffee in Czech Republic and India” diploma thesis aims to study the following through research:

1. Understand the meaning of consumer behavior
2. Study the consumer behavior patterns in FMCG sector
3. Evaluate the consumer behavior patterns in FMCG sector in India
4. Evaluate the consumer behavior patterns in FMCG sector in Czech Republic
5. Compare the consumer behavior patterns in India and Czech Republic

### 2.3 Research Methodology

Research methodology is the process of gathering data, studied and analyzed into information. To understand in detail how consumers behave and react in the FMCG market in a developing country like India and a developed country like the Czech Republic, the research was carried out in two parts.

<b>Internal Environment</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Understanding of consumer needs	Production of counterfeit products which eat the market share on the goodwill of the brand
Deep roots in local cultures	Lower scope of achieving economies of scale by investment in technology
Presence of established distribution networks	Lower level of exports of home brand products due to lower shelf life in some categories
Low operational costs	
Presence of well-known brands	
<b>External Environment</b>	
<b>Opportunities</b>	<b>Threats</b>
Untapped remote markets in the local geographic regions	International brands eating into the share of the domestic brands in the industry
Rising level of income which increases purchasing power	Local tax and regulatory structures
Huge domestic markets	Rising cost of ingredients
Changing lifestyles and preference towards health and nutrition	
Potential of export in some categories	
High spending on consumer goods	
Rise of social media and video sharing websites increase potential of advertising	

Table 1: SWOT Analysis of FMCG Industry. Source: Prepared by researcher

The first part focuses on literature review based on previously researched topics related to this field of study. The second part is a practical study based in India and Czech Republic to study how the consumers behave in the FMCG market with a focus on coffee. First hand data collection can take the form of exploratory, explanatory or a combination of both these kinds of researches. This thesis used the exploratory approach which provided a good amount of information on the consumer behavior patterns in the FMCG sector in a developed vis a vis a developing nation. As a part of this methodology, a SWOT Analysis has also been conducted for the FMCG industry.

The organizations constantly need to monitor their internal as well as external environment to respond to the changing needs and trend of the consumers and leverage it for profit. Marketers most commonly use the popular SWOT analysis which is a composition of the strengths and weaknesses of an industry and the opportunities and the threats from the outside world to an industry. Strengths and weaknesses are some things over which an industry or organization has some control over. The opportunities and threats come from the external environment to which an appropriate response has to be given in order to milk the benefits. Worldwide every industry has a SWOT analysis which is more or less similar but can be fine-tuned at an organizational level to incorporate somethings specific to the firm. Studying the SWOT analysis gives the marketers an idea of the consumer trends and the new changes in the lifestyle of the consumers which presents an opportunity for the marketers for new products and innovations to cater to the needs and satisfy the wants of the consumers. Here is a general SWOT analysis of the FMCG industry:

#### **2.4 Population and Sampling**

The research objective was to find out how consumers behave in a developing country like India and a developed nation like Czech Republic. Identical samples were chosen from the population which reflected the same age, gender, educational level and occupation. It was ensured that the samples were a correct reflection of the population of both of these countries. A comprehensive questionnaire was devised which focused on questions which elicited the behavior of the consumer. A total of 45 responses were collected each from India and Czech Republic.

## **2.5 Data Collection**

An identical Google Form was created with questions related to consumer preferences for coffee for both the countries under the study. Primary data was collected by distribution of this survey questionnaire during the period of January 2020.

## **2.6 Procedures and Measures**

A comprehensively drafted questionnaire was circulated among friends, neighbors, colleagues and in the community. This questionnaire was made with the help of Google Forms. It was sent to individuals on their mobile phones with the use of social media channels like Facebook and WhatsApp. People in different age groups, genders, educational qualifications and occupations were contacted for this survey so as to give a good representation of the population. The same procedure was followed in both the countries to make comparison across variables possible.

## **2.7 Limitations**

The researcher made a comprehensive and detail-oriented questionnaire to get an authentic understanding of the consumer behavior towards FMCG products like coffee in India as well as Czech Republic. However this study is not devoid of some limitations as mentioned here under:

1. Due to the pressing issue of the limited availability of resources to execute the survey on a large scale, the researcher could survey only 45 people each from India and the Czech Republic. This number might not be a good representation of the vast population of both of these countries.
2. Language came across as a barrier in both the countries and there could be mis-interpretation of the questions. Since English might not be a first language of all the respondents, there is a huge possibility that all the responses might not be true.
3. The research did not ask the income level of the individuals who took the survey. Income is one of the major factors which affects the consumer behavior of the people across the world. The outcomes of the survey might neglect this aspect.
4. There is no way to judge if the responses of the respondents are true. Some might have answered contradictory to what their thought processes are in order to not be judged. These biases can skew the results of the research.

## **Chapter 3**

### **Literature Review**

#### **3.1 Understanding Consumer Behavior**

The study about the people make decisions about what they need, want, buy and act in regard to a particular product, service or company is known as consumer behavior. Consumer behavior is a vital body of study to help understand how potential customers will react to a new product or service. It is also useful to identify opportunities that are not met. Proactive companies respond to shift in the consumer patterns and wants by studying the behavior of the consumer. They can increase their market share by releasing products in the market which fulfil the demands of the customers.

The concept of consumer behavior started being advocated in literature in the mid-1960s. Consumer behavior is all human behavior - at home, at work, in the shop or even on the street, wherever people think about shopping, where they purchase or use the purchased products. (Kaufman, 1995). The American Marketing Association has defined consumer behaviour as, “The dynamic interaction of affect and cognition, behaviour, and the environment by which human beings conduct the exchange aspects of their lives.”

The reasons why people make certain purchasing decision and consumption decisions are very ambiguous and researchers do not understand these in detail. (Zych 2008: 46; Maciejewski 2010). Consumer behaviour studies provide an insight into the methods of making purchases, the reasons behind the choices, the brand loyalty and the brand and price sensitivity, the response to the marketing materials, perceptions of the consumer behaviour and finally the acceptance of the offer. (Mokrysz, 2016). The central position of consumers within the activities of a contemporary organisation, an astute and dynamic analysis of their conduct, research, anticipating demand, creating consumer needs and preferences, subordinating the businesses objectives and methods to the demand for a specific consumer segment, the appliance of full quality marketing – these are the conditions for providing contentment to the consumers. (Wróblewski, 2016)

Consumer behaviour is very relative and complex to study. It aims to provide a better understanding and forecasting of the subject of the purchases, purchasing motives and



purchasing frequencies (Schiffman, 2004). There are many new models developed to study the consumer behaviour. There are certain internal and external conditions which spur the purchase decision. Usually the internal factors conceive the need for the product and the external factors help in making the purchase decision. However rational the consumer is sometimes he still displays reckless habits and impulsive behaviour which determines his conscious choice (Katona, 1964).

A survey conducted in 2014 on 410 respondents clarified this phenomenon of the complexity of consumer behaviour when a huge portion of the respondents mentioned their willingness to purchase a product however only a one third of them purchased. (Maciejewski, 2016). The marketing activities undertaken by a firm along with the cultural environment has an impact on the purchasing decisions. (Wróblewski, 2016).

### 3.2 Factors Affecting Consumer Behavior

There are some factors which highly influence the way the consumers behave. They are briefly mentioned below:

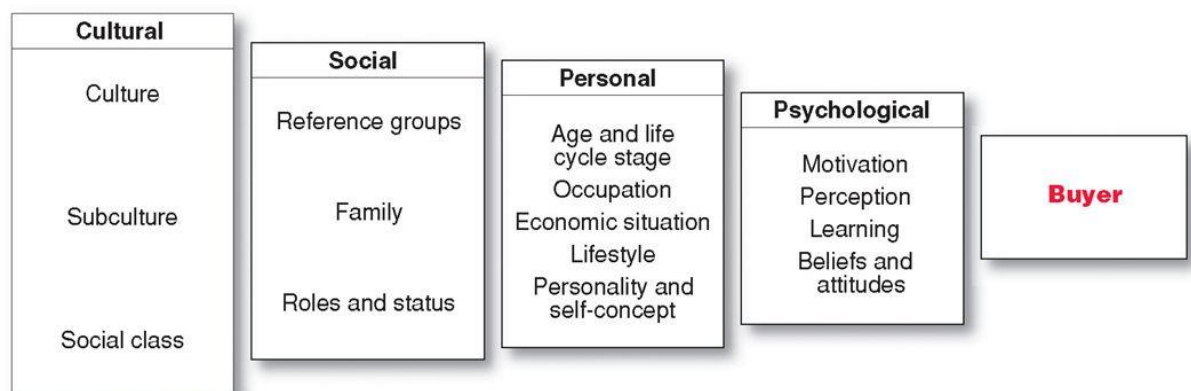


Figure 1 : Factors Affecting Consumer Behavior. Source: *iitmaverick*, 2012. Consumer Buying Behaviour. Available at: <https://iitmaverick.wordpress.com/2012/11/11/consumer-buying-behavior-2/> [Accessed 16 March 2020].

**Personal Factors:** These are the individual factors which vary from person to person and results in different sets of attitudes and perceptions towards goods and services.

**Social Factors:** The society in which the consumer lives has a tremendous influence on the behavior of the consumer. Every consumer behaves in a way which is acceptable to the society.

**Economic Factors:** The liquidity position and the level of the income of the consumer affects the consumers' behaviors in a huge way. The macro economic factors of inflation, recession and the business cycles also affect the consumer behavior.

**Cultural Factors:** Culture affects the customs, practices, rituals and beliefs of the individuals living in an environment. These factors have a major impact on the consumer behavior.

**Psychological Factors:** The human psyche plays a significant role in the shaping of the likes and the dislikes towards some products and services. These factors are the ones that drive an individual towards satisfaction.

Millions of products are already prevailing in the market. Marketers have to fight for the customer's attention, time and money to make sure that the customer purchases the product of his or her brand. This is a tough task considering today's competitive landscape. Marketers are equipped with a powerful weapon in the form of consumer behavior to make sure that their product or service is picked up from the plethora of available products and services in the market.

The study of the consumer behavior answers the five Ws of why, what, when and where related to a product or service purchase. It becomes very crucial for the marketer to study what influences the buying behavior of the consumer and how the marketing messages can be molded to influence the buying behavior in favor of the marketer.

After studying the consumer behavior, the promotion material of advertising, sales promotions, personal selling, public relations and direct marketing is tailor made according to the behavior of the consumers and keeping in mind his/her likes and dislikes. Each sector

of the industry will have different marketing messages which appeal the consumers at various levels. For example, the marketing message of a fast-moving consumer product will be totally different from that of a life insurance product. Whatever the marketing message is, the main aim of it is to convert a want into a sale. That's the recognitions of a successful marketing campaign.

### **3.3 Importance of Studying Consumer Behaviour**

The study of the way a consumer behaves towards his thoughts and processes and ultimately his purchase decision is of utmost importance from a marketer's point of view. The following are the main reasons why marketers spend so much amount of money on the analysis of the consumer behaviour patterns:

- Helps in increasing the sales of the business - the goal of any business
- Helps in establishing the selling price of the product
- Helps in the effective drafting of promotion strategies which push the sales
- Helps in understanding the competitors
- Helps in planning and forecasting production
- Helps in the targeting and segmentation of the market
- Helps in designing the product portfolio of the business

“The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.” (Peter F. Drucker, (1909 - 2005), Author and Teacher)

### **3.4 Process of Consumer Behaviour**

Marketers deploy many models to study the consumer behavior. Since each product or service is unique and each customer is different from the other, it is difficult to pinpoint some specific consumer behavior models. There are numerous models which the markets deploy on what parameter of the consumer behavior they want to study and what end goal they want to achieve.



Figure 2 : Factors Affecting Buying Behavior. Source: Belzer, F., 2019. *Buyer Behaviour: Consumer Behaviour and Organisational Behaviour* / Frank Belzer. [online] Frank Belzer. Available at: <https://www.frankbelzer.com/marketing/buyer-behaviour-consumer-behaviour.html> [Accessed 16 March 2020].

Consumer behavior is a combination of all the above ingredients which is the perfect recipe for a successful conversion to a sale and thus affect the bottom-line of the business. As mentioned above the behavior of the consumer changes with respect to different products and so do the marketing messages to keep alignment with the psyche of the customer.

At present, the most accepted is the model of consumer buying decision process, which divides consumer's behaviour and decision-making into five subsequent stages (Dibb et al. 1994; Sheth et al. 1999) which is shown in the chart below. The consumer goes through a series of mental stages before a purchase decision is made. The first step commences when there is an identification of a want or need and it culminates in the purchase decision.



Figure 3 : Consumer Decision Making Process. Source: 2020. *Consumer Decision Making Process*. [image] Available at: <https://www.businessstudynotes.com/marketing/marketing-management/stages-consumer-decision-making-process/> [Accessed 17 March 2020].

At the most basic level, the model of studying the consumer behaviour processes consist of a series of steps which the consumer must undergo to make a purchase. (Kaufman-Scarborough, 2001). The most common five subsequent stages of consumer behaviour are as under (Dibb et al. 1994; Sheth et al. 1999):

1. **Need Identification:** This is the first phase of the consumer buying behavior process in which the consumer feels that there is a gap in his current position and what he actually needs or desires. Various social, cultural and psychological factors play an important role in the shaping of this feeling of needing something.
2. **Information Search:** After the consumer identifies the need, the next is information to search for the product or the service which will help satisfy the need. Internal and external factors help in this. Marketing messages in the form of advertisement play a crucial role in this stage to help consumer know about the product which will satisfy the need.
3. **Alternatives Evaluation:** The information search gives various brands and products which satisfy the need identified in the first step. Alternatives are prioritized on the basis of the features and other product attributes.

4. **Purchase:** This is the main stage which is of importance to the marketers as it is here that the exchange happens for a price which the consumer pays for the product that he has chosen. Out of the multiple available alternatives, the consumer has made the choice about the marketer's brand which is a great achievement.
5. **Post Purchase Evaluation:** During this last stage, the buyer evaluates the product against the benefits that it generates, and this will decide if he will go for future purchase or not. Satisfaction with the product is extremely important for the organization as this will decide repeat purchases from the consumer.

Studying the mind of the consumer is a complex phenomenon as there are a multitude of factors which affect the buying decision. Along with the personal variables affecting consumer behaviour, there are many socio economic as well as marketing related factors which affect purchases. Consumers sub consciously undergo many stages before making a final purchase. Almost all the models of consumer behaviour assume that the consumer is a person who is independent and capable of making his own purchasing decisions, to whom marketers can advertise their business. (Kaufman, 1995). The consumer behaviour can be studied through the lens of three phases. (Łodziana-Grabowska, 2015) The first is the input phase where information is fed to the consumer's mind through socio cultural factors and marketing activities. The process phase touches the psychological aspects of the consumer's mind if he or she is not affected by product marketing or the external environment. The last phase which is the output phase relates to the factors which are related to the purchase and the post purchase decisions of the consumer.

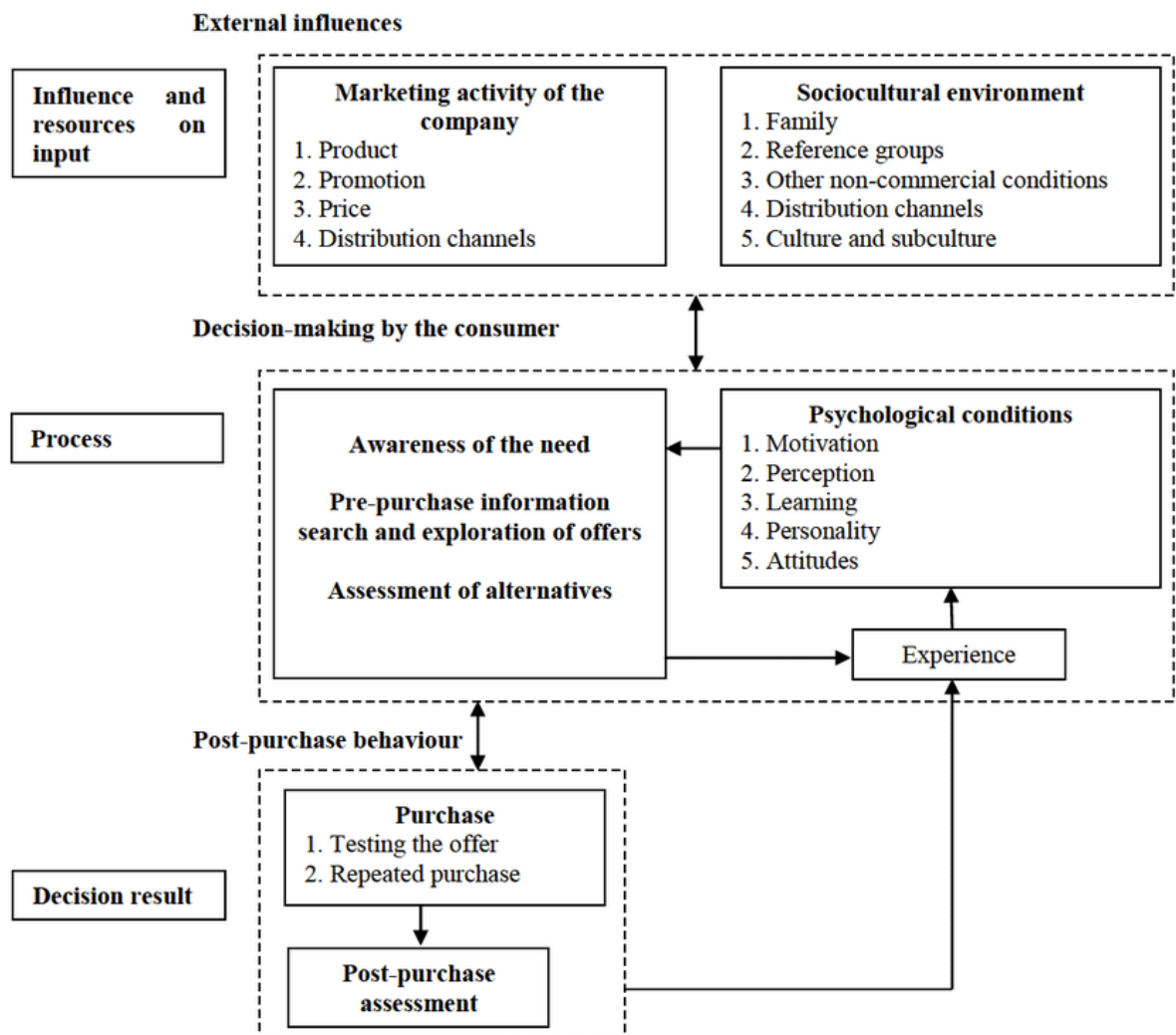


Figure 4 : Consumer Behavior Process. Source: Łodziana-Grabowska,2015

In this era of cut-throat competition, the marketing activities of a company has become a key differentiator for success and failure of any organization. The entire buying decision process originates from the perceived needs and buying (economic) possibilities that are to a great extent influenced by the offer (Foret and Procházka, 2006). The offer here means the entire gamut of the marketing mix elements.

### 3.5 Consumer Behaviour and the Marketing Mix

Traditionally the marketing mix elements were limited to product, price, place and promotions which was proposed by E.Jeromy McCarthy in 1960. Over time the experts in the filed felt that more elements need to be added to the mix in order to provide a fully

comprehensive and immersive experience to the consumer. In the context of today, the marketing mix elements consist of the three more elements which were added by Booms and Bitner in 1981 (Professional Academy, 2020) Today the marketing mix of a company looks as follows:



Figure 5 : Elements of the Marketing Mix. Source: Silcox, 2018, *Marketing Mix Best Practices – Effective Examples of the Seven P's*. Available at: <https://www.leadagency.com.au/marketing-mix-best-practice-effective-examples-of-the-seven-ps/> [Accessed on 20 February 2020]

**Product:** The given product needs to satisfy the needs of the buyer conveniently. The choice of the correct product to fulfil the desire is very important. More information about the product, changing expectations and competition in a product



category change the perception of the consumer regarding the quality of the product (Zeithaml, 1988).

**Price:** The value of the money the consumers need to shell out for the product with the desired qualities. Consumers evaluate whether they will be able to afford the product at the price point. Purchasing decisions are based on the information indications and signals like the name of the product, the design of the product and the package and the price of the product (Samiee, 1994).

**Place:** The availability of the right product at the right place is also of utmost importance. The distribution of the product needs to be in such a way that it is available in the remotest part to the remotest buyer. Product distribution is often under estimated in the marketing world (Majumdar, 1996). It is very important to convince the retailer to store the products of the brand and show case them properly to increase the sales. Many companies are in competition to occupy the shelf space of the retailers so that consumers can find the products easily (Katana, 2014).

**Promotion:** This consists of the way the products are presented and offered to the consumers. Advertising, sales promotions, personal selling, direct marketing are some examples of the promotions which marketers apply to the products. International advertising and international sponsorship of the product has an influence on the way a brand is perceived, and it consequently affects consumer preferences (Qasim and Agarwal, 2015).

**Packaging:** It is very necessary to present the product to the consumer in a delectable fashion. The packing of the product is the first touch point of the potential prospect and a very good opportunity for the marketer to occupy a top spot of the prospect's mind through a visual depiction. The packaging design has been shown as a vehicle of communication and branding for FMCG products (Prasana, 2013). While purchasing FMCG food products, those who were influenced by the packing were also influenced by the promotions of the company, including sales promotions and advertising (Foret and Procházka, 2007).

**People:** People within the organization as well as outside the company who are responsible for the sales of the products, are the face of the company and are the implementers of the marketing strategies. Hiring the right people for the right job is extremely important to be successful. The right people need to be on the bus and the wrong people need to be off the bus. The right people then need to be in the right seats on the bus for an organization to be successful in the corporate world (Collins, 2001).

**Process:** Process consists of the various activities that the marketers use to make the product available to the consumer in the highest of the standards and with the utmost service (Strydom, 2014). This element of the marketing mix is more relevant to the service industry. Processes basically refer to the ease of doing business with in a company right from the website interface, delivery times and contacting customer support to grievance handling. If good and efficient processes are in place for a company for the way they operate, it will leave a lasting impression on the consumer.

**Physical Evidence:** The environment in which the purchase of the product or service is made. The experience of the purchasing of the goods and services should be good and hassle free in order to satisfy the consumer and repeat the purchase in the future (Sethna and Blythe, 2016). Physical evidence is making sure that each component which adhere to the product or service showcases the same brand values as the product itself to ensure that the consumer has a convincing and consistent experience (Target Internet, 2020).

**Positioning:** The place the company and the product occupies in the mind of the consumer is positioning. How is the company and the brand viewed in the eyes of the world is what encompasses positioning in a competitive marketplace, how the company and the brand is perceived by the consumers is a critical determinant of success. (Trout and Reis, 2001). Marketers have been proposing to use positioning as another element in the mix. Positioning is a higher-level strategy that marketers use to ride on the foundation of the other components of the mix. It actually is the bridge which connects the rest of the components to the corporate strategy of the company (Richarme).

### 3.6 FMCG Sector

The FMCG sector comprises of the products which are used day in and day out by people all over the world. The Fast-Moving Consumer Goods are the products that sell quickly and have a comparatively low cost. These non-durable products are usually categorized in three very broad categories such as:

- Household & Personal Care
- Food & Beverage
- Healthcare

The various characteristics of the FMCG products from the view point of the consumer and the marketer are mentioned in this table below:

<b>From the viewpoint of the consumer</b>	<b>From the viewpoint of the marketer</b>
Short shelf life of the product	Production in high volumes
Fast consumption	Extensive distribution
Frequent purchase	Attractive and convenient packaging
Low price	High inventory turnover
Low engagement in terms of effort to choose the item	Low contribution margin
Price comparisons	

Table 2 : Characteristics of FMCG Products Source: Prepared by researcher

The global FMCG market is projected to reach \$15,361.8 billion by 2025, registering a CAGR of 5.4% from 2018 to 2025. (Allied Market Research, 2019) The global market of FMCG is divided on the basis of product type, distribution channel and region. The market based on products is divided into food & beverages, home care, personal care and health care. It is evident from the research report that the food and the beverages segment is the leader among all and is expected to retain this position. The main reasons for the dominance of the food and the beverage market throughout the world are as follows:

- The consumers of today have become experimental and are open to new food and beverage choices

- The consumers have become health conscious and look out for foods and diets which satisfy their health goals.

The market based on distribution channel is divided into super markets, hyper markets, grocery stores, speciality stores, e-commerce and others. Super markets and hyper markets are the most preferred shopping destinations of the people and this trend will continue going further. There are numerous factors which have contributed to the growth of this channel of distribution like:

- Surge in demand for a one stop shopping experience.
- Rise in disposable income.
- Need to enhance the physical shopping experience with a leisure experience.

### **3.6.1 FMCG Sector in Czech Republic**

The consumer-packaged goods sector in the Czech Republic is growing at a very fast pace. The reasons for the growth of this sector are the rising levels of income and the need for better shopping experiences. The consumers of Czech Republic are predominantly sensitive to changes in prices but a gradual trend of shift towards quality in the recent years has been witnessed. With an internet penetration rate of 92.4%, the Czech consumer is digitally connected and regularly uses a smartphone for online purchases (61% of consumers aged 16 to 26, and 43% of the entire population). Cross-border e-commerce is also becoming increasingly popular, with Czech consumers looking for lower prices or products not available in their country (Czech Republic: Reaching the Consumer).

### **3.6.2 FMCG Sector in India**

The FMCG Sector in India is the 4<sup>th</sup> largest sector of its economy. (India Brand Equity Foundation, FMCG Industry in India, 2019). Revenues from the FMCG sector are expected to increase to US\$103.7 billion in 2020. (India Brand Equity Foundation, FMCG Industry in India, 2019). According to a research by Nielson, the FMCG sector in India is poised for a growth of 9-10% in 2020. (Malviya & Bhushan 2020). The FMCG sector in India is broadly classified into three segments which are mainly household and personal care, food and beverages and the health care.

The FMCG sector in India is very versatile given the fact that India is a very big and diverse market and both the spectrums of the market have to be satisfied. Over the past decades the sector has evolved tremendously trying to reach to the remotest market of India with innovations like single use sachets, products satisfying the needs of the niche customers as well as customizing the products to suit local tastes.

### **3.7 Consumer Behaviour in Czech Republic**

Transformation of Czech Republic in the sector of retail industry after 1989 has resulted into an increase in the depth as well as width of trading qualities and ranges. The behavior and lifestyles of the Czech consumers has undergone drastic changes mainly as an outcome of globalization trends. (Tahal and Formánek, 2016). This can be proved with the help of different survey results which shows the different criterions that are usually preferred by the citizens while undertaking purchasing decisions. In addition to this, the concept of modern marketing can also be described as an attempt for maintaining as well as gaining competitive advantages by fulfilling the requirements of the different consumers and ensuring that they are satisfied and content. This is undertaken at the same while offering comfort to the Czech consumer.

The Czech consumers are influenced by a wide number of factors such as social, cultural and external environment as well as by personal factors such as age, sex, economic conditions, education, social status, etc. Furthermore, the buying behavior of the Czech consumers is further influenced by the different assortment types as well. The Czech Republic further has the largest number of supermarkets as well as superstores space in Europe (Dušek *et al.*, 2018). The retail business of the Czech Republic had an increase of 5.6% in the year 2017 and at the same time, the retail sales for food items has also increased by twelve percent. FMCG sector also has experienced certain consolidation especially in the sectors where there is a strong rate of competition.

During the post economic crisis, some trends in the behavior of the consumers has been observed which are worth mentioning (Office of Commercial Affairs, Royal Thai Embassy Prague, Czech Republic):

- The Czech consumer has an increased preference of quality rather than quantity when it comes to food.
- Consumers have become more rational towards their purchases and buy only what they need.
- There is an increase in retail volume.
- The shopping carts are getting smaller in volume.
- Rising middle class is the engine of growth in the retail as well as FMCG market in Czech Republic.
- Sales promotions like special prices play a very strong effect on choosing the product and store of purchase.
- The willingness to go shopping by car has reduced.
- There is a weakening of the brand loyalty.

INCOMA Research 2015 shows that the most prominent places from which the customers shopped was through hypermarkets (43%) followed by discount stores (25%), supermarkets (17%) and smaller stores (15%) in the Czech Republic.

In addition to this, the sector of distribution within the geographical limitations of the Czech Republic increasingly features traditional western systems of market with large groups having power over the small and local traders. Although however with the changing times and growing rates of globalization, the trend has undergone complete change and now the hypermarket and the supermarkets largely dominate the industry acquiring nearly fifty percent of the retail trade. The Czech Republic FMCG market distributes products through the following formats:

<b>Smaller Stores</b>	<b>Discount Stores</b>	<b>Supermarkets</b>	<b>Hypermarkets</b>
Tuty/Tip	Penny Market	Tesco	Tesco
Terno	Norma	Billa	Kaufland
Spar	Lidl	Albert	Globus
Konzum	Coop Diskont		Albert
Jednota			
Hruska			
Flosman/Flop			
Coop			

Table 3 : Distribution Network of FMCG Products in Czech Republic Source: Prepared by researcher

The advancement of FMCG is visible mainly in the segments of upmarket and regardless of the recent failure of the concept of food retailing by Julius Meinl. (Meera *et al.*, 2017). Some other concepts like Wine Food Market and Delmart have appeared to be have gained more success and accomplishments and are also expanding themselves. Moreover, Marks & Spencer's have also announced an extension of its concept of food retailing.

According to the INCOMA Shopping Triggers 2014 market research the average Czech consumer has eight stores within his or her easy reach, however he or she will shop regularly at only three of these. The reasons for refusing to visit the stores are as follows:

<b>Ranked according to importance</b>	<b>Reason why I do not visit this store at all</b>
1 <sup>st</sup>	It is too far away
2 <sup>nd</sup>	Store is too expensive
3 <sup>rd</sup>	Poor assortment of goods
4 <sup>th</sup>	Overall, I do not feel good/comfortable at the store
5 <sup>th</sup>	I do not trust the quality of the goods

Table 4 : Reasons Why Consumers Refuse to Visit Food Stores in Czech Republic. Source: INCOMA Shopping Triggers Market Study 2014

The important and key economic areas of the Czech Republic are concentrated over the capital of the country- Prague and in other metropolitan areas such as Plzen and Usti and Labem in west as well as Ostrava and Brno in east. Within the Prague area, different and new concepts such as wine stores, bakeries and coffee shops also are expanding and are usually pronounced focus of the consumers.

A survey of 1070 Czech households was conducted in 2005/2006 to study the consumer buying behavior in the country. (Foret, 2005) Many interesting insights were revealed from the analysis of the data. While buying food items, it was noticed that more than one half of the households did not look for any specific information prior to the purchase. In case they had to look for information, different catalogues were the most frequently used source. Astonishingly internet, TV, radio and print advertisements were not regarded as less frequently accessed sources of information when it came to purchase of food items related to the FMCG category. (Foret and Procházka, 2007) Quality of the product was an important factor while purchasing a good product.

### **3.8 Consumer Behavior in India**

The top FMCG business organizations in India are Indian Tobacco Company Limited (ITC); Nestle India and Hindustan Unilever Limited (HUL). ITC manufactures different varieties of FMCG products such as food items, cigarettes, lifestyle retailing items, personal care products, etc. Hindustan Unilever Limited provides products such as coffee, personal care items, tea, etc. Nestle provides different varieties of chocolates. There are different factors which influences the consumer behavior of the Indian people and at the same time also affects their buying behavior. Some of these factors are quality, brand name, packaging, price, manufacturing date, availability, affordability, quantity, trend name as well as transparency.

The culture and the lifestyles of the Indian people are drastically changing along with growing population which in turn has a direct as well as adverse influence on the Indian FMCG industry. As mentioned earlier, the population of the country is increasing at a fast pace but at the same time, figures have shown that the population growth rate of India has been decreasing with time. As in much of the rest of the world, India's growth rate has been slowing for the past few decades, a decline attributed to increasing alleviation of poverty; rising education levels, especially among women; and growing urbanization. (Chandrasekhar, 2019). For instance, the population growth rate was 1.07% in the year 2017, 1.04% in 2018, and 1.02% in the year 2019 and 0.99% in 2020. (WorldoMeter). Even though these figures of the population growth rate did not show drastic changes, the demand and supply for the FMCG items have been tremendously influenced because of changes and



alterations within the population structure. It has been projected with a large and young working population that India could overtake China's growth numbers. The median age for India currently is 25 and by the next 5 years, 55% of the country's people will be working. Such a rise in the productive population of the country will translate into more and more personal consumption leading to good sales numbers for the FMCG sector (Momin K & Cyrill M, 2016).

India's young population is technologically aware. Internet connectivity and increase in the number of smart phones has led to an increased e-commerce market in India which has in turn formalized the unorganized sector of retail. By 2030 the e-commerce segment is projected to contribute 11% of the overall FMCG sales in India (Singh, 2019). It is estimated that India will have 370 million generation Z consumers by 2030 who have a high affinity towards health and nutrition, high awareness and a high expendable income (Singh, 2019).

There has been a change that has taken place in the lifestyle and social behavior of the Indian consumers which further influences the FMCG industry operating within the territorial boundaries of India. These new changes in the lives and choices of Indian people demand for new and alternative products from time-to-time and also leads to an increase in research and development investments by the FMCG business organizations. (Sisodiya and Sharma, 2018). The key drivers for the growth of the FMCG segment are easier reach, changing lifestyles and the growing awareness of the consumer. "At the heart of all of this is the consumer. The real winners are those who will benefit from increased consumption with changing lifestyle" (Bharat Puri Chairman, CII National Committee on FMCG and Managing Director, Pidilite Industries)

In addition to this, with shortage of food turning into a major problem worldwide including India, investments in the production of food will also increase as a result of this. Thus, if the business organizations are unable to provide desired services and products according to the changing behavior and lifestyles of the Indian consumers then it can get quite difficult and challenging for FMCG organizations to survive adequately and perform efficiently within the Indian market system.

Furthermore, the problem of illiteracy also has an adverse effect on the buying and consumer behavior of the Indian people. Most of the Indians residing in the rural areas, do not have an adequate and proper access to education. (Moses and Ambrose, 2018). Their thought patterns are traditional, irrational as well as illogical. Therefore, with the help of increased education levels and the establishment and development of schools and other educational facilities in the different rural surroundings, the thinking patterns and living conditions of the rural people living within the geographical limitation of India can be improved and at the same time, the problem of impulse purchase can also be reduced. Educated consumers are able to undertake more logical as well as rational decisions.

In India there is a huge rural sector which is unorganized but contributes to over 40% of the revenue which comes from the personal care, fabric care and hot beverages categories of the FMCG industry (Singh, 2019). On the other hand, urban India which contributes to over 60% of the total industry revenue has a good growth potential in the skin care, feminine care and the household care in the personal and home care segment. Processed foods, bakery and dairy are the areas to watch out for in both the rural and the urban markets of India (Singh, 2019).

### **3.9 Interview with Czech Republic Healthcare Site Manager – Lonza Czech Republic**

Lonza Czech Republic is a leading healthcare company in the EU region. Robert Kuzela, the site manager for Lonza Czech Republic was interviewed in 2012. Robert Kuzela, the site manager for Lonza Czech Republic stated in an interview that the sector of FMCG is very different from the industry of biotechnology since it the FMCG sector is based on the aspect of business-to-consumer instead of business-to-business. And as the name indicates, FMCG is quite faster business too with a planning horizon of maximum three years.

He mentioned that FMCG is a very competitive, dynamic and versatile market. Monitoring sales is a day to day activity for any FMCG company. If a company misses an opportunity to be present in a certain market, someone else will be there and eat into the market share of the company. Robert also mentioned that in the FMCG industry there is limited transparency and a low level of personal interaction with the consumer. Consumers are not shown what

goes behind the scenes. FMCG companies superficially demonstrate the beauty of the product and the production process but consumers are never allowed inside the facilities.

He continued to state that with the fall of the communist regime, came the perfect time for investing in private business and the consecutive economic balance and resistance of Czech Republic rewarded the commitments of the organization and enabled expansion and development. In addition to this, Czech Republic is also popular for its education levels and the individuals are very well and adequately qualified for undertaking work with the knowledge accelerated industries. The country also has a very effective as well as strong balance of friendly and encouraging labor costs as well as educational excellence.

The advantage of Lonza Czech Republic is that the business organization has recruited qualified citizens along with a track record of twenty years with consumer relations (Průša and Sadiék, 2017). Moreover, the mentioned organization is also able to provide certain services and products to its consumers which are usually very competitive from the standpoints of cost. The company has a department for manufacturing technology and science which takes control over the procedures acquired from the consumers.

Lonza Czech Republic is also able to provide certain services and products to its consumers which are usually very competitive from the standpoints of cost. The company has a department for manufacturing technology and science which takes control over the procedures acquired from the consumers. The department also bonds with the items and conducts experiments and trials for the task of transferring the technology in the direction of larger scales. In addition to this, the work undertaken by Lonza is quite complex and the organization has its own portfolio of different expertise which it can provide to its consumers.

Moreover, Lonza Czech Republic is also very much flexible and adaptable in terms of alterations and changes within the facility for effectively accommodating particular projects. Every project undertaken by Lonza is analyzed by its added value, profitability as well as viability towards the organization. There is an exclusive approach or technique towards every stage that are present within each of the projects. Lonza is required to manufacture as well as offer different quantities and qualities to all its consumers. The main task is producing

what originally is designed by contract. The core competency of the Lonza Czech Republic organization is to look for opportunities to improve and enhance itself. (Formánek and Tahal, 2016).

One of the most important goal of Lonza as stated by Robert was to move in the direction of manufacturing items with increased added value along with sophisticated items with increased range of quality. The greatest challenge experienced by the mentioned business organization is listening to the needs and complains of its consumers and this is why Lonza is required to efficiently utilize its skilled workforce and bring solutions and contentment to its consumers. Another challenge experienced by the organization is associated with perception and this is why Lonza invites all its consumers to come and see its facility along with the accomplishments acquired by the organization. After having scientific discussions with the organizational managers and workforce regarding organizational operations and procedures, the consumers finally have their confidence strengthened.

### **3.10 Interview with Indian FMCG Brand Chairman & Managing Director – ITC Limited**

Leading daily newspaper Economic Times conducted an interview with ITC brand Chairman and Managing Director Sanjiv Puri in February 2020. ITC is one of India's leading FMCG marketers. The interview was conducted by Sagar Malviya and Writankar Mukherjee. Mr. Puri mentioned that the ITC business organization is trying to work with an open and growth mindset at the times of slowdown and since the market system of India has the tendency of growing extensively. He stated that the demand for FMCG products will continue to increase. Sanjiv Puri further added that as ITC has entered nearly twelve FMCG categories within the time period of past five years, mentioned the business is now focusing on scaling up some of the twelve FMCG categories instead of adding some more of these categories. Puri is of the opinion that the Indian government should provide the concerned business organization with certain amount of incentives for creating and introducing domestic brands which in turn will have the capability of anchoring sustainability as well as comprehensive value chains. These incentives will further facilitate the creation and establishment of robust and powerful manufacturing bases and at the same time will also prove to be beneficial for the Indian agricultural sector. (Chauhan & Parmar, 2017).

ITC Limited is continuing to grow all its FMCG businesses keeping this aspiration in mind. The focus of the concerned organization is on ascending their businesses with the increasing profitability as well as market shares. The new segments of FMCG has further shown ongoing enhancements in profitability over last few years along with EBITDA increasing two times more in spite the growth in gestation, marketing investments as well as startup expenditures of new divisions and facilities and growth in the input costs. This advancement trajectory has also sustained in the current year of 2020 with EBITDA increasing 48% during the third quarter and nearly 43% during the first 9 months of the present fiscal.

The demand and supply for the FMCG items have been tremendously influenced because of changes and alterations within the population structure. Puri also stated that factors such as quality, quantity, accessibility, affordability, etc., also influences the demand for products in the FMCG sector. The investments that have been made in 9 huge integrated manufacturing facilities and consumer goods in turn will provide with structural cost benefits over time and will also facilitate better and enhanced market servicing along with progressive growth in capacity utilization as well.

The innovation engine of the mentioned business organization is working twenty-four hours a day for creating products required by the current consumers today, tomorrow and day after tomorrow. (Parashar *et al.*, 2017) ITC has also entered twelve new divisions and has also established thirteen new brands during the time course of the last five years. The focus of the company currently is on enhancing some of these divisions that it has invaded in the recent times instead of adding and introducing more new divisions.

### **3.11 Consumer Spending in Czech Republic vs. Consumer Spending in India**

Czech Republic is a developed nation where as India is characterized as a developing country. It is very natural that there will be differences in the consumer spending patterns of both the countries. Here is a snap shot of how the household income is spent in both of these countries.

The people of Czech Republic spend only a small portion of their income on food and beverages as can be viewed from this table (Czech Republic: Reaching the Consumer). The data is from the year 2016.

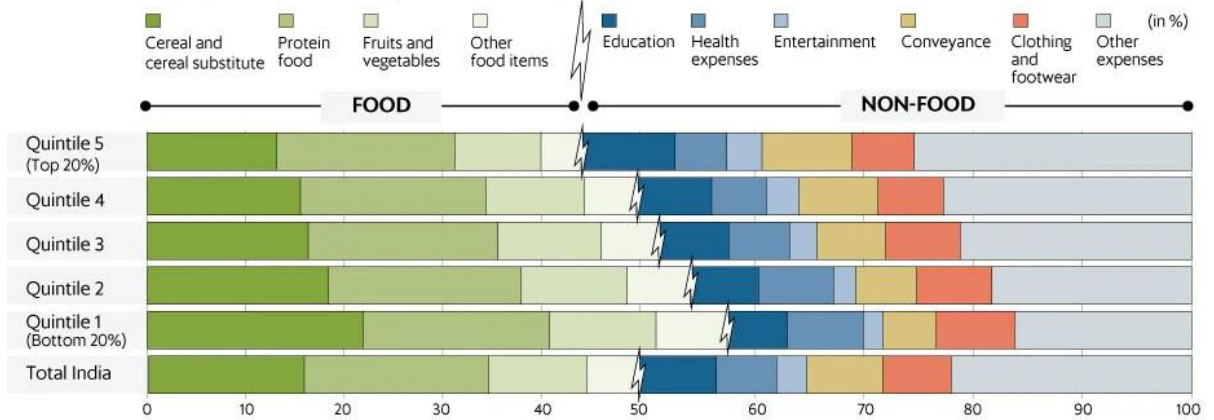
<b>Sector</b>	<b>Percentage</b>
Energy Expenses	25%
Food & Non-Alcoholic Drinks	16%
Transports	10%
Restaurants & Hotels	9%
Culture & Entertainment	8%
Alcoholic Drinks & Tobacco	8%
Other Goods & Services	7%
Capital Goods	5%
Clothing	3%
Communication	2%
Health	2%
Total	100%

Table 5 : Division of Household Spending on Consumption in Czech Republic in 2016  
Source: World Bank, OECD and UN

India is a big country and is divided into urban and rural India. It is noted from the survey that majority of the income is spent on food in India. The bottom quintile (poorest 20%) spends nearly 60% of its monthly budget on food while the top quintile (richest 20%) spends 44% on food. Within urban India, the bottom quintile spends 53% on food while the top quintile spends 41% on food. (Bhattacharya, 2016)

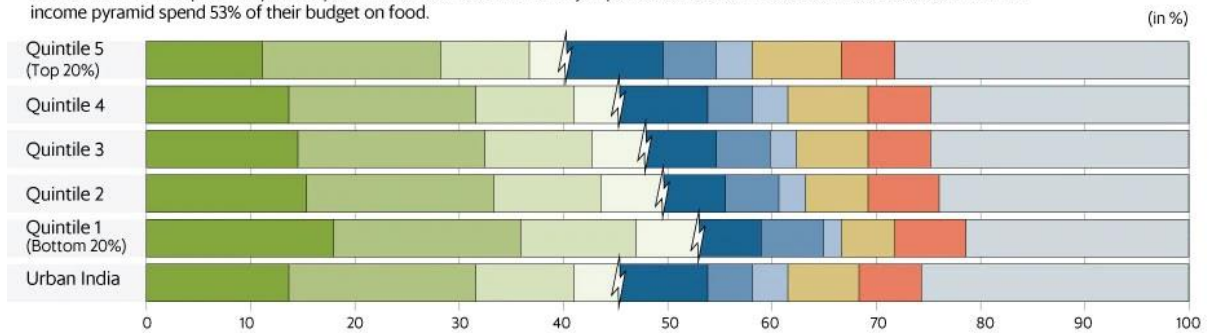
## Routine household consumption expenditure

The bottom quintile spends significantly more on health compared to the top quintile as a share of routine consumption expenses. The share of monthly expenses spent on clothing and footwear is roughly the same across income classes.



### URBAN

Households in the top urban quintile spend 41% of their routine monthly expenses on food while those at the bottom of the urban income pyramid spend 53% of their budget on food.



Source: ICE 360° Survey, 2016

Figure 6 : Household Consumption Expenditure in India in 2016 Source: ICE 360° Survey, 2016

A quick glance at both of these tables reveals that the dynamics of spending change according to the level of development of the country. Developed economies have very less amount spent on health for example, since the living conditions are good there and more over the government pays for the health of the individuals. On the other hand, developing economies like India spend a major part on their earnings on health as living conditions are poor and the government does not provide any medical aid which is of good quality. Food in India is a main driver of spending of the income where as in the Czech Republic it is the second most spender.

### **3.12 Origins of Coffee in Czech Republic and Current Trends**

Coffee reached the European lands in about the 17<sup>th</sup> century through Arab and American travellers. The Czech lands got its first mention of coffee by Kryštof Harant of Polžice and Bezdrůžice who was a nobleman, traveller, humanist, soldier, writer and composer after his visit to Constantinople in 1598. (Kytka, 2018)

Initially coffee spread as a sign of a luxury drink but soon its taste was spread among the intellectual and artistic circles. (Kytka, 2018) Renowned for its bitter taste, coffee was sold as a gastric remedy in pharmacies. It was expensive and affordable by the nobles but soon the ordinary people also acquired its taste. Although people drank it first out of curiosity, it soon became an acquired taste and a lifestyle choice in the 20<sup>th</sup> century in between the wars.

Czech Republic holds the credit for patent for the decaffeinated coffee. (Kytka, 2018). Today, the Czech do want their coffee to be brewed with or without caffeine. Czech Republic has a lower consumption of instant coffee compared to its other neighbours. (Kytka, 2018)

### **3.13 Origins of Coffee in India and Current Trends**

Records reveal that coffee in India is as old as the 17<sup>th</sup> century when an Indian Sufi saint Baba Budan secretly brought seven mocha beans while returning from his journey from Mocha, Yemen. (Indian Brand Equity Foundation, 2020) He planted these beans in his courtyard in Karnataka state of India. Gradually the seeds sown made way to coffee plants and over the years a vibrant ecosystem of coffee plantations was developed in India. South India is known to be a hub for the coffee plantations, and it is a monsoon crop.

Over the years, coffee is proliferated to other parts of India as well. The reasons for the boom on consumption of coffee in India can be largely attributed to many factors like increase in the disposable income of the households, global exposure, attention to food and media penetration, urbanization and changing lifestyles of the people (Jain and Shukla, 2018).

Coffee today is a vital part of the Indian culture. Today coffee in India is available in the retail market through modern and traditional formats of grocery stores and super markets. It is also available in Indian and international café chains (Jain and Shukla, 2018).

Over the past few years, retail coffee cafes have gained a lot of popularity. The shift in the consumer behaviour over the last two decades from being saving oriented to being



consumption oriented has been a blessing in disguise for the retail coffee outlets. Shelling out Rs.200-400 for coffee and food is not a big deterrent for the Indian consumer. (Srivastava, 2014). These cafes are viewed as hangout zones among friends, families and colleagues. The coffee cafes provide a relaxing ambience where one can read, work or discuss anything while sipping coffee. This coffee phenomenon is particularly attractive to the age group of 18 to 45 as they provide the necessary ancillaries like free WIFI and music which soothe the soul and give a feeling of refreshment. (Grand View Research, 2018)

It is interesting to note that consumers of coffee like to stick to their roasts. They are not swayed by the decorated varieties of the coffee but prefer the usual cappuccino, latte or espresso according to Chef Neha Singh at Cicchetti by Mr. Beans, Gurugram. (cited in Paljor, 2019). An opposing view to this is held by Punnet Gulati who is the CEO of the coffee chain Barista. He mentions that Indians are drawn to innovations which drive them to excitement (cited in Paljor, 2019). Consumers are today open to experimenting new blends and experiences when it comes to coffee as is viewed by Jai Ganesh Ramnath, MD at Lavazza India. (cited in Paljor, 2019). Coffee consumption will constantly evolve, and brands need to go beyond innovation and build an emotional connect with the consumer so that coffee becomes a ritual and eventually synonymous with a brand as opined by Navin Gurnaney, CEO, Tata Starbucks Pvt. Ltd. (cited in Paljor, 2019).

### **3.14 Consumer Behaviour towards Coffee in Czech Republic**

Many researchers have conducted many researches on how the consumers behave towards the purchases of the beverages especially coffee. The interesting revelations from surveys in European countries exhibit a certain behaviour which has been shown in below.

1. A nationwide survey was conducted in the Czech Republic where 1750 respondents were asked their preferences regarding buying beverages including coffee in the fourth quarter of the year 2004. Coffee, tea and mineral water were the most popular beverages of the people of Czech Republic (Foret and Procházka, 2006).
2. Coffee was purchased daily or at least once a week by the respondents (Foret and Procházka, 2006).
3. There was local patriotism while purchasing beverages (Foret and Procházka, 2006).

4. Coffee was purchased as ground coffee or instant coffee, whereas the interest in the caffeine free or coffee substitute products was low (Foret and Procházka, 2006).
5. Habitual purchasing of coffee prevailed in a majority of the respondents (Foret and Procházka, 2006).
6. Consumption of the coffee did not change for many of the respondents and on the contrary the consumption of coffee had increased for most of the respondents which was the reason of a choice to live a healthy lifestyle (Foret and Procházka, 2006).
7. Beverages including coffee which was considered the part of a healthy nutrition was purchased from the hypermarkets (Foret and Procházka, 2006).
8. Coffee was preferred to be drunk in the houses of the consumers with the family rather than outside the homes or at workplace because coffee is considered a family drink (Mokrysz, 2016).
9. Coffee was mostly consumed with breakfast or before breakfast (Mokrysz, 2016).
10. The preference for beverages including coffee was found out on a basis of a variety of factors. (Foret and Procházka, 2006). The following was the basis on which the purchase of the coffee was ranked.

Attribute	Rank
Quality	1
Advertisement	2
Package	3
Price	4
Brand	5
Other Reasons	6
Novelty	7

Table 6 : Rank of the Factors Affecting Consumer Behaviour towards the Purchase of Coffee in the Czech Republic Source: Foret and Procházka, 2006

### 3.15 Consumer Behaviour towards Coffee in India

Coffee consumption in India has a long history. As a beverage coffee is a good revenue generator in any FMCG brand's kitty as its consumption is all through the years in the majority of the households. Marketing managers are interested in knowing the attitude of the people towards coffee. This would give them some useful insights towards developing the

right kind of the marketing messages so that they appeal to all the target audience and can increase the revenue generation of the company. All the aspects of the marketing mix need to be gauged accordingly and efforts need to be made to study what are the trigger elements which can increase the demand and the consumption of the coffee in the country. Continuous changes in the consumer trends and behaviour make it all the more important to find out what appeals to the consumer. There have been many researches conducted in various parts of India to find out the perceptions of the people towards coffee and their attitudes and behaviour when it comes coffee. Some of the findings from prior researches are mentioned below:

1. The consumption of hot as well as cold beverages is almost in the same proportion (Jindal et.al, 2014).
2. Mostly all the people have a preference towards the place where they like to drink coffee (Jindal et.al, 2014).
3. Out of a survey conducted of 330 respondents, 45% preferred coffee in cafes and 33% preferred to have coffee in the houses (Jindal et.al, 2014).
4. People prefer coffee without food when they go out to drink coffee (Jindal et.al, 2014).
5. On an average, women spend more than men when they go to drink coffee outside in the cafes or coffee shops (Jindal et.al, 2014).
6. Indians earlier used to believe that coffee was meant to be drunk seemingly hot, mostly diluted with milk, sweet and often chicory adulterated drink from glistening steel tumblers (Vishal, 2017).
7. The trend now is driving to coffee cafes like Barista, Café Coffee Day and Starbucks to drink those fancy cappuccinos and lattes (Vishal, 2017).
8. Over the last half a decade, gourmet coffee beans have become a lifestyle choice. Artisanal coffee, single estate coffee and bean to cup are no longer the badges which can be associated to the Western world. India has begun to join the league (Vishal, 2017).

9. There are many types of brews and the hot cup of filtered coffee has made way for the aero press, pour over and the cold nitro brews (Vishal, 2017).

10. The young India can now discern the taste of coffee very well and can differentiate between an Arabica and Robusta flawlessly (Vishal, 2017).

11. Out of the 55 responses collected for a survey conducted in South India, preference for coffee was ranked based on several factors. The following was the basis on which the purchase of the coffee was ranked (Guruswamy et.al, 2018).

<b>Attribute</b>	<b>Rank</b>
Taste	1
Availability	2
Offers and Sales Promotions	3
Brand Image	4
Smell	5
Advertisement	6
Price	7

Table 7 : Rank of the Factors Affecting Consumer Behaviour towards the Purchase of Coffee in India Source: Guruswamy et.al, 2018

## **Chapter 4**

### **Data Analysis**

The objective of this thesis was to find out the consumer behaviour in the FMCG market with reference to coffee in the Czech Republic as well as India. Primary as well as secondary data was studied to analyse the research goals. The secondary research on the topic was reviewed in many of the articles, studies and research papers produced earlier which directly or indirectly related to the thesis topic. Primary data was gathered through a questionnaire circulated in the Czech Republic and the Indian markets.

Research methodology is the path that the researcher chooses to collect, analyse and interpret the data collected during the study period. To fulfil the objective of finding out the consumer behaviour of the FMCG segment with reference to coffee in the Czech Republic and the Indian Market, the researcher obtained primary data through the execution of a well drafted questionnaire. When data is collected through surveys, it is termed as quantitative data. This data is measurable objectively with numbers.

#### **4.1 Data Collection Tools**

Surveys are a common tool which are used to gather data which is quantifiable. Traditionally a survey is a method of collecting information on a topic of interest from a sample of people with the intention of generalizing the inferences to a larger audience. Surveys can take many forms like face to face, telephone surveys, self-administered paper and pencil survey and self-administered computer aided surveys. In the present context computer aided and online surveys are the most popular. This thesis used an online Google Form questionnaire to collect data. The questionnaire was divided into two parts. The first part collected the demographic details of the respondents. The second part focussed about questions based on the lifestyle of the people in Czech Republic as well as India.

#### **4.2 Sample Size**

In this project primary and first-hand data was collected from 45 respondents from Czech Republic as well as 45 respondents from India through the administration of a comprehensive questionnaire which was circulated among friends and family and the greater community through social media channels like Facebook and WhatsApp.

### 4.3 Profile Analysis

This data was analysed statistically for both the markets using Excel Sheets and SPSS (Statistical Package for Social Sciences) wherever necessary. The data was presented in the form of tables and graphs to understand the demographics of both the country's sample data.

#### 4.3.1 Sample Size of Czech Republic and India

	Home Country		Total
	India	Czech Republic	
Citizen of India	45	0	45
Citizen of Czech Republic	0	45	45
<b>Total</b>	45	45	90

Table 8 : Size of sample from the survey in Czech Republic and India Source: Prepared by researcher

Table 8 represents the size of the sample from Czech Republic and India. This is the number of people that took the survey from both of these countries to study the effect of the consumer behaviour in the FMCG market with reference to coffee.

#### 4.3.2 Distribution based on Gender

	Gender		Total
	Female	Male	
Citizen of India	26	19	45
Citizen of Czech Republic	26	19	45
<b>Total</b>	52	38	90

Table 9 : Distribution based on gender in Czech Republic and India. Source: Prepared by researcher

Table 9 shows a representation based on gender in both the countries. There are a total of 52 female respondents and 38 male respondents combined from both the countries. The participation of the females outnumbers the males while conducting

this research. Figure 8 depicts this information about the gender distribution graphically for better understanding.

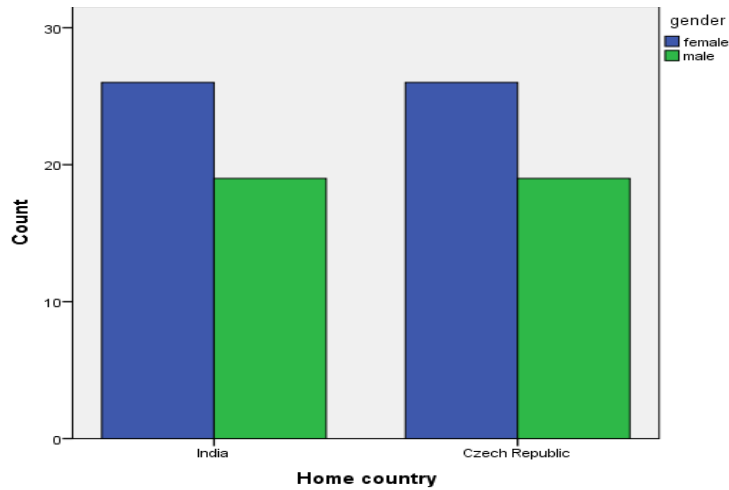


Figure 7 : Distribution based on gender in Czech Republic and India. Source: Prepared by researcher

#### 4.3.3 Distribution based on Age

Any survey is incomplete without asking the age of the respondents. The age of the consumer helps in easy understanding of the behavior. It is extremely important to include the factor of age while collecting the profile details of the candidates.

	Home Country		Total
	India	Czech Republic	
18-35	11	29	40
36-50	16	11	27
51-65	12	4	16
66-above	6	1	7
Total	45	45	90

Table 10 : Distribution of the basis of age in Czech Republic and India. Source: Prepared by researcher

From the Table 10 and Figure 8 and the graphical representation it can be inferred that the number of respondents in the Czech Republic in the age category 18-35 years old was higher than in the India. India surpassed the Czech Republic in the number of respondents in all the remaining three categories.

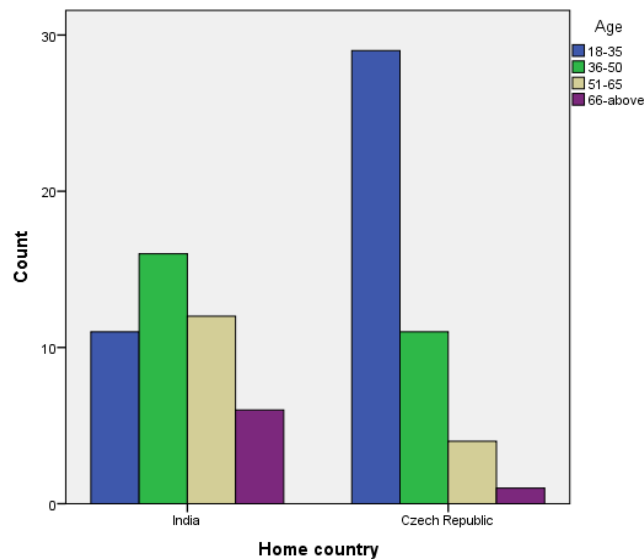


Figure 8 : Distribution of the basis of age in Czech Republic and India. Source: Prepared by researcher

#### 4.3.4 Distribution based on Level of Education

The Table 11 shows the level of education of the survey participants. India has a lower count of secondary education compared to Czech Republic. On the other hand, the number of respondents who have studied till higher secondary and who took part in the survey is more in India compared to the Czech Republic.

	Home Country		Total
	India	Czech Republic	
Secondary	8	9	17
Higher Secondary	6	2	8
Graduate	10	14	24
Post Graduate	21	20	41
Total	45	45	90

Table 11 : Distribution based on level of education in Czech Republic and India. Source: Prepared by researcher

From the responses it can be inferred that there is a higher number of graduates who took the survey in Czech Republic compared to India. While on the other hand the post graduate education response is higher in India only



by one count. The graphical representation of this data is shown the Figure 9 below.

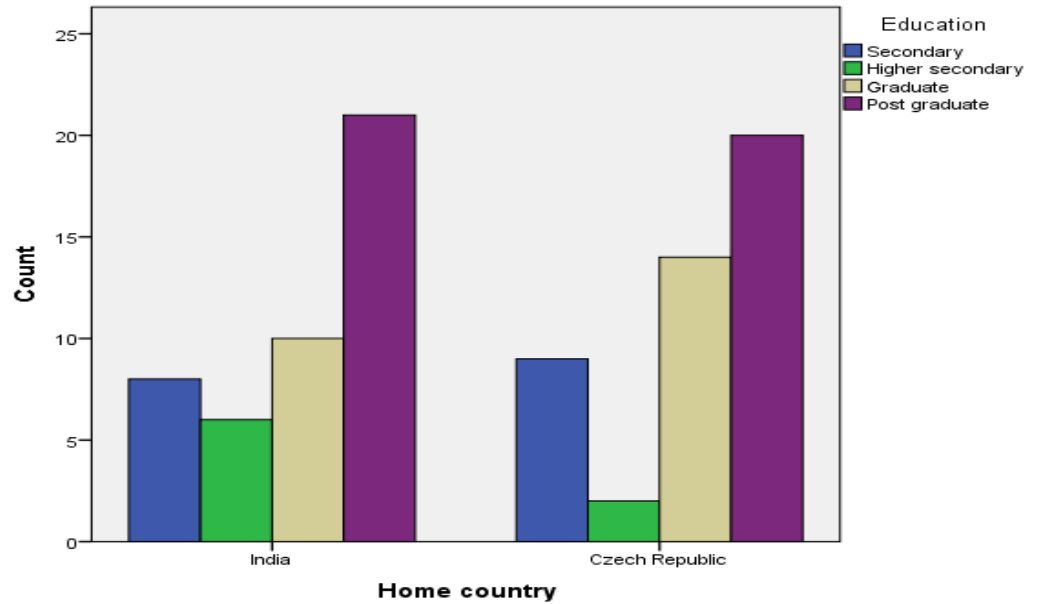


Figure 9 : Distribution based on level of education in Czech Republic and India Source: Prepared by researcher

#### 4.3.5 Distribution based on Occupation

Table 12 depicts the occupation of the participants in the survey in both the countries. The categories of the occupation start from student and move along the career choice of the respondent and finally ends with retirement.

		Home Country		Total
		India	Czech Republic	
Occupation	Student	7	31	38
	Salaried	7	9	16
	Self Employed	14	0	14
	Business Owner	11	2	13
	Home Maker	4	2	6
	Retired	2	1	3
Total		45	45	90

Table 12 : Distribution on the basis of occupation in Czech Republic and India

Source: Prepared by researcher

It is observed from the responses that the students form the highest number of survey takers in the Czech Republic. Approximately more than 65% of the respondents are students in the Czech Republic. On the other hand, the respondents in the salaried or self-employed or into business or homemakers lead in numbers compared to the Czech counterparts. Approximately 31% are self-employed and 24% are into business in India compared to 0% self-employed and 4% into business in the Czech Republic. The graphical representation of the data is shown below in Figure 10.

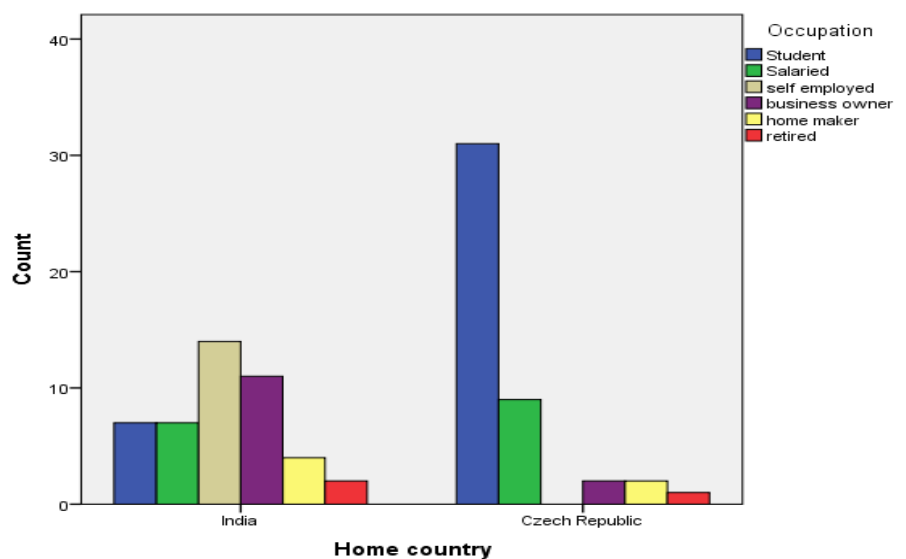


Figure 10 : Distribution based on occupation in Czech Republic and India Source: Prepared by researcher

#### 4.4 Lifestyle Factors Analysis

The participants of the survey in both the Czech Republic and India were asked the same set of questions related to their life style choices with regards to their preferences about coffee. There were varied and interesting responses to the questions in both countries.

##### 4.4.1 Favorite Coffee Brand

A multitude of products are available in the market. Coffee is no exception. There are a numerous variety of coffee brands in each country. Personal preferences may differ when it comes to the brand which is liked by most of the candidates. Both India and the Czech Republic are home to many brands selling coffee in the country. There

can be many reasons for the consumers preferring one brand over the other. The participants of the survey were asked to mention their favorite brand of coffee. Czech Republic as well as India had four choices to select from. Nescafe was an option which was common to both the brands. The data gathered reveals that Nescafe is the most preferred coffee brand of both the Czech Republic and India. Out of the 45 respondents in both the countries approximately 31% preferred Nescafe in India followed by Bru, Tata Coffee and Café Coffee Day.

	What is your most preferred coffee brand? Please select any one option.												Total		
	Nescafe		Bru		Tata		Cafe Coffee Day		Tchibo		Jacobs			Frolik's Coffee	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	
India	14	31.11	13	28.89	12	26.67	6	13.33	0		0		0		45
Home Country Czech Republic	19	42.22	0		0		0		9	20.00	12	26.67	5	11.11	45
Total	33		13		12		6		9		12		5		90

Table 13 : Most Preferred Coffee Brand in Czech Republic and India. Source: Prepared by researcher

In the Czech Republic approximately 42% preferred Nescafe which is then followed by Jacobs, Tchibo and Frolik's Coffee. It is interesting to note that Nescafe is the leader in both the countries despite the difference of the sample in demographics. Figure 11 represents the data graphically about the most favourite brand of Coffee across all genders, age groups, education statuses and occupations.

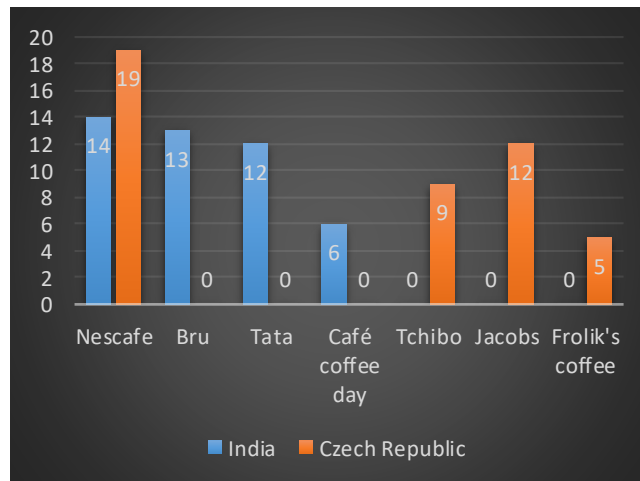


Figure 11 : Most Preferred Coffee Brand in Czech Republic and India

Source: Prepared by researcher

#### 4.4.2 Preferred Time of Consuming Coffee

Table 14 illustrates the times when people of Czech Republic and India prefer coffee. There were four choices given which were morning, afternoon, evening and whenever needed. It was revealed from the data that the same percentage of people preferred coffee in the morning in both the countries which was about 18%. More number of Indians which is about 31% preferred to have coffee in the afternoon which corresponds to 13% in the Czech Republic.

		What time do you generally consume coffee at? Please select any one option.								Total	
		Morning		Afternoon		Evening		Whenever Needed			
		F	%	F	%	F	%	F	%	F	%
Home Country	India	8	17.78	14	31.11	15	33.33	8	17.78	45	100
	Czech Republic	8	17.78	6	13.33	31	68.89	0		45	100
Total		16		20		46		8		90	

Table 14: Most Preferred Time of Consuming Coffee in Czech Republic and India

Source: Prepared by researcher

The highest preferred time for the people of Czech Republic as well as Indians was evenings. About 33% Indians responded that they like to have coffee in the evening whereas a whopping 69% of the Czechs responded that they like to have coffee in the evening. About 18% of the Indians also mentioned that they like to have coffee whenever they feel like which was contrary to what Czechs thought. None of the Czechs responded that they like to have coffee whenever they feel like having it. Coffee appeals to consumers at different times and for different reasons. It is a drink to be savored to give a kick to the one who is consuming it. Someone might prefer it in the morning, someone in the afternoon, someone in the evening, someone in the night and someone at just any time. Marketers find the information useful to understand the psychology of the people when they drink coffee. Through asking this question to the survey participants, the researcher has tried to assemble the information about the preferred time of drinking coffee in India and the Czech Republic. Below in Figure 12 we can come to about what time the Czech Republic citizens and Indians like to consume coffee.

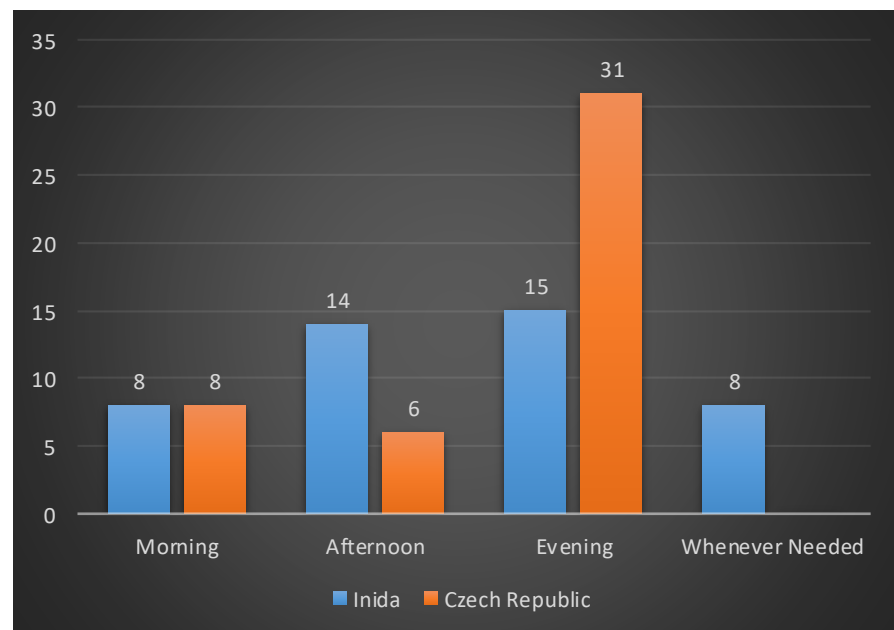


Figure 12 : Most Preferred Time of Consuming Coffee in Czech Republic and India

Source: Prepared by researcher

#### 4.4.3 Preferred Individual to Consumer Coffee with

The respondents when asked whom they prefer consuming coffee with mentioned some interesting facts which reveal a lot about their personality. It is evident from the data that the citizens of Czech Republic as well as India depict very different behaviors when it comes to consuming coffee. The choice of individuals with whom the respondents prefer coffee with throws some light on the personality of the individuals which is influenced by the society and the culture in which they live. Table 15 below shows the number of the respondents who prefer coffee with their choice of individuals.

		Whom do you like to have coffee with? Please select any one option.								Total	
		Family		Friends		Neighbours		Alone			
		F	%	F	%	F	%	F	%	F	%
Home Country	India	12	26.67	8	17.78	14	31.11	11	24.44	45	100
	Czech Republic	10	22.22	17	37.78	1	2.22	17	37.78	45	100
Total		22		25		15		28		90	

Table 15: Most Preferred Individual to Consumer Coffee with in Czech Republic and India. Source: Prepared by researcher

It is said in India that the true relatives of a person are his or her neighbors as they are the ones which are the most accessible in the times of need. This belief is proven by the results of this survey where a more of 30% of the participants mentioned that they will like to have coffee with their neighbors. Family is the second priority when it comes to the choice of the individuals while consuming coffee. This is followed by preferring coffee alone at 24% followed by friends at 17%. On the contrary the results of the Czech Republic citizens are quite different where a same number of people responded that they like to have coffee with their friends or alone at 17%. Family also played a major role at 22.22% followed by neighbors at just 2%. This goes on to show that family is the first priority among the citizens of the Czech Republic followed by friends. Many Czechs also like to spend some time alone

enjoying their coffee. The company that a person keeps is extremely important to help him grown. Coffee is an experience and something which can uplift the mood of the individuals. Everyone has a different choice of a person with whom they would like to consume coffee. Some respondents would prefer it with family while others with colleagues or friends or neighbors. Someone might just prefer to consume it alone. This information is very crucial for the marketing managers to know, so that the marketing messages can be framed accordingly. Using this question, the researcher has tried to gauge this information. Figure 13 is a graphical representation of the data to make the comparisons more explicit.

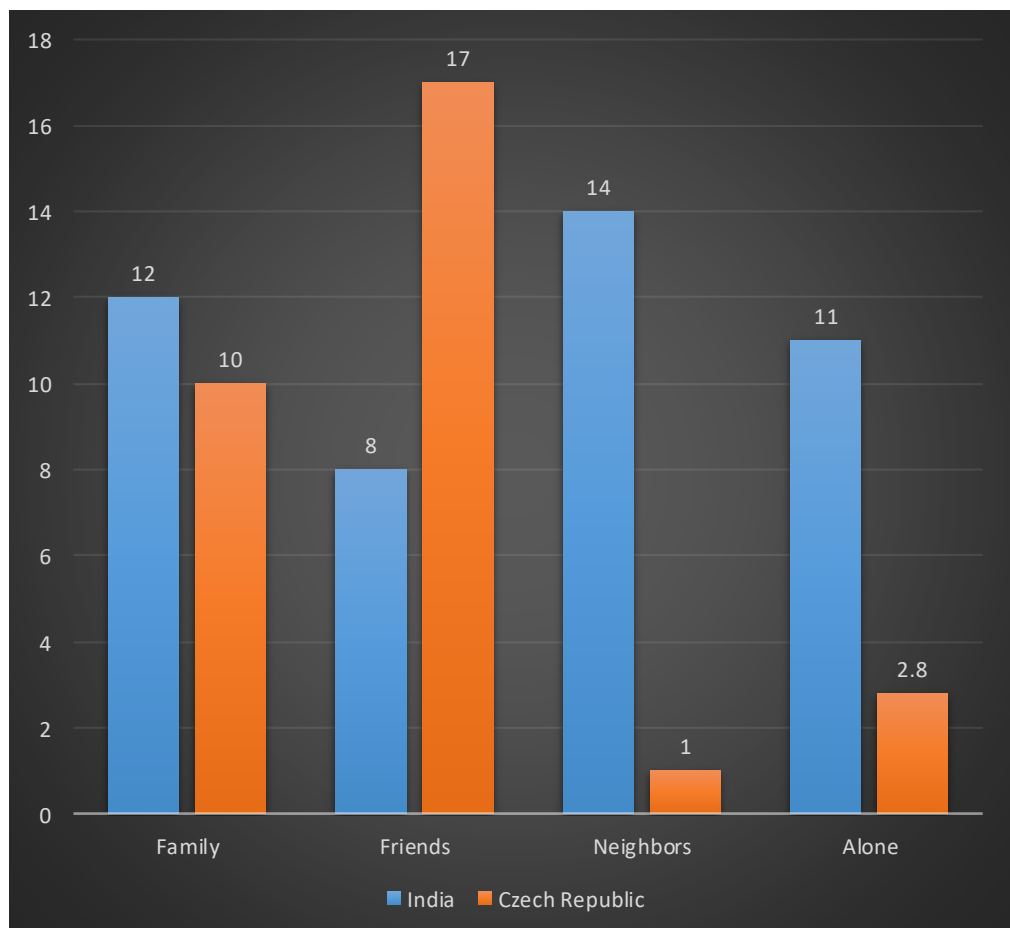


Figure 13 : Most Preferred Individual to Consumer Coffee with in Czech Republic and India.  
Source: Prepared by researcher

#### 4.4.4 Preferred Location to Consume Coffee

The Table 16 depicts the most preferred location to consumer coffee in by the respondents from the Czech Republic and India. Location plays an important role in enhancing the coffee experience for a consumer. It is very important for the marketer to know about the preferred location of the consumers for drinking coffee as it can help them aim the marketing messages accordingly. There are some remarkable observations from the results of the survey. As far as Indians are concerned most of them like to consume coffee in their workplaces. One of the reasons they might have selected this answer is that most of the workplaces in India provide free beverages.

		Where do you prefer to drink coffee? Please select any one option.								Total	
		Home		Work Place		Coffee Shop		Restaurant			
		F	%	F	%	F	%	F	%	F	%
Home	India	9	20.00	16	35.56	14	31.11	6	13.33	45	100
Country	Czech Republic	20	44.44	10	22.22	9	20.00	6	13.33	45	100
Total		29		26		23		12		90	

Table 16 : Most Preferred Location to Consume Coffee in Czech Republic and India  
Source: Prepared by researcher

This is followed by consuming coffee in the coffee shops which is a trend nowadays in India. People also prefer coffee in their homes which show that this is a loved beverage. Lastly about 13% of the people in both the countries, Czech Republic and India consume coffee in the restaurants. Coffee is perceived as a family drink in the Czech Republic and this is confirmed by the results of the survey where almost 44% of the people prefer to drink coffee in their homes. This is followed by 22% at the workplace and about 20% at the cafes. Figure 14 illustrates graphically the results drawn from the survey.



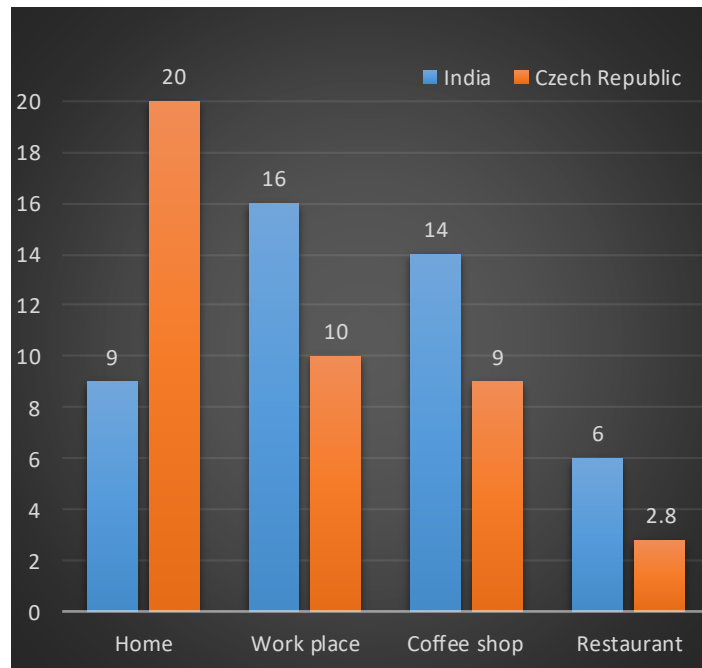


Figure 14 : Most Preferred Location to Consume Coffee in Czech Republic and India

Source: Prepared by researcher

#### 4.4.5 Preferred Location to Purchase Coffee

Table 17 throws some light on what the most preferred location of the consumer from is where he or she purchases his or her coffee. There is some similarity and some differences when it comes to the citizens of Czech Republic and India with regards to the location of the purchase. Over 50% of the respondents in both the categories purchase coffee from super markets. This format of stores is quite popular in both the countries. There is a growing trend of online grocery and food items shopping among Indians which is reflected in the figure of about 26% of the respondents preferring to purchase their brand of coffee online. Strikingly different is the behavior when it comes to the people of Czech Republic. Only 2% prefer to shop online. This may be because most of the respondents in the Czech Republic were in the age group of 18 to 35 years.

		Where do you purchase your coffee powder from? Please select any one option.						Total	
		Local Grocery		Super Market		Online			
		F	%	F	%	F	%	F	%
Home	India	10	22.22	23	51.11	12	26.67	45	100
Country	Czech Republic	20	44.44	24	53.33	1	2.22	45	100
Total		30		47		13		90	

Table 17 : Most Preferred Location to Purchase Coffee in Czech Republic and India

Source: Prepared by researcher

Out of this a major chunk of the respondents were students. It can safely be inferred that these students were not utilizing online payment systems or mobile payments which are necessary for online purchases. The Czech Republic locals prefer the local grocery store in their area to purchase their brand of coffee. About 44% of the survey participants responded that they purchase from the local grocery compared to 22% Indians. The customer of today seeks convenience in every aspect of his life. There are a lot of new technological advances in the supply chain of the products which help the consumers get the product wherever they want it. Ease of availability has been propelled ecommerce websites and online shopping mobile apps which help the consumer procure the product at his or her doorstep. India has seen a lot of internet and mobile penetration in the recent years. The consumer is tech savvy in urban India and prefer to shop online to save time and effort. This is depicted in the results of the survey. On the other hand, the Czech Republic consumer seems a conservative when it comes to online shopping for food items. A very low percentage of the people responded that they purchase the coffee online. Figure 15 shows the graphical representation of this data from the Czech Republic and India.

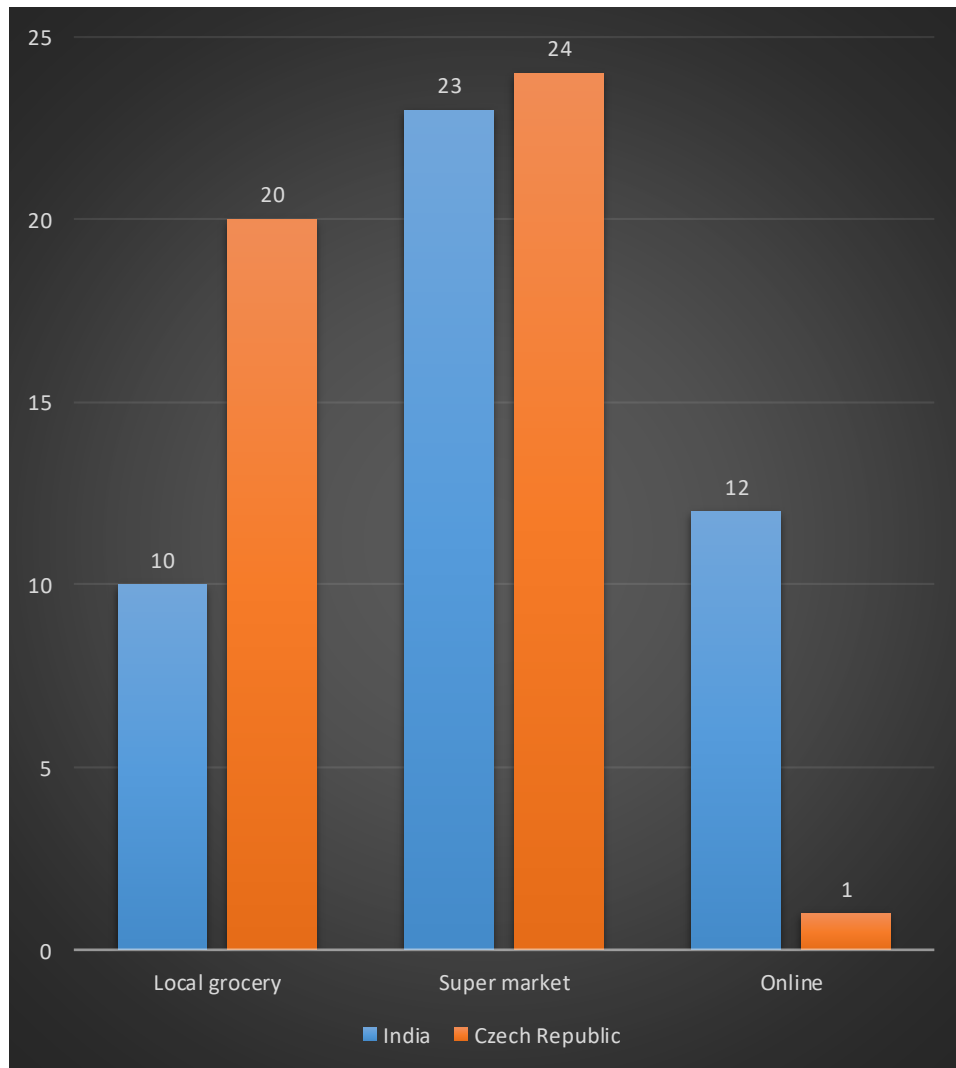


Figure 15 : Most Preferred Location to Purchase Coffee in Czech Republic and India

Source: Prepared by researcher

#### 4.4.6 Preferred Attribute for Purchase of Coffee

The Table 18 lists out the attributes which lead to the buying behavior of the consumers in Czech Republic as well as India. There are some noteworthy discoveries as regards to factors which affect the buying of coffee. There are many differences in the motives which push the consumers to purchase their favorite coffee. The information from this research question is very important

for the marketers as they will get an idea as to which element of the marketing mix appeals the most to the consumer. In the Czech Republic the taste of the coffee or the quality of the coffee is the most preferred factor for compelling the consumer for a purchase. 40% of the respondents said that they considered the taste as an important factor while purchasing their coffee. About 13% each paid heed to the availability of the coffee, its packing and the ease of use as factors which led to their purchase decisions. Significantly less important were the factors of sales promotions at about 9%, price at 7% and advertisement at 4%. All these results conform to the earlier research on beverages where taste or quality was the most important factor to purchase the coffee. India being the developing country that it is, major factors triggering the purchase of coffee were price, ease of use and availability all at 20%. The taste or the quality of the coffee also played an important role in the purchase of the coffee at about 13%.

		What is the most important factor while buying coffee powder? Please select any one option.														Total	
		Price		Taste		Ease of Use		Availability		Packaging		Advertisement		Sales Promotions (Discount on MRP, Buy 1 Get 1 Free)			
		F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Home Country	India	9	20	6	13.33	9	20	9	20	4	8.89	3	6.67	5	11.11	45	100
	Czech Republic	3	6.67	18	40	6	13.33	6	13.33	6	13.33	2	4.44	4	8.89	45	100
Total		12		24		15		15		10		5		9		90	

Table 18 : Preferred Attribute for Purchase of Coffee in Czech Republic and India

Source: Prepared by researcher

Sales promotions in India are very popular and the favorite of the Indians. However, when it comes to the purchase of coffee sales promotions hardly influenced 11% of the respondents followed by packaging at 9% and

advertising at 7%. This goes on to say that sales promotions and the advertising factors hardly play any realizable role towards influencing the purchase decisions of the consumers about coffee. The Figure 16 shows graphically the value of each factor towards the purchase of coffee in the Czech Republic and India

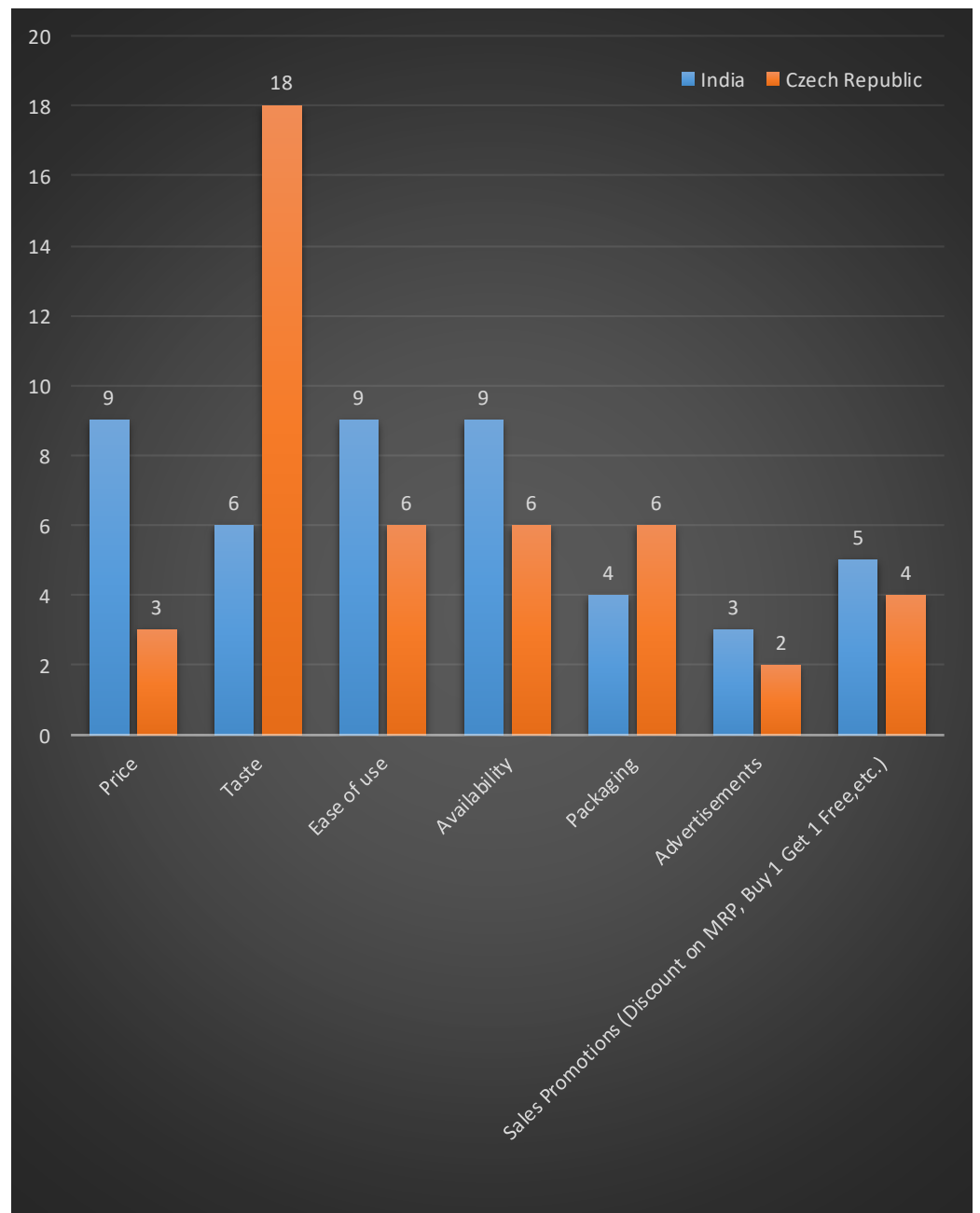


Figure 16 : Preferred Attribute for Purchase of Coffee in Czech Republic and India Source: Prepared by researcher

## **Chapter 5**

### **Interpretations**

Marketing scholars have time and again mentioned that the study of the consumer behavior towards a product in the target market is extremely crucial to devise a successful marketing mix campaign which will give the right amount of the exposure to the product to influence its sales which is the ultimate goal of every marketer. This survey conducted across two different geographies gave a very thoughtful insight into the consumption related trends of a product which is common to both the countries. Coffee is the world's most favorite drink and it was therefore selected as a product to study the consumer behavior towards it in different markets.

The Czech Republic is a highly developed nation whereas India is a developing country. Both are different in terms of their social, cultural and economic environments. This fact is retrated in the results derived from the survey. Some of the most interesting interpretations are summarized below:

1. Nescafe is the most preferred and favorite brand of coffee across both the nations.
2. Majority of both the Czech Republic citizens as well as the Indians preferred coffee in the evening. Coffee is seen as a drink that helps people to unwind after a busy day. This was followed by preference for coffee consumption in the afternoons by the participants.
3. The same number of the respondents preferred to start their mornings with a cup of coffee in both the countries. This means that coffee is viewed as a kick off drink to start a busy morning.
4. Coffee can be viewed as a comfort drink for Indians as many of them responded that they can have coffee whenever they need as opposed to none of the respondents from Czech Republic. This also implies that in the Czech Republic the people view coffee as a customary drink to be consumed at specific times.
5. The same number of the individuals responded that they like to have coffee alone or with friends in the Czech Republic. This indicates that the people of Czech enjoy the company of their friends as much as they do like their own company.

6. On the contrary Indians are social people and they like to have coffee in the company of their neighbors and family. Some of the Indians also responded that they like to drink coffee alone which exposes the fact that Indians have started enjoying their own company.
7. Most of the people of Czech Republic prefer to consume coffee in their homes. A significant number also prefer the workplace to drink coffee followed by coffee shops and restaurants. This emphasizes the fact that coffee is a family drink in the Czech Republic.
8. Most of the Indians prefer to consume coffee at their workplaces. The reason for this can be the free beverages provided by most of the companies nowadays to its employees. A growing number of respondents also mentioned cafes as their preferred location to consume coffee. There is a new wave which has picked up in India where coffee consumptions in cafes is a lifestyle.
9. The most preferred location to purchase coffee in both the countries was the super market which is the trend nowadays the world over where consumers look for a legacy shopping experience.
10. In India about a quarter of the respondents preferred shopping of the coffee online which is a craze nowadays given the convenience it offers. Contrastingly, a very negligible amount of the respondents mentioned that they prefer online shopping of coffee in the Czech Republic. This can be attributed to the fact that most of the respondents from the Czech Republic were students who did not have access to online payment modes and mobile wallets which is a need most of the times in the case of online shopping.
11. Local groceries also have importance in the Czech Republic as many of the participants preferred shopping from the local stores.
12. The factor which was a predominant reason to purchase a brand of coffee in the Czech Republic was its taste and quality. People do not look at the other aspects of the product when it came to purchasing coffee. The marketers need to pay a lot of attention to the taste of their products if they want to lead in
13. the sales race among the different competitors.

14. Sales promotions and advertising which are the success weapons for increase in sales do not play much role in both the countries to influence a purchase of coffee.
15. Availability and ease of use of the product are important factors in both the countries which play a role in motivating the consumer to buy a certain brand of coffee.
16. Price is an important determinant of the purchase of a brand of coffee in India compared to the Czech Republic. India is a developing economy and the disposable incomes are rising, yet price remains an important parameter in the Indian mindset when it comes to purchase of any product. The same is true for coffee.

There are some generalizations which can be made related to the importance of the marketing mix elements of coffee as a product. These can be summarized from the table below

<b>Element of Marketing Mix</b>	<b>Czech Republic</b>	<b>Rank</b>	<b>India</b>	<b>Rank</b>
Product	40%	1	13%	3
Price	7%	3	20%	1
Promotion	13%	2	17%	2
Place	13%	2	20%	1
Packaging	13%	2	9%	4
Process	13%	2	20%	1

Table 19: Marketing Mix Elements Preferences towards Purchase of Coffee for Czech Republic and India. Source: Prepared by researcher

Marketers in the Czech Republic need to maintain their quality of the product in order to boost the sales. Promotion, place, packaging and process are ranked at the same level referring to the fact that the consumer gives the same level of importance to these elements which deciding on his or her purchase. The marketers in order to keep the attention of the coffee product intact in the eyes of the consumer need to improve



and innovate all these elements. The consumers of the Czech Republic are not very concerned about the price when it comes to purchasing coffee. They want a good taste and feel about the product and they will shell out money for it.

India portrays a different story. The elements of price, place and process are ranked equally by the Indian consumer when it comes to coffee. The consumers are price sensitive and the moment a competitor product is available at a lesser price, there are chances that brand switching will happen. The prices need to be kept at bay to avoid any change of brands. The availability of the product in the location of purchase is an important determinant of the purchase of coffee in India. Marketers need to make sure that they reach the remotest location of India as consumers pay a lot of attention to the easy availability of the products while deciding on their purchase. The processes a company follows and the ease of use of the product are also important factors for marketers to consider. The product should be available to the consumer at a price that he can afford at the place of his convenience with the ease of use. Promotional schemes lure Indians to purchase coffee so marketers in order to boost up sales need to throw in these offers at regular intervals to retain brand loyalty. The product attributes and the packing of the coffee is also a factor which influences the buying decision to some extent. Marketers need to keep pace with these elements along with the others to retain and increase their market share.

## **Chapter 6**

### **Conclusion and Recommendations**

#### **6.1 Conclusion**

In the world of marketing, analyzing the way consumers behave with regards to their identification of a need and the selection of the product to fulfil that need and the final purchase is very crucial to achieve brand loyalty and hit the sales target in this fiercely competitive world. The literature review and the results of the survey conducted to study the behavior of the consumers with respect to the consumption and the purchase of coffee gave some very interesting insights for the Czech Republic and the Indian market. The consumer behavior is a highly complex matter, as everyone's perceptions and motivations are different and no one consumer can behave in the same manner as the other. The consumers are studied in different profiles related to their gender, age, educational qualification and occupation. It can be concluded from the studies that Nescafe is a favorite brand of coffee irrespective of the country in which people live. Majority of the people in both the countries prefer to have coffee in the evenings followed by some who prefer to have it in the mornings on both the countries. There is a high proportion of Indians who like to consumer it whenever they feel like having it which gives the marketers a chance to make coffee available to the consumers in several coffee shops and cafes which are easily accessible by the people. The Czech Republic individuals mostly prefer to drink coffee alone or with their friends. On the other hand, the Indians like to consumer coffee with their neighbors or family. Czech Republic citizens like to consumer coffee in their houses while Indians prefer it in their workplace. Consumers from both the countries rely on super markets heavily for their purchase of coffee. Online shopping for food items like coffee is popular in India where as it is negligible in the Czech Republic. The factor contributing towards the purchase of coffee in the Czech Republic is the taste of the coffee which in other words mean the quality of the coffee. Packaging of the coffee, ease of use and availability of the coffee are other factors which motivate the consumer to buy a brand of coffee. The Indians emphasize on the price, ease of use and the availability of a brand of coffee for their purchasing

decisions. Surprisingly for both the countries advertising and sales promotions on which marketers spend millions of dollars impress a very small section of the consumers to buy their brand products which is about 13% in Czech Republic and 17% in India out of the total number of people surveyed in both the countries. It is therefore important that the marketers pay attention to their marketing mix elements and capitalize on the ones that drive them towards higher sales and ultimately higher profits.

## **6.2 Recommendations**

Consumer behavior is very volatile and often vulnerable to outside stimuli. Marketing managers need to make sure that they devise business strategies and plans in a manner in which they keep the consumer enticed to their brand. This research showed that among the seven elements of the marketing mix, promotions in the form of advertising and sales promotions techniques hardly had a bearing on the choice of the brand of coffee in both the countries.

However, it is truly evident that advertising and sales promotions cannot be completely done away with in this racing corporate world, where all the companies are vying for the wallet of the consumer. Yet, changes can be made to these strategies so that they appeal the consumers more and contribute towards the purchase of the product. Marketers can come up with different innovations in their sales promotions campaigns so that the consumers are lured to buy their coffee brand. The advertisements of the coffee across various media need to touch their heart and soul. Of course, after luring the customer into a one-time sale, the game does not end there.

The marketers need to make sure that the other elements of the marketing mix which is the product itself, price, packaging, place, processes and physical evidence need to be favorable for the consumer so that he becomes loyal to the brand and repeats his purchases. So, the game that started with promotions needs to be kept playing with the other elements of the marketing mix being favorable and appealing to the consumer. In the end if all the rules of the game are followed, the marketer is sure to win.

However as much as it is necessary to be on the top of this game, marketers should never discontinue studying the consumer behavior of the target market, be it the Czech Republic or India as the consumer keeps on evolving as a result of so much information and social interaction around. This in turn affects his preferences and paradigms. For the marketers it is all about leveraging these new preferences and paradigms and serve coffee products in the market which satisfy the consumer and in turn the profits of the company increase through an increase in the sale of coffee products.

## Chapter 7

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## **Appendix**

### **Questionnaire for Czech**

<https://drive.google.com/file/d/1a9MULDkiWiiAuiWZ9EDZFXO75CNz3L74/view?usp=sharing>

### **Questionnaire for India**

<https://drive.google.com/file/d/1xzoJfmcD7YqqNSk5A7il5l6Mrpgnku2q/view?usp=sharing>

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