

A close-up, slightly high-angle shot of a white ceramic coffee cup filled with dark coffee. The cup is resting on a thick, textured, light-colored fabric, possibly a blanket or sweater. The background is dark and out of focus. The overall mood is warm and cozy.

INSIGHT REPORT PREPARED FOR CHICAGO FAIR TRADE COFFEE

Delivered By Team Angels

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EXECUTIVE SUMMARY

The first step in the research process began with a team definition of “client readiness” which Team Angels believed entailed thorough preparation because it is important to always respect and understand the history, values, and goals of the client beforehand to understand their concerns and use this information to be prepared for every deliverable.

Team Angels directed focus groups, administered a Qualtrics survey, overlooked various observations, and provided secondary data in order to conduct an extensive analysis of CFT. Informed by the qualitative and quantitative data, the Managerial Decision Opportunity (MDO) was determined: “How can CFT increase engagement through promotional strategies?”

The following research objectives were determined to funnel our research: to identify the appropriate target market for coffee and fair trade; to investigate current market perceptions of fair trade; to understand effective promotional strategies for the brand; to reveal how to increase consumer engagement with the brand; to explore effective ways to implement social media techniques within the brand. Our MDO and research objectives guided this process resulting in effective insights such as the fact that of coffee consumers, 55.4% purchase from coffee shops but 53.8% purchase from grocery stores therefore highlighting an untapped sales channel. Also, coffee consumers associate coffee with memories and experience, which is important to note when considering effective marketing strategies. This focused and thoughtful process allowed for a solution to be built and recommendations to be given in relation to the initial problem.

BACKGROUND

In preparing for our initial client visit, Team Angels prepared thoroughly because we believe it is important to always respect and understand the history, values, and goals of our client, CFT, while listening to their concerns and using this information to be prepared for every deliverable. By developing a team definition of “client readiness” we were better able to provide impactful results for our client. In our initial meeting with CFT there were a few things stated by Beth and Katherine that stood out to Team Angels:

1. CFT's main goal was ultimately not coffee, but to raise overall awareness of Fair Trade
2. CFT had not marketed their coffee, besides word of mouth
3. CFT was not utilizing social media to promote the coffee, however they were open to the idea
4. CFT wanted to build a younger consumer base (likely millennials)

These things, among others, stood out to Team Angels as we formed our objectives. Utilizing secondary research sources we collected information pertinent to our initial client discussion. Below there is information relating to our five objectives that address some of CFT opportunities:

1. "Coffee shops and away-from-home more generally are becoming a larger part of how everyone discovers, enjoys and purchases coffee." (Intel, 2018)
2. "Younger adults are more engaged coffee consumers, having grown up with diverse and higher end offerings such as Starbucks being widely available to them, making specialty coffee more familiar and in-demand to younger adults."(Intel, 2018)
3. "60% of seasonal consumers visit a coffee shop based on the offerings that are new with each upcoming season. An overwhelming amount of seasonal consumers (96%) view seasonal offerings as a treat." (Global Text).
4. "The best way to reach people is through the social media and rewards, like Starbucks and Dunkin Donuts have." If CFT is open to the idea of having an extra coffee as an added "holiday favorite", people would be more inclined to buy it and be excited to see what the next seasonal offering is.
5. "Engagement with clients outside of the store is difficult because consumers don't have reason to engage with you unless you give them incentives" (Wishpond, 2018).
6. "Opportunity for continued growth stems from new flavors and functionality, as well as engaging younger consumers with new brands and refreshed packaging" (Intel 2018)
7. "Easier for small niche and local players to build a sustainable following through social media, ecommerce" (Wishpond, 2018)

BACKGROUND

After meeting with CFT, Team Angels developed the Managerial Decision Opportunity (MDO) based on the data collected from our initial meeting: **“How can CFT increase engagement through promotional strategies?”**

Team Angels MDO along with our research objectives served as a guide throughout the research process. Various forms of data were collected to support our research for CFT. Questions were produced to elicit necessary data from respondents in both our focus groups and qualtrics survey and observation data was included from the CFT holiday pop-up shop as well as another local coffee shop.

RESEARCH OBJECTIVES

1. To identify the appropriate target market for coffee and fair trade.
2. To investigate current market perceptions of fair trade.
3. To understand effective promotional strategies for the brand.
4. To reveal how to increase consumer engagement with the brand.
5. To explore effective ways to implement social media techniques within the brand.

SOLUTION



In order to gather the most effective data, Team Angels mixed qualitative, exploratory design with quantitative, descriptive design to improve the quality of data by balancing the strengths and weaknesses of each data type and therefore ensured true understanding of the data. The collection of data from focus groups, qualtrics survey, and observations provided valuable insight into CFT which allowed Team Angels better analysis. Utilizing the collected data, we focused upon the MDO to identify meaningful patterns.

The natural settings observed by Team Angels were Big Shoulders coffee shop in the Gold Coast and the CFT Holiday pop-up shop in Andersonville. Unstructured observational data collection consisted of watching the behavior and interactions of participants in both the coffee shop and holiday pop-up shop. The most significant data observations related to fair trade recognition at the holiday pop-up shop and consumer engagement and demographics at the coffee shop. Observations were recorded relating to: behavior and interaction, physical setting, social and interpersonal setting, and observational environment (time, part of store). Our team used Nvivo to aggregate the observations and produce a visual representation of the data in the form of a word cloud.

SOLUTION

The focus group moderator guide was developed in order to elicit organic and descriptive responses from respondents. By utilizing questions that were easy to answer, respondents shared more accurate data as the organic format promoted descriptive adjectives and personal tangents that amounted to richer data quality. Using a funnel approach to establish the comfortable environment by asking broad questions, we were able to then funnel respondents to more concentrated questions. Our approach allowed the moderator to build rapport with the participants to create a comfortable environment utilizing certain activities which allowed participants to engage in an untraditional sense. For example, participants were given a definition of Fair Trade USA and then asked to draw a picture of what they visualized upon hearing the definition. All questions were strategically formatted to be open-ended to, again, elicit more organic, in-depth responses. The moderator guide ended the focus group with an exit question which was: "Lastly I was wondering if there were any final comments that you would like to say about your coffee drinking habits or anything you would like to contribute to the Coffee Culture?" This was a great way to conclude the focus group!

SOLUTION



The Qualtrics survey utilized a top-down approach in order to remain focused on the MDO and five research objectives. Our survey consisted of four types of questions required to achieve reliable data: nominal, ordinal, interval, and ratio, that balanced relevance and professionalism. A wide array of questions were asked including multiple choice, ranking, and scale. We chose direct questions that were specifically targeted to elicit necessary responses. Long or misplaced questions were not included as we made sure to develop a funnel approach to ensure relevant data was gathered. Our survey was designed to enhance user experience in order to increase response rates. The use of empathetic questions and untraditional responses created a relaxed, enjoyable survey experience, accessible to all participants. The use of gif graphics and informal language created an opportunity for respondents to participate in the survey in an exciting way which generated a larger response volume. To ensure quality and client readiness, our survey was pretested four times; twice by other teams, once by a TA, once from generated respondents.

SAMPLING

Team Angels Sample Frame:

- Coffee Drinkers
- Socially Responsible Individuals
- Social Butterflies
- Working Professionals

This sampling frame fairly represents the population as it hits four main psychographic groups all demographics can fall under.

Because convenience was the sampling plan, this caused demographics to be underrepresented. Most respondents were between the ages of 18-34. There was not a strong representation for those aged over 34.

Not everyone had a fair chance to participate in the survey because most of the research came from our friends and family as we chose convenience as our sampling plan and these were the groups who had immediate access to the survey. Also, our survey was strictly given online, so those who did not have access to a computer, mobile, tablet, or internet were unable to complete the survey.

The ICC/ ESOMAR International Code states that, "Researchers must obtain the consent of the parent when collecting personal data from children." Because the survey was completed online by participants, children under the age of 18 may have completed the survey without our knowledge.

DATA ANALYSIS PLANNING

The Qualtrics survey was developed in order to elicit data to better understand the Managerial Decision Opportunity (MDO) and the related research objectives supporting that MDO.

In order to gain insights from the data collected, Team Angels used SPSS to code the data to help in this process. Numerical values were assigned to null fields which allowed SPSS to properly read missing values and further our interpretation of the data. Cross tabulation was used for each variable corresponding to a research objective. The cross tab analysis allowed us to easily interpret associations in the datasets and whether this data could be trusted or if not what contributed to its limitations.

The qualitative information gathered from the focus groups, holiday pop-up shop, and coffee shop was fed into NVivo. NVivo was utilized by Team Angels to measure word frequency and present this information visually in a word cloud which is a great visual representation of the data collected.

CONCLUSION

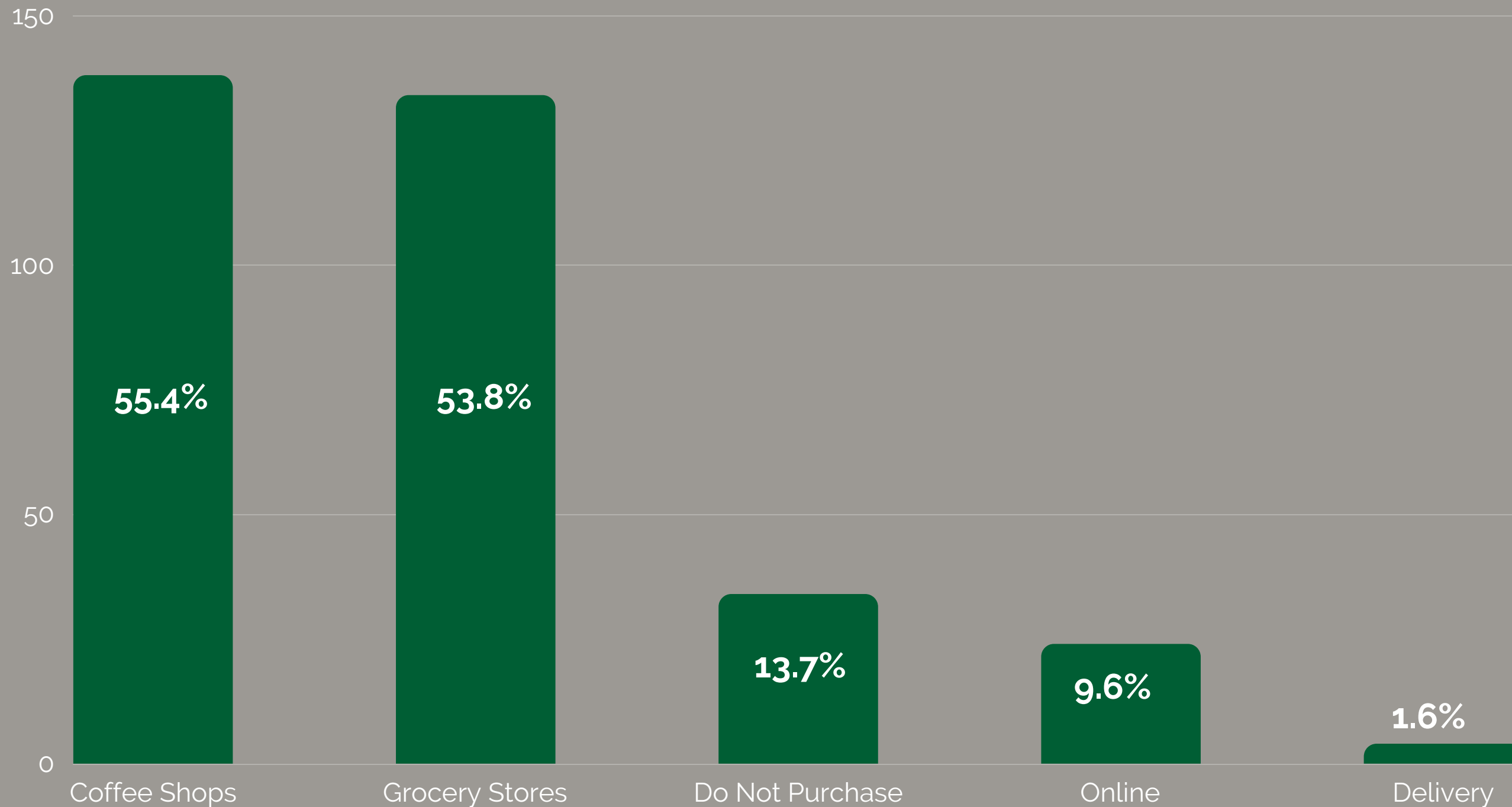
In coming together and taking advantage of our strengths and recognizing our weaknesses, Team Angels has developed a conclusion based on a long, extensive process. Through hard work and determination, Team Angels was able to formulate a problem, create research objectives, illustrate a research design and sample, collect data, interpret the data, and finally, draw insights and implications in a written report. Chicago Fair Trade may use this data however they see fit.



INSIGHTS & IMPLICATIONS

Where coffee consumers purchase coffee

n = 249



Coffee consumers are unlikely to purchase coffee online and likely to purchase in coffee shops and grocery stores. CFT should focus on their in-store presence at their pop-up shops and selling to coffee shops (B2B).



66.7% of consumers that purchase coffee at coffee shops purchase ready to go coffee

INSIGHTS & IMPLICATIONS

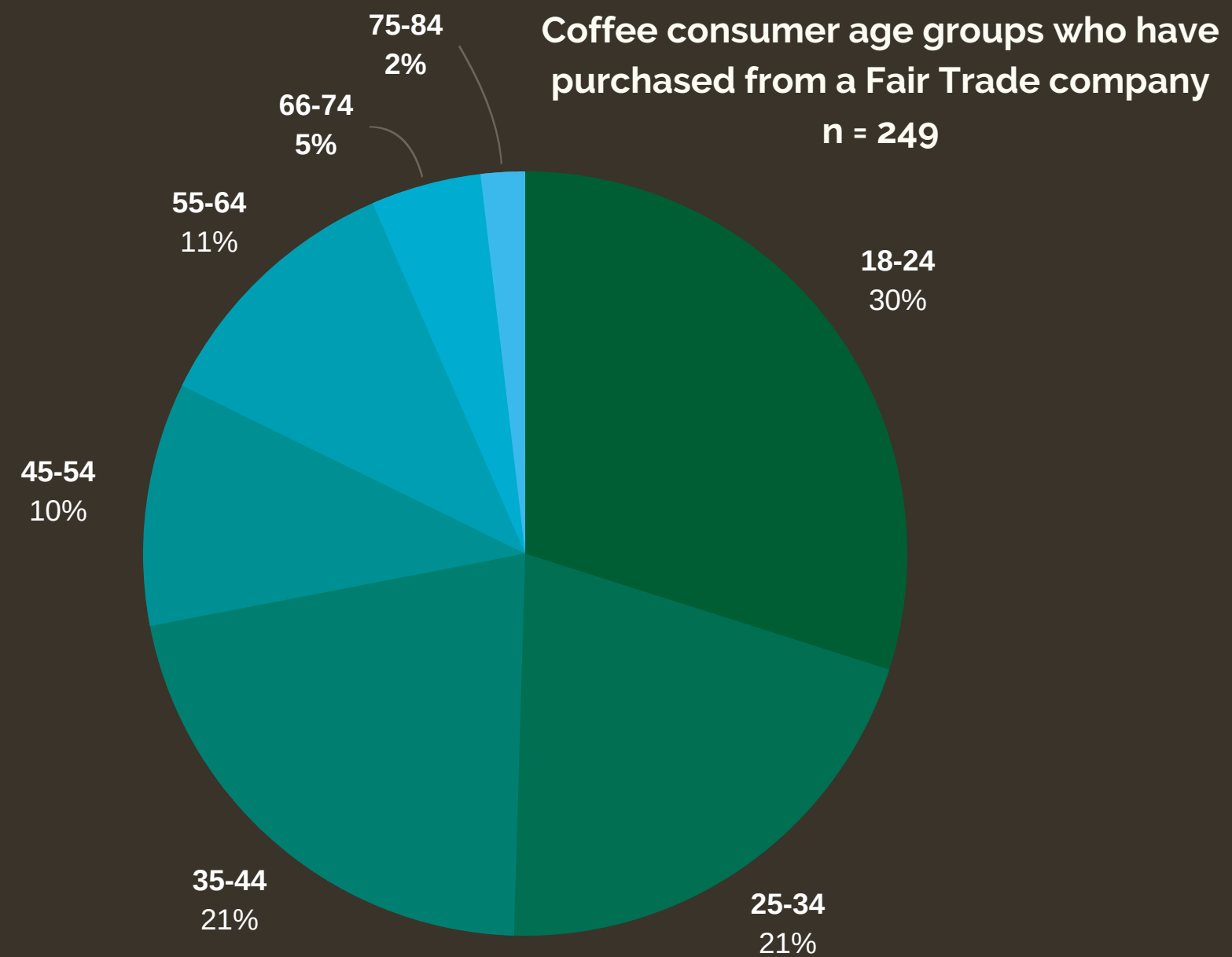
CFT should target younger demographics, specifically 18-34, since they are more aware and purchase from Fair Trade more than other age groups.



- Of those who had not heard of Fair Trade, **57.7%** of people are interested in purchasing from Fair Trade companies after learning what it was.

- Of those interested after hearing the definition, **57.8%** of them were between the ages of 18-24.

- Of people age 18-34, **45%** of them said they have purchased from a fair trade company.



- **63.3%** have heard of fair trade. **80%** of people who said they'd heard of fair trade, said they had purchased from a fair trade company.
- **54%** of respondents between the ages of 18-34 have heard of fair trade

INSIGHTS & IMPLICATIONS

CFT should not utilize an email list for promotion because coffee consumers are unlikely to subscribe or respond to a company email list.

- Of the coffee consumers who chose extremely unlikely to subscribe, **52.2%** of them listed in-store as favorite shopping platform
- Of the coffee consumers who chose moderately unlikely to subscribe, **60.7%** of them listed in-store as favorite shopping platform

CFT should not invest in "Pay Per Click" ads online because coffee consumers do not normally click on ads.

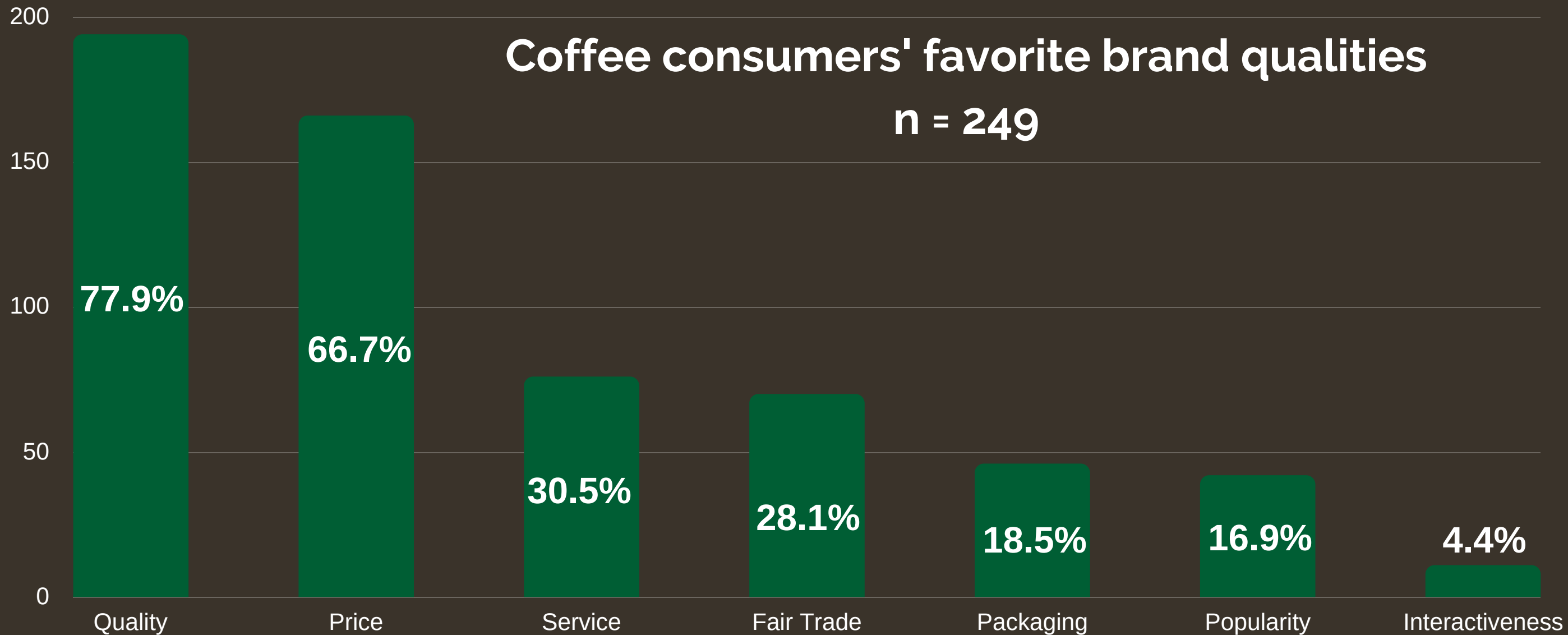
- **64%** of people whose favorite shopping platform is in-store said they never click on ads.

CFT should use a loyalty program as most coffee consumers are currently using one with other companies.

- **69.4%** of coffee consumers are already using loyalty programs
- **56.6%** of coffee consumers said loyalty programs are one of their favorite ways to interact with a brand

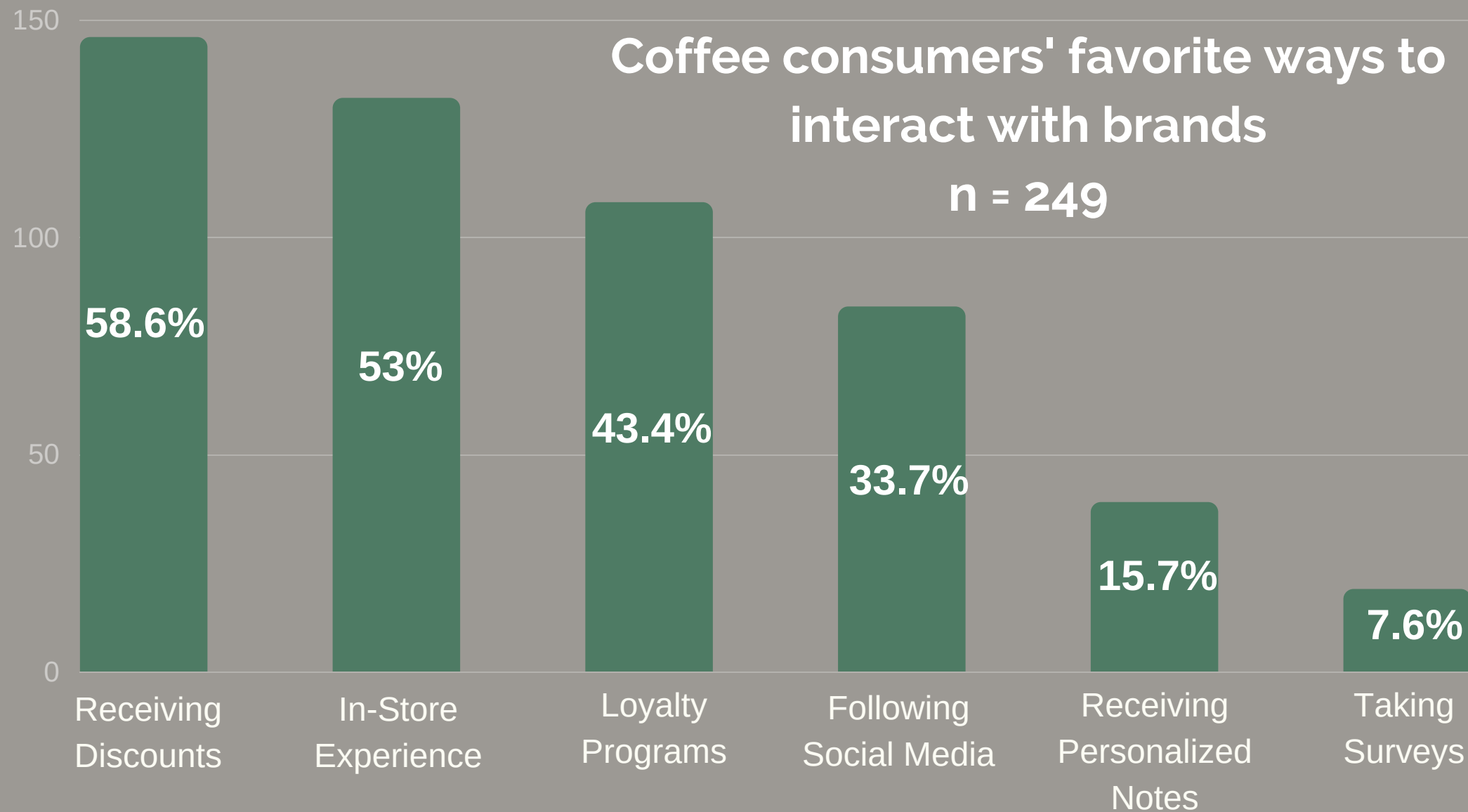
INSIGHTS & IMPLICATIONS

CFT should focus on marketing their quality and prices as those are the traits that make an impression on coffee consumers when looking at brands.



The intangible and unmeasurable qualities listed (popularity and interactiveness) are not as important to coffee consumers.

INSIGHTS & IMPLICATIONS



Of coffee consumers who care about quality:

- **40.7%** of them also want to follow brands on social media.
- **63.4%** of them also want to have an in-store experience.
- **70.1%** of them also want to receive discounts.

Coffee consumers
who care about price and quality
also want to interact with brands by
receiving discounts, having an in-
store experience, and following
their social media account.

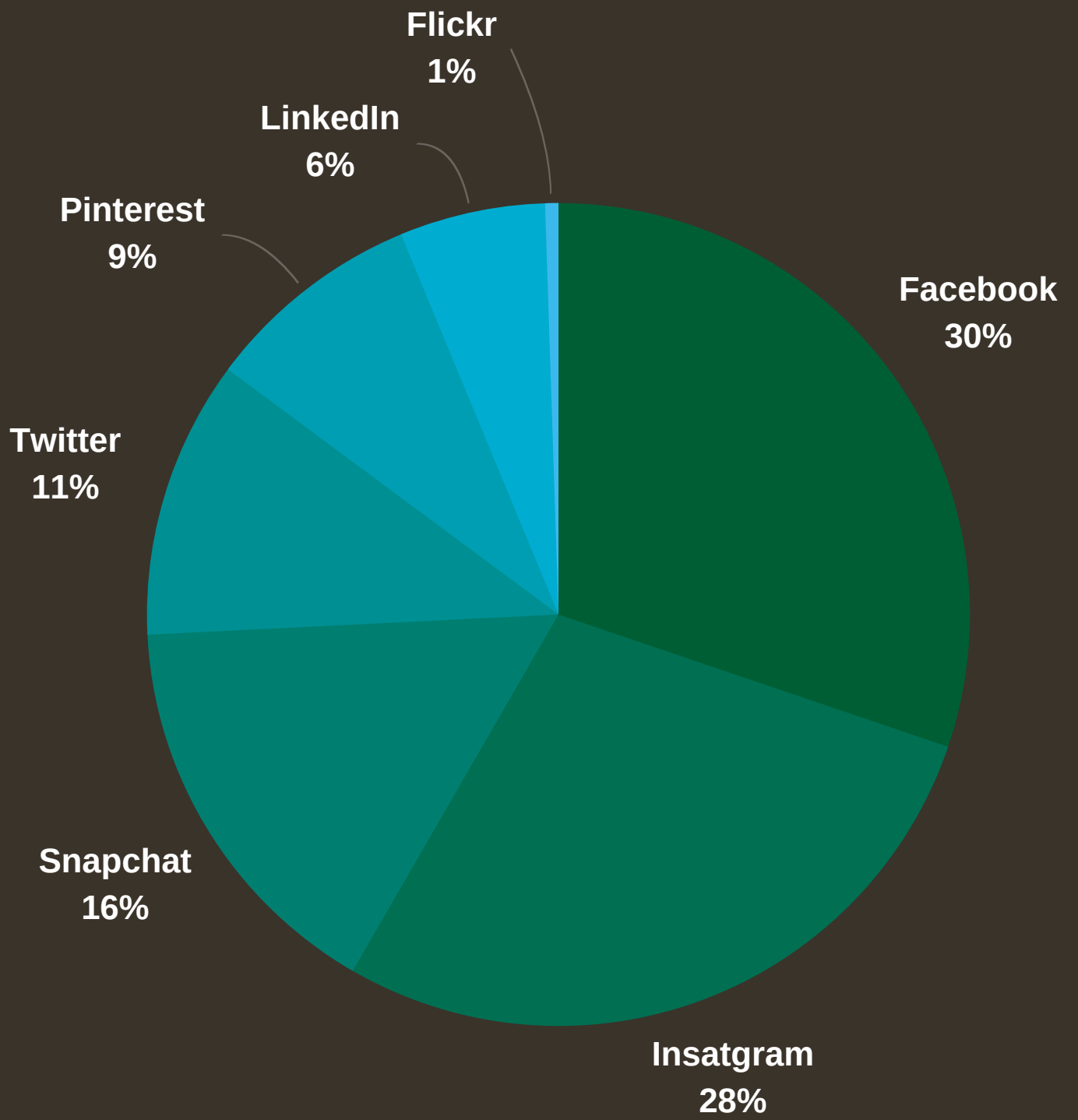
Of coffee consumers who care about price:

- **41.6%** of them also want to follow brands on social media.
- **64.5%** of them also want to have an in-store experience.
- **73.5%** of them also want to receive discounts.

INSIGHTS & IMPLICATIONS

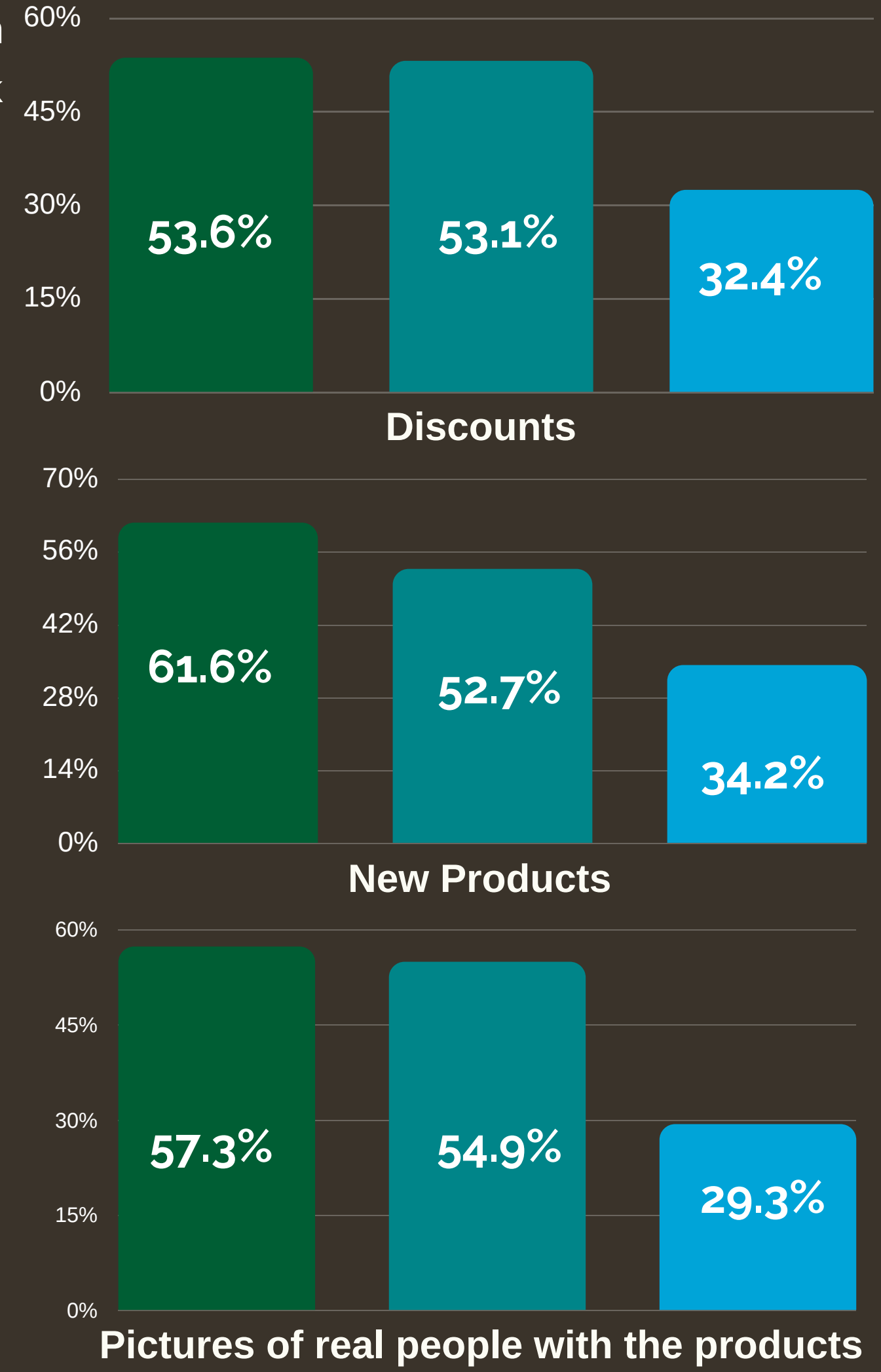
- Instagram
- Facebook
- Snapchat

Preferred Social Media Accounts



Coffee consumers on Instagram, Facebook, and Snapchat say discounts, real people, and new products capture their attention on social media

Consumers are more likely to interact with a brand on Instagram or Facebook than other social media accounts.



Pictures of real people with the products

QUALITATIVE OUTPUT

"It's a gathering of friends with a lot of memories and talking about how people are doing... and having nice conversations. It feels warm and cozy and you hold the hot cup of coffee and you feel like you're connecting with something bigger than you..." Debbie, 60

"I associate coffee with memories, so the next time I get that drink I am going to think about that one time I was with my friend and the snow was falling and it was Christmas-y. I just love the holiday season and coffee." - Sam, 21

"A lot of times when a company isn't using Fair Trade it's because the employees or manufacturers are desperate and the company is not so they are taking advantage of the desperate situation." -Sam, 21

CFT should use social media to market their product in a wholesome, genuine way because coffee consumers relate coffee to experience. Coffee consumers associate coffee with memories and relationships so this idea should be presented on their social media.

CFT should use social media to market Fair Trade. The younger generation understands and supports Fair Trade so using social media will create a conversation about the product and raise awareness to older generations. Many coffee consumers care about Fair Trade.

LIMITATIONS

External Validity

This research has high external validity as the results can be generalized to the target population. There was a random selection of subjects and insights were gained about coffee drinkers and their motivations.

Internal Validity

There is low Internal Validity in this research mostly in part because there are many variables present in the research collected that cannot be controlled. Competing hypotheses could not be ruled out in this data because SPSS found association relationships and not causation.

Measurement Validity

Measurement Validity also proved to be very high as both quantitative and qualitative data measured what it was originally intended to.

Errors

1. Systematic Error: The uniqueness of survey results could have been skewed because individuals could have taken survey more than once. Individuals may not have answered honestly in fear of revealing things about themselves.
2. Random Error: During in-depth interviews, all Team Angels members had different approaches to asking questions and conducting research tasks given to participants. This may have skewed the data making the amount of random data different at each time.

Response Rate

The response rate was overall very representative of the population with 249 participants completing the survey given through Qualtrics.

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