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UNDERSTANDING HOW BRAND SUSTAINABILITY INFLUENCES ITALIAN GENERATIONS' COFFEE PREFERENCES AND PURCHASE PATTERNS

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Abstract

The Italian coffee market is shaped by strong consumer preferences and cultural traditions. However, the market is evolving thanks to the influence of several factors impacting perceptions and purchase decisions among coffee consumers. The purpose of this marketing research is to explore these shifts, with an emphasis on exploring the impact of evolving consumers' behaviors and social trends, particularly the attention to sustainability, on perceptions and preferences of Italian consumers across different generations. Several approaches were employed, including expert interviews, perceptual mapping, and conjoint analysis. Primary findings confirm a growing interest in sustainability, and evident disparities between different age groups.

Keywords

Market Research, Perceptual Mapping, Conjoint Analysis, Consumer Behaviour, Consumer Preferences, Consumer Perception, Italian Coffee Market

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1. Introduction

The coffee market in Italy is a dynamic and evolving industry deeply influenced by consumer preferences and cultural traditions (Coffee Association of Italy, 2023). As Italians are known for their discerning taste in coffee, understanding their behavior and preferences is essential for market success (Coffee Association of Italy, 2023). Over time, the decision-making process among Italian coffee consumers has undergone significant changes, influenced by a multitude of factors. This study aims to explore these shifts and patterns that impact perceptions, with a specific focus on how evolving consumer insights and market trends, especially sustainability, shape purchasing-decision processes.

In marketing research, key tools like perceptual mapping and conjoint analysis play critical roles. Perceptual mapping visually represents how consumers perceive different coffee products, offering insights into their preferences and attitudes. This method helps identify market opportunities and assess competitive positioning. Conjoint analysis, on the other hand, delves into consumer decision-making processes by analyzing how various attributes of coffee products affect consumers' purchasing choices.

This research journey seeks to understand the Italian coffee market, emphasizing consumer perceptions and product preferences by answering to the main question: "What are the effects of brand sustainability and ethical business practices on the perception and preferences of Italian coffee consumers across different generations?". The study aims to uncover current trends and interpret consumer demands focusing on sustainability's impact on market dynamics through an in-depth analysis of consumer perceptions and preferences towards various coffee brands.

Our goal is to provide valuable insights that can inform strategic marketing decisions by thoroughly investigating how customers perceive and choose different coffee brands, given the raising importance of environmental and ethical practices in the coffee industry.

In the following sections, we will delve into the methodology employed and the obtained results, detailing how perceptual mapping and conjoint analysis are used to unravel the complexities of consumer behavior in the Italian coffee market.

2. Market Overview

Coffee continues to thrive as one of the most consumed beverages globally and therefore its market has a significant size. The Coffee market includes Roast Coffee in the form of ground coffee and whole beans, that is prepared with coffee machines or a French press, as well as Instant Coffee that only requires the addition of hot water (Statista, 2023). The global coffee market generated $452.6 billion of revenues in 2023 (Statista, 2024) and is expected to witness a compound annual growth rate (CAGR) of approximately 4.13% from 2023 to 2030 (Statista, 2024), considering both roast and instant coffee, distributed through B2B and B2C channels.

When examining different regions, Europe emerged as the leading market in 2023, representing about 33.8% of the global coffee market with a revenue share of $153.1 billion (Statista, 2024). The European coffee market is expected to grow further at a CAGR of 5.0% from 2023 to 2030, also pushed by the increasing demand for specialty and gourmet coffees, organic and sustainable sourcing, and the popularity of premium coffee varieties which are creating new opportunities for the players in the market (Grand View Research, 2024).

Delving into the Italian coffee market, the one of relevance for this research, it registered $16.6 billion of revenues in 2023, and projections indicate a CAGR of 3.35% over the upcoming five-year period. The growth will be supported by the availability of diverse, innovative, and premium product offerings, and particularly by the influence of the Italian coffee-drinking culture, which sets it apart from other European regions and holds significant relevance within the country: for example, Italians prefer to drink coffee from local independent coffee shops and bars rather than common coffee chains and internationally known cafés (Stellar Market

Research, 2023). Coffee, indeed, is integral to the Italian culture; and Italy is the second European largest importer of green coffee beans, after Germany (Stellar Market Research, 2023). As Italian espresso blends have unique flavors and characteristics, Italy is as well an important supplier of ground coffee for the other countries (Stellar Market Research, 2024). The strong Italian coffee-drinking heritage makes Italian consumers loyal to their blends and tastes, and more resistant to newness and the introduction of diverse products. In Italy, indeed, coffee is primarily consumed as a short espresso, during various moments of the day, and 85% of coffee consumptions in Italy occurs at home (Statista, 2024), a statistic that demonstrates the profound integration of this beverage within the country's cultural fabric. Despite these characteristics of the market, some new trends are emerging. Between these, out-of-home coffee consumption has been increasing to make Italy the leading country in the numbers of out-of-home coffee servings in Europe (Mordor Intelligence, 2024). This is accompanied by the arrival in Italy of different varieties of coffee and a renewed interest for quality products, together with the growing consumer inclinations for convenience and healthier eating (Mordor Intelligence, 2024). A more in-depth analysis of the market's current trends is provided below in the literature review.

Finally, to provide an overview of the competitive landscape, major entities such as Nestlé S.A., Kimbo S.p.A., Luigi Lavazza S.p.A., and Gruppo Illy S.p.A, among others, emerge as key players in the Italian coffee market (Mordor Intelligence, 2024). The sector is characterized by intense competition and fragmentation, determining the importance of differentiation and innovation as two key features that enable competitive advantage and the successful introduction of new offerings within the market (Mordor Intelligence, 2024).

3. Literature Review

A detailed study of the literature about the coffee market allowed us to depict an overview of the main aspects and characteristics of the market and its consumers, which served as a base for this research.

3.1 Historical and Cultural Significance of Coffee in Italy

The rich history and culture of coffee in Italy, particularly espresso, are deeply embedded in daily routines and social interactions. Venice was one of the first European ports to import coffee in the 16th century (Cappelletti, 2018). Iconic cafés like Caffè Florian in Venice and Caffè Greco in Rome became meeting places for intellectuals and artists, stimulating conversation and intercultural exchange (Cappelletti, 2018; Parkhurst, 2021). The ritual of sipping espresso at the bar fosters a sense of community and shared experience, symbolizing Italian culture's devotion to tradition and quality (Parkhurst, 2021; Cappelletti, 2018). Espresso remains the most popular coffee in Italy, with bars selling an average of 230.3 cups daily, 59.8% of which are espressos (Coffee Research, 2021).

Despite the dominance of traditional espresso, there is a growing trend towards specialty coffee and ethical sourcing (Stellar Market Research, 2023). This shift highlights the evolving preferences of Italian coffee consumers, who increasingly value premium, ethically sourced coffee and lighter roasts (Stellar Market Research, 2023). Understanding these changes is crucial for analyzing the impact of sustainability practices on consumer behavior in the contemporary coffee market (CBI, 2024; Lavazza, 2021).

3.2 Consumer Behavior and Brand Preference in Coffee Market

Research highlights various factors influencing coffee preferences among different generations in Italy, including ethical content, personal preferences, and socio-demographic attributes (FUPRESS, 2016; Samoggia & Riedel, 2019). Italian consumers show a growing willingness to pay a premium for ethically produced coffee, such as fair trade and organic labels, emphasizing the importance of sustainability in the coffee industry (FUPRESS, 2016). Studies also reveal that connoisseur consumers value the ethical and origins-related aspects of coffee, incorporating sustainability into their daily routines (Bartoloni, Ietto, & Pascucci, 2022). These consumers view their coffee choices as a form of hedonism and symbolism that shapes their social identity and status (Bartoloni, Ietto, & Pascucci, 2022).

A significant study by Gosalvitr et al. (2023) focuses on the environmental and economic sustainability of coffee production, providing insights into the sustainability of ground and instant coffee at different roast levels. The findings highlight the higher cost and environmental impact of instant coffee compared to ground coffee (Gosalvitr et al., 2023).

3.3 Sustainability and Corporate Social Responsibility (CSR) in Branding

Recent studies have shown that corporate social responsibility (CSR) and brand sustainability are crucial in the coffee industry, with companies integrating CSR into their strategies to address environmental and social challenges (Gosalvitr et al., 2023; Bartoloni, Ietto, & Pascucci, 2022). As consumer concerns about environmental degradation and social injustice grow, businesses adopt CSR to gain a competitive edge and foster customer loyalty (International Trade Center, 2011; Harrigan, 2017).

Studies emphasize the importance of transparency in supply chains and direct trade to demonstrate commitment to sustainability (Harrigan, 2017). Effective CSR reporting enhances communication with stakeholders and strengthens company reputation (D'Acunto et al., 2020; Wang et al., 2013). Therefore, setting a clear CSR can be a source of competitive advantage in the coffee industry.

3.4 Generational Differences in Consumer Attitudes and Behaviors

Understanding generational differences is essential in analyzing coffee consumption patterns.

Generation Y (Millennials) show a gap between their positive attitudes towards sustainability and actual consumption behaviors, emphasizing the need for consumer education (Bernardes et al., 2018).

Generation Z values convenience, affordability, and customization, with the COVID-19 pandemic shaping their attitudes and behaviors (Harari et al., 2023). Millennials prefer specialty drinks and ready-to-drink coffee, influenced by social media and the need for unique experiences (Falkner, 2020; Tunsakul, 2020).

The National Coffee Association's 2020 survey highlights that while older consumers prefer drip coffee, younger consumers lean towards espresso machines and single-serve coffee makers. Understanding these preferences is crucial for tailoring marketing strategies to different age groups (National Coffee Association, 2020) and therefore ensure the development of products that are suitable for different customer segments.

4. Methodology

To gain a deeper understanding of consumers' perceptions and preferences in the Italian coffee market, the research was conducted using a combined qualitative and quantitative approach.

For the qualitative part, preliminary interviews were conducted with experts and professionals in the coffee market to gain insights into market dynamics and consumer perceptions of coffee products and brands. Three employees working in Marketing and Retail for major coffee brands Lavazza and Nespresso were interviewed, and helped in identifying significant attributes that influence consumer perceptions and preferences, namely: *sustainable practices, price, intensity, packaging, product quality, brand reputation,* and *product range*.

For the quantitative part, two surveys were conducted:

- The first survey explored consumer preferences for existing coffee brands and their perceptions of various coffee attributes. The survey was designed on the website Qualtrics, and the data collected was used to create a perceptual map, illustrating the market positioning of different brands based on consumer perceptions around the above-mentioned dimensions that were outlined during the interviews.

- The second survey focused on understanding consumer product preferences when presented with different combinations of product attributes and levels. Designed specifically for conjoint analysis through the platform Conjointly, this survey provided insights into the relative importance of each attribute for consumers and identified their product preferences. The attributes were also identified thanks to the preliminary research, together with their respective options (or "levels"). These were:

    - *Price*, divided into four price ranges reflecting the brands' offerings: < 10€/KG; 11-15 €/KG; 16-20 €/KG; >20 €/KG.
    - *Certification*, having three levels: Fair Trade Certified, Not Certified, B-Corp Certified.
    - *Coffee Type*, representing the three most common formats of coffee that are available in the Italian market: Ground Coffee, Capsules/Pods, Instant Coffee.
    - *Intensity*, representing the more or less strong aroma and taste of the coffee blend in 3 levels: Low, Medium, and High.
    - *Packaging*, highlighting diverse levels of sustainability with regards to the packaging of the product: Recyclable Packaging, Non-Recyclable Packaging, and Biodegradable Packaging.

The surveys were handed out through digital channels such as LinkedIn, WhatsApp, and Facebook, disseminated between university connections and personal networks, and reached around 150 participants each. They both included a set of demographic questions (asking about the participants' gender, age, occupation, and nationality), behavioural questions about coffee consumption habits, and only considered answers from people who have been living in Italy for at least 3 years and drink coffee.

The brands which were included in the analysis were chosen based on the preliminary interviews and the comprehensive literature review. The selected brands included market leaders like Illy, Lavazza, and Nespresso, as well as smaller brands like Caffè Borbone, Segafredo Zanetti, and Kimbo. This diverse selection aimed to represent a holistic view of the market and consumer preferences across different segments and geographic regions.

By combining the two tools - perceptual mapping and conjoint analysis - the research offers a comprehensive understanding of brand positioning and consumer preferences in the Italian coffee market, with a specific focus on sustainability and its impact on consumer choices.

5. Conjoint Analysis: Results

5.1 Sample characteristics

The sample includes 65% females and 34% males, while a small component of around 1% preferred not to state their gender, as shown in Figure 1 in the Appendix. Half of the respondents belong to the age range between 18 and 30 years old, while 22% are over 50 years old. A smaller percentage of 18% falls under the range between 31 and 50 years old, and only 10% of respondents are under 18 years old (Figure 2).

Coherently with the focus of this research on the Italian market and Italian consumers, almost all respondents have an Italian residence or have lived in Italy for at least the last 3 years (Figure 3). The small percentage of 0.7% of non-Italian residents was not taken into consideration when evaluating the final results of the survey.

In terms of occupation, the majority of respondents are workers (46%), followed by 34% of students, and the minority of 20% of respondents who study and work at the same time (Figure 4).

5.2 Screening and Additional Questions

Considering the screening questions, results highlighted that more than half of the respondents usually consume coffee twice a day, as can be seen in Figure 5. Then, 21% of respondents prefer to drink coffee more than twice a day, followed by 17% who like to drink only once a day. The minority, 11%, only consumes coffee randomly on a weekly basis. These data perfectly represent the strong and diffused coffee-drinking culture in Italy, demonstrating that coffee is an integral part of Italians' habits and a product which is largely consumed daily, even more than once a day.

When asking about the familiarity of the respondents with the selected coffee brands for the analysis, it is important to highlight that all the brands are well renowned: as expected, the top three brands in this table are Lavazza, Nespresso, and Illy. Borbone also enjoys a good fame, while a smaller number of respondents are familiar with Kimbo and Segafredo (Figure 6). Only 1% of the respondents are not familiar with any of the proposed brands. Moreover, as shown in Figure 7, it is important to notice that most respondents selected all the brands, meaning that 49% of respondents are familiar with all the brands selected for the analysis. A very small, less significant percentage of 4% of them are familiar with only one of the brands. These numbers make the conjoint analysis we conducted more significant, allowing us to discover which attributes are most important and influence consumers' decisions between different brands that they are familiar with.

Interestingly, looking at the question regarding the willingness to pay a higher price for an eco-friendly product, 82% of respondents answered affirmatively (Figure 8). Therefore, the large majority of participants to the survey would justify the higher price with the eco-friendliness of the product, and this already provides an insight about the interest towards sustainability when evaluating different coffee purchase options. It implies that the eco-friendliness of a product represents an added value to it.

Then, respondents were asked to rate the influence that brand loyalty has on their purchase decisions on a scale from 1 ("Strongly disagree") to 5 ("Strongly agree"). The results demonstrate that brand loyalty is quite relevant for some of the respondents, and not so decisive for others. Indeed, 16% of respondents strongly agreed with the statement "Brand loyalty influences my purchase decision", and 20% agreed with it. 41% of respondents chose a rate of 3, meaning that they are neutral and brand loyalty may not be the most important factor in determining their purchase choice. The remaining 20% of respondents disagreed with the statement and only 3% strongly disagreed (Figure 9).

Lastly, respondents were asked if they wanted to share additional thoughts on the topic at the end of the survey. Although only 3 respondents chose to do so, 1 of them stated that they prioritize sustainability when choosing their products. The other 2 agreed on the fact that brand loyalty is important, but taste and price are also very important features to consider when buying coffee.

5.3 Relationship among variables

Once the demographic and screening questions' responses were outlined, pivot tables were used to further evaluate the data and detect trends and patterns. The pivot table feature in Conjointly was employed in our study due to its versatility in summarizing large datasets, enabling an in-depth examination across multiple variables, and facilitating the identification of significant patterns and trends among survey participants.

5.3.1 Age, Gender, Occupation VS Brand familiarity

Conjointly platform generated a report that helped with the creation and construction of pivot tables, enabling us to understand the relationship between the demographic characteristics of the sample and their familiarity with the coffee brands under analysis. Notably, within the administered survey, participants were provided with the opportunity to denote familiarity with multiple brands from a given list. Consequently, the tables in the Appendix were constructed using Excel, with the understanding that percentages may surpass 100 percent due to the allowance of multiple responses to the inquiry.

Upon examination of Table 1, which correlates age and brand familiarity, a distinct preference for certain brands becomes apparent, namely Lavazza, Illy, and Nespresso. Generally, these top three brands are recognized by over 80 percent of individuals across each age cohort. However, this ranking undergoes a shift solely within the 31-50 age bracket, where Borbone coffee supplants Illy coffee. Conversely, the Borbone, Kimbo, and Segafredo brands exhibit comparatively lower levels of familiarity, likely due to their more localized market presence.

The subsequent Table 2 which investigates the correlation between gender and brand familiarity, reveals a consistent hierarchy across both male and female segments. Notably, within the female category, Illy, Lavazza, and Nespresso are recognized by over 90 percent of survey respondents, while the remaining three brands register lower percentages.

Finally, the results thus far are confirmed in the third analysis presented in Table 3, delineating the relationship between occupation and brand familiarity. Once again, the most familiar brands are identified as Illy, Lavazza, and Nespresso, with Borbone, Kimbo, and Segafredo following suit. Detailed percentages are available within the respective tables.

Upon examining overall preferences without demographic filters, the anticipated hierarchy remains consistent, as presented in Table 4 (Conjointly, n.d.).

5.3.2 Age, Gender, Occupation VS Willingness to pay a higher price for an Eco-friendly coffee product

Following the above-mentioned methodology, we have elected to concentrate on elucidating how demographic variables such as age, gender, and occupation impact individuals' inclination to invest in eco-friendly coffee at a premium price.

Our analysis reveals that younger generations demonstrate a heightened sensitivity to sustainability concerns, showing a willingness to purchase eco-friendly coffee even at a higher cost. However, our survey underscores the universal relevance of sustainability and eco-friendliness in consumer decision-making processes, transcending age cohorts. Specifically, more than 80% of respondents overall affirmed their readiness to pay a premium for a sustainable coffee option (Table 8). The magnitude of this attitude varies slightly between the different age groups, but the willingness to pay a premium is shared by most of the participants in all the groups, as can be seen in Table 5. This highlights the burgeoning influence of societal trends, including heightened environmental awareness and ethical communication, which increasingly shape purchasing decisions, almost rivalling the significance of product pricing considerations.

Regarding gender dynamics, our analysis underscores a pronounced inclination among females towards sustainable and eco-friendly products (Table 6). Despite 65% of males expressing a preference for such products, a striking 91% of females assert their willingness to pay a premium for coffee that upholds environmental and labor standards throughout the production chain. Indeed, research suggests that “women have higher levels of socialization to care about others and be socially responsible, which then leads them to care about environmental problems and be willing to adopt environmental behaviors” (Rachel Howell, 2020). Therefore, our results are coherent and aligned with what stated by the lecturer in sustainable development Rachel Howell, despite our sample size being too small to draw general conclusions about the overall population.

Finally, regarding occupation, our analysis indicates that individuals employed in various professions exhibit a greater inclination towards purchasing certified sustainable coffee, even at a premium price (83% of them express a willingness to pay such premiums, as shown by Table 7). This inclination likely stems from higher disposable income levels among workers, thereby affording them the capacity to opt for more expensive products without stringent budget constraints compared to students. However, the percentage of students expressing a willingness to pay a premium for sustainable coffee is also substantial (77%). This reaffirms our earlier assertion regarding the impact of social phenomena, particularly the burgeoning environmental consciousness among younger generations.

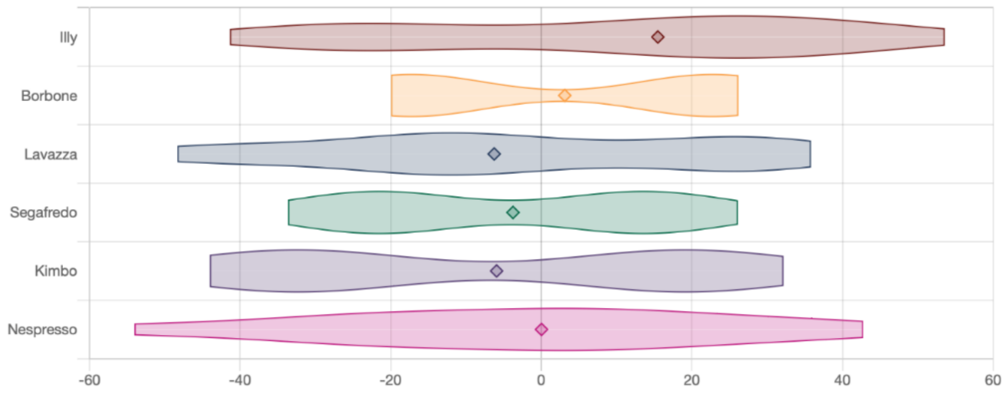
5.4 *Preferences on Brands*

The analysis of the survey results conducted through Conjointly offers important insights into the performance of each brand, encompassing different combinations of features within them and showing consumer preferences among them.

The graph below provides a visual representation of the estimates generated by Conjointly, representing the preferences for different combinations of features within each brand. Specifically, the violin shapes illustrate the frequency distribution of preferences for different combinations of features within each brand: where the violins are wide, there are more features combinations for the brand and there is greater variability in consumer preferences for that brand and the different combinations within it; while a narrower violin indicates that there are less combinations and less variability. The diamonds in the middle of the violins show the median values for each brand, where higher median values indicate greater brand preference.

Therefore, by reading the graph, it can be inferred that Illy emerges as the preferred brand, with a median of 15.5, followed by Borbone with a median of 3.1. Nespresso, whose median value is 0.0, represents neutrality, meaning that on average, consumers neither prefer nor dislike it. The least preferred brands are instead Segafredo, Kimbo, and Lavazza, whose median values are respectively -3.8, -5.9, and -6.3.

In terms of variability of consumers preferences, this is lower for brands such as Illy and Borbone, whose shapes are narrower and therefore show that there is consistency in consumer preferences for these brands, even when presented with different combinations of features, while variability is higher for brands such as Lavazza and Segafredo with a wider shape. This could indicate that despite their negative median – indicating dispreference for the brands –, there may be still some respondents who prefer these brands' combinations.



Graph 1. Violin plot - Distribution of preferences for each brand (Conjointly).

5.5 *Attributes and Levels Importance*

The analysis report presented by Conjointly was then used to analyze the importance of the five product attributes under analysis (Price, Certification, Coffee Type, Intensity and Packaging) for consumers in the six brands (Illy, Borbone, Lavazza, Segafredo, Kimbo, Nespresso).

Relative attribute importance score	**Attribute**					
Brand	**Certification**	**Coffee Type**	**Intensity**	**Packaging**	**Price €/KG**	**Grand Total**
Borbone	44,3%	13,5%	20,7%	12,0%	9,5%	100%
Illy	51,0%	11,8%	13,7%	14,0%	9,5%	100%
Kimbo	47,8%	11,2%	15,4%	14,7%	11,0%	100%
Lavazza	36,2%	31,9%	16,5%	8,6%	6,8%	100%
Nespresso	44,2%	24,7%	13,1%	18,0%	0,0%	100%
Segafredo	37,4%	18,6%	17,9%	12,6%	13,6%	100%
Grand Total	**43,5%**	**18,6%**	**16,2%**	**13,3%**	**8,4%**	**100%**

Table 1. Relative attribute importance score for all brands.

The table above and the graphs 1 to 6 presented in the Appendix show the relative importance of attributes within the different brands.

It clearly emerges that the attribute "Certification" has the largest relative importance across all the brands: when purchasing coffee, our respondents look for brands awarded with either the Fair Trade or the B Corp certification, probably because they want to be sure that coffee has been produced through ethical, social, and environmental responsible practices.

Another consistent pattern across the five coffee brands is the low sensitivity to price, which results as the attribute with the lowest relative importance. This is surprising given the fact that price usually holds high relevance as an attribute for consumers to define their purchase preferences. A possible explanation for price being the least important attribute in our analysis could be the cultural significance of coffee in Italy. In this country, as explained through our research, consumers prioritize aspects such as aroma and intensity and look for high quality coffee, because of the deeply ingrained coffee culture. Thus, they may be willing to pay some additional euros for brands with a particular flavor or to whom they are particularly loyal, rather than focusing primarily on cost.

While there is consistency for the relative importance of the “Certification” and “Price” attributes across brands, there is some variability for the other attributes.

Starting from Illy (Graph 1 in the appendix), the “Certification” attribute has the largest relative importance if compared to the other brands (51%), thanks to the B Corp certification that distinguishes the brand. With 14% of relative importance, the packaging is the second most important attribute, meaning that Illy customers care about the sustainability of the coffee containers. Right after there are the “Intensity” and “Coffee Type” attributes with 13.7% and 11.8% of relative importance. Confirming what has been said above, the price attribute is the lowest in the ranking, with 9.5% of relative importance.

Considering Borbone (Graph 2), the “Certification” attribute reaches 44.3% and the second attribute in the ranking is Intensity (20.7%), meaning that Borbone’s customers value the brand for its products’ flavours and taste. Then, there are the “Coffee Type” and “Packaging” attributes, with 13.5% and 12% of relative importance.

Also, in Lavazza (Graph 3), the “Certification” attribute is the first (36.2%), but the second attribute in the ranking, “Coffee Type” is very close (31.9%), meaning that Lavazza costumers’ purchasing decisions are significantly affected by the type of coffee offered. The "Intensity" attribute reaches a 16.5% in relative importance, enforcing the idea that Italian consumers pay attention to the taste of the product they buy. In the bottom of the ranking there are "Packaging" (8.6%) and "Price" (6.8%).

In Segafredo (Graph 4), we find a ranking of attributes very similar to the one of Lavazza, with a lower magnitude for the "Coffee Type" relative importance (18.6%) and a higher one for "Price" (13.6%) and "Packaging" (12.6%).

Regarding Kimbo (Graph 5), behind the "Certification" attribute we find again the "Intensity" one (15.4%), reinforcing the importance of the flavour of coffee in consumption decisions. "Packaging", "Coffee Type" and "Price" attributes follow in this order.

Finally, we have the Nespresso brand (Graph 6), which does not have the "Price" attribute since it has only one price level (>20€). The choice of only including one price segment for Nespresso was made for two main reasons: firstly, Nespresso positions itself in the upper segment of the market in terms of prices, and secondly, as we understood in the interview with Alba Francesca Nardone, for this exact reason the price is not a source of competitive advantage for Nespresso. The ranking of attributes, as shown in the table above, is the following: "Coffee Type", "Packaging" and "Intensity". The prominence of Coffee Type and Packaging is coherent with the fact that Nespresso solely offers portioned coffee capsules which are completely recyclable, therefore consumers value these two factors more than Intensity, in this case.

6. Discussion and Limitations

In this chapter, we discuss the implications and interpretations of our study findings. To guarantee an accurate understanding of the Italian coffee market and consumer choices within it, we carefully analyzed a variety of factors before selecting essential coffee brands for investigation. Our goal was to portray the different preferences of Italian coffee consumers across various segments, which prompted us to include both well-known brands and smaller players.

Our methodology for developing the perceptual map was rigorous, beginning with the identification of key attributes that influence coffee brand perception. Following preliminary interviews with industry experts and a thorough literature analysis, we identified six major factors influencing consumers' perceptions: sustainable practices, price, intensity, packaging, brand reputation, and offer range. The perceptual map (Figure 10 in the Appendix) works as a visual representation of how these components, particularly brand sustainability, influence customer perceptions, explaining evident trends over generations. However, perceptual analysis holds some limitations. Subjective perceptions, which differ depending on personal experiences and cultural backgrounds, might contribute mistakes or omit subtleties when combined into a coherent analysis. Furthermore, reducing multidimensional data to simplified visual representations has the potential to oversimplify complicated market processes, hiding critical nuances for strategic decision making. Moreover, focusing on existing brands or items in a market may ignore rising trends or disruptive breakthroughs, limiting relevance in dynamic markets. Despite these limitations, perceptual analysis remains a useful tool when used correctly and in conjunction with additional research methodologies. The perceptual map developed through our study provides a visual picture of well-known coffee brands' market positioning, demonstrating how overall quality and price perception influence consumer preferences and perceptions across generations. For instance, businesses like Illy and Lavazza, who are known for their commitment to sustainability, are viewed as having higher quality and are positioned positively on the map. Brands such as Nespresso, Borbone, Kimbo, and Segafredo, on the other hand, are positioned differently on the map, suggesting differences in perceived quality and pricing among Italian customers. Brands which promote sustainability and effectively communicate their ethical business practices are more likely to have an impact on consumers, especially the younger generation, as they are becoming more aware of environmental and social issues. Brands that fall behind in sustainability initiatives may need to reconsider their approaches to better satisfy consumer expectations and preferences. The perceptual map's representation emphasizes the importance of brands meeting consumer expectations for sustainability and ethical business practices.

Regarding the conjoint analysis, it is crucial to recognize that various challenges can limit its effectiveness in studying the coffee market. Firstly, the complexity of designing a conjoint survey for coffee attributes can make it difficult to manage and analyze the results efficiently. This complexity arises from the need to carefully consider multiple attributes, with multiple levels, which can overwhelm respondents. Secondly, conducting conjoint analysis often involves presenting respondents with many coffee product combinations to evaluate. This can lead to respondent fatigue, where participants become tired or not engaged during the survey, resulting in lower response rates, and compromising the quality of the data collected, thus affecting the analysis' reliability. Furthermore, conjoint analysis' findings may not be broadly applicable if brands, attributes, or geographical area are changed. This limited generalizability restricts the broader utility of the analysis, particularly when considering different market contexts. Finally, conjoint analysis assumes that respondents make decisions based on a rational evaluation of the choices presented to them. However, in reality, consumer decision-making processes are influenced by various factors such as emotions, psychological biases, and time constraints. This assumption of rational decision-making may limit the accuracy of the analysis in reflecting real-world consumer behavior.

In summary, while our research provides valuable insights into the complex interplay of factors shaping consumer behavior in the Italian coffee market, it does have its limitations. The perceptual and conjoint analyses employed in our study offer a snapshot of consumer perceptions and preferences but may not capture the full spectrum of factors influencing decision-making processes. Future research could explore additional methodologies or incorporate qualitative approaches to gain a more holistic understanding of consumer behavior and preferences.

6.1 Implications for Managerial decision

This final section of the research will provide a concise summary of how managers might effectively utilize the study findings, providing recommendations about coffee product design and marketing strategies. As we delve deeper into the implications of our extensive conjoint analysis, a multifaceted landscape of opportunities and strategies emerges for coffee industry stakeholders, with a particular emphasis on sustainability and the potential for niche market positioning in the high-price segment. Our in-depth research of consumer preferences and behaviors reveals numerous crucial insights that can help inspire strategic decision-making and drive market competitiveness.

First and foremost, the critical importance of sustainable practices is emphasized throughout our investigation, highlighting a fundamental shift in consumer expectations and beliefs. With younger generations becoming more aware of environmental issues, coffee brands must shift their focus to a more sustainable strategy. Using the findings from our Conjoint Analysis, which show a strong preference among consumers for eco-friendly coffee options, firms may capitalize on this trend by prioritizing the development and marketing of sustainable practices.

This could include obtaining and displaying applicable certifications, using environmentally friendly production practices, and clearly explaining sustainability initiatives to customers. Furthermore, our results demonstrate a significant gap between the perceived importance of sustainability traits and typical pricing concerns. While price remains an important component in consumer decision-making, our data indicate that sustainability has a stronger influence on purchase behavior, particularly among environmentally concerned groups. As a result, coffee makers must adjust their marketing methods to emphasize their products' sustainability credentials, resonating more profoundly with conscientious customers and potentially fetching premium pricing in the market.

Our research also demonstrates how businesses may carve out a place in the high-end price sector by stressing sustainability and providing premium coffee experiences. The desire for premium coffee brands, as evidenced by the strong affection for brands like Illy, indicates a growing demand for excellent coffee experiences. Brands may strategically position themselves as purveyors of ethically sourced, sustainably produced coffee, attracting discriminating customers prepared to pay a premium for quality and sustainability. By building a premium brand image and providing outstanding quality coffee goods, firms may effectively differentiate themselves in the market and build better relationships with conscientious consumers.

In addition to brand-centric strategies, our analysis implies detailed demographic trends that should be considered when segmenting and targeting markets. Younger consumers' increased sustainability awareness suggests the need for tailored marketing campaigns that connect with their values and priorities, while preferences for specific coffee attributes across age groups highlight the importance of understanding and catering to the diverse needs of distinct consumer segments.

The findings from both the Perceptual Map study and the Descriptive Statistics table (Table also have numerous implications for managerial decision-making in the coffee sector. Firstly, the positive perception of attributes such as intensity, offer range, and reputation among consumers underscores areas of inherent strength that brands can leverage to solidify their market positioning. However, the noticeable disparity in price perception, despite other attributes receiving high ratings, highlights a critical challenge for brands to address. This indicates a disconnect between perceived value and pricing strategies, suggesting a need for careful evaluation and potential adjustments in pricing approaches. Implementing independent pricing tactics, such as promotional offers and loyalty programs, could help alleviate the perceived discrepancy between price and product quality, thereby enhancing overall customer satisfaction.

Furthermore, the market segmentation based on customer preferences defined by the analysis provides a chance for firms to implement customized marketing tactics. Understanding the various goals of different consumer segments enables brands to modify their messaging and product offerings to better meet the diverse demands of their customers. This nuanced approach not only develops greater consumer connections, but it also allows for the creation of more effective marketing campaigns that promote engagement and loyalty.

Meanwhile, the findings from the SPSS factor analysis provide valuable recommendations for product development and marketing initiatives. By recognizing the underlying reasons that influence consumer preferences, brands may strategically match their offers with these key drivers, better meeting customer requirements and preferences. For example, focusing on features with high customer ratings, such as intensity and offer range, can help businesses stand out in the market and attract discerning consumers looking for high-quality coffee goods. Furthermore, the analysis emphasizes the need for continual efforts to maintain product quality and uniformity across qualities such as packaging and environmental standards. Maintaining high standards in these areas allows brands to maintain positive consumer views while also reinforcing their market advantage. This underscores the significance of investing in quality assurance measures and continuous improvement initiatives to sustain consumer trust and loyalty over time. By addressing pricing discrepancies, adopting targeted marketing strategies, leveraging consumer preferences, and prioritizing product quality and sustainability, brands can effectively navigate the dynamic landscape of consumer preferences and drive growth and profitability in the market. This illustrates the importance of investing in quality assurance and continuous improvement programs to maintain consumer confidence and loyalty over time.

In conclusion, the study provides useful information for managerial decision-making in the coffee sector. Brands can effectively navigate the shifting terrain of customer preferences and promote market development and profitability by addressing pricing differences, implementing focused marketing tactics, capitalizing on consumer preferences, and prioritizing product quality and sustainability.

7. Conclusion

This comprehensive study of the Italian coffee market revealed a complex set of findings that provide a detailed overview of consumer perceptions, product preferences, and market dynamics. Through the strategic application of a careful combination of qualitative interviews, quantitative surveys, and analytical techniques, we have delved deep into the complexities of this industry. Our qualitative research, enriched by interviews with professionals from industry giants such as Lavazza and Nespresso, has allowed us to set the context for our study, highlighting shifting consumer inclinations and evolving trends of the market. These experts-led conversations, indeed, have underscored the importance of premiumization strategies for brands like Illy, while also highlighting the potential for brands like Segafredo and Kimbo to carve out a niche in the market by striking a delicate balance between competitive pricing and quality offerings. Such insights have not only contributed to a deeper understanding of the industry's past and present but have also provided strategic foresight for the development of our research. A prominent trend that emerged from our research regarding consumer behavior is the inclination towards the choice of sustainable and ethically responsible products. Nonetheless, it has been noted that Italian consumers are still very attached to their tradition regarding the consumption of coffee and recognize large importance to factors like brand reputation and product quality.

These findings were mostly confirmed by the results of our quantitative surveys, which explored consumer perceptions and preferences across a set of dimensions and attributes, ranging from brand reputation and packaging eco-friendliness to flavor intensity and sustainability standards. This consistent quantitative analysis has provided empirical evidence to support and complement the qualitative narratives.

Firstly, a perceptual map was created to comprehend how consumers discern different coffee brands, basing the analysis on six key attributes and performing a SPSS analysis.

The SPSS analysis has unveiled patterns and correlations within the dataset, providing useful information about the underlying forces that shape consumer perceptions. The perceptual analysis results are extremely important to our research into how sustainable practices influence consumer perception. They present actual proof of how sustainability then affects customer preferences in the coffee business. Specifically, the perceptual map shows how brands considered to prioritize sustainability - like Illy, Lavazza, and Nespresso - are positioned favorably among consumers, particularly the younger generation. This strong link between sustainability perceptions and brand positioning emphasizes the importance of ethical business practices in influencing consumer preference. Furthermore, the perceptual map uncovers the potential implications for brands who do not value sustainability, including the risk of falling behind in the competitive market scenario.

Secondly, conjoint analysis was performed to understand consumers' preferences regarding five key attributes. Significant differences were highlighted when comparing different generations, showing that younger ones have a heightened sensitivity to current trends, while older generations might value other dimensions more and have less knowledge about the sustainability efforts of the brands. Indeed, attributes such as coffee Intensity and Coffee Type still play a very important role in determining Italian consumers' product choices, as evidenced in the results of the conjoint analysis.

By overlooking both analyses, results demonstrate that Italian consumers' perceptions are generally aligned with their preferences, with brand association and product quality holding particular relevance for consumers. Illy emerged as the preferred brand for the surveys' participants, coherently with the perceptions associated with it about its overall quality and price. Although the analysis is subject to some limitations, like the rational nature of the employed tools and the limited sample size which could lead to biased results, our study offers valuable insights for stakeholders in the Italian coffee industry, setting the base for more exploration in order to better comprehend the evolving trends and behaviors of the market.

This research also provides a base for implications for managerial decisions, suggesting how businesses could develop tailored strategies to drive sustainable growth, identifying areas of improvement in product design or marketing tactics, following the results obtained with the conjoint analysis about product preferences. Specifically, by underscoring the increasing role of sustainability practices in shaping consumer perceptions and preferences, our research accentuates the need for brands to align with eco-friendly initiatives to resonate with increasingly environmentally conscious consumers, without compromising quality and taste.

To conclude, it must be highlighted that the coffee market is undergoing relevant changes which require constant analysis of consumers' perceptions and preferences. Henceforth, this study can serve as a foundation for future research and deeper analysis.

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Appendix

Figure 1. Gender of respondents.

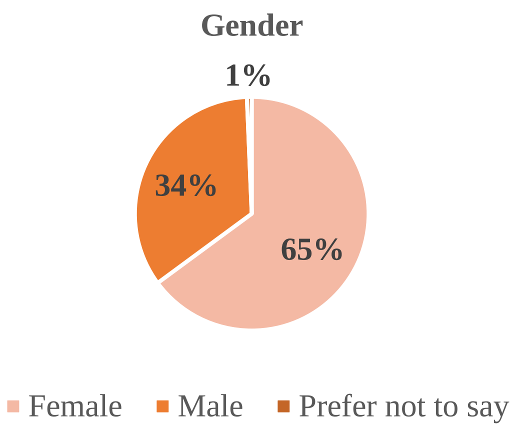


Figure 2. Age distribution of respondents.

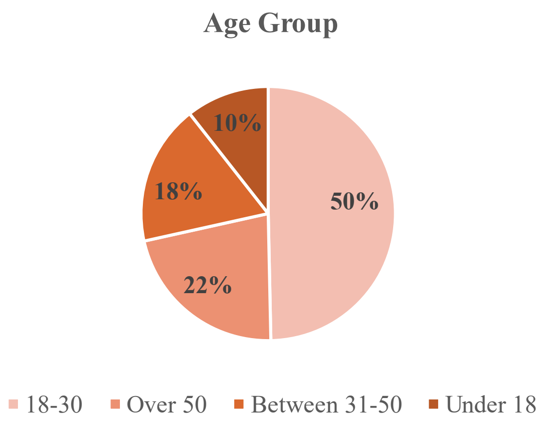


Figure 3. Country of origin of respondents.

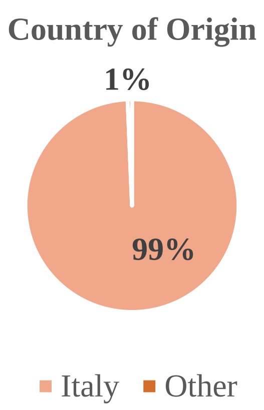


Figure 4. Occupation of respondents.

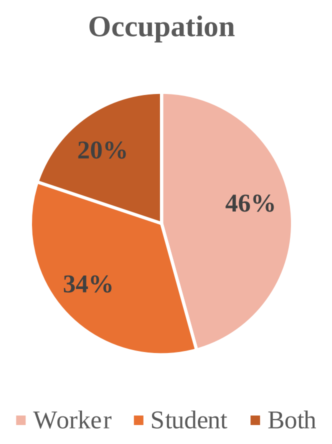


Figure 5. Coffee Consumption Frequency.

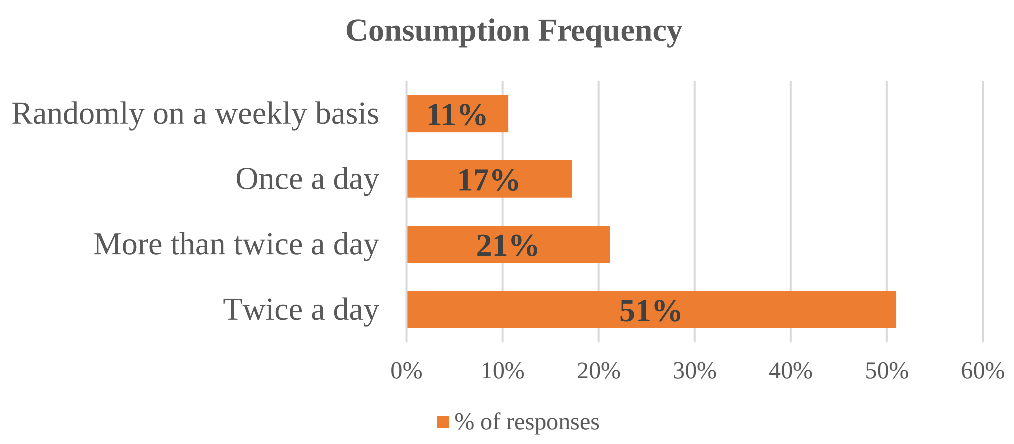


Figure 6. Percentage of respondents who are familiar with the selected coffee brands.

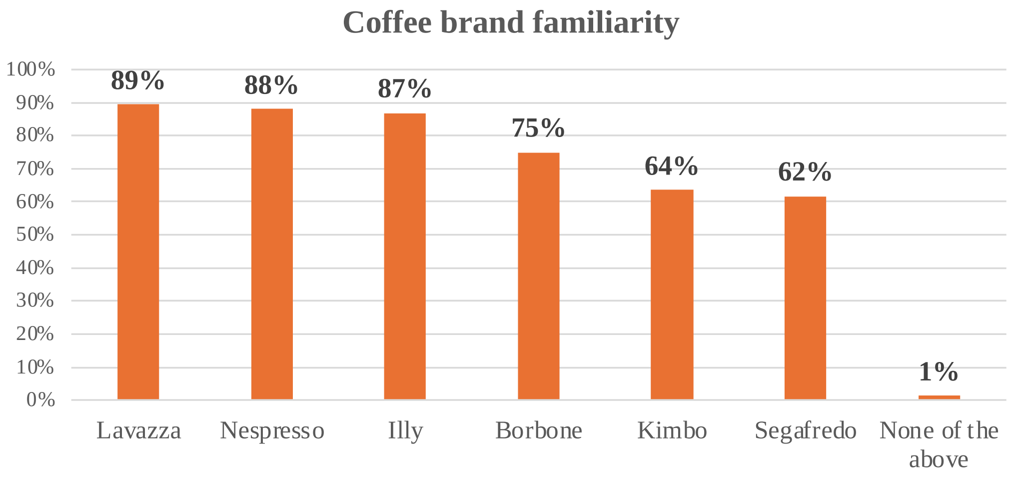


Figure 7. Number of brands respondents are familiar with among the selected brands.

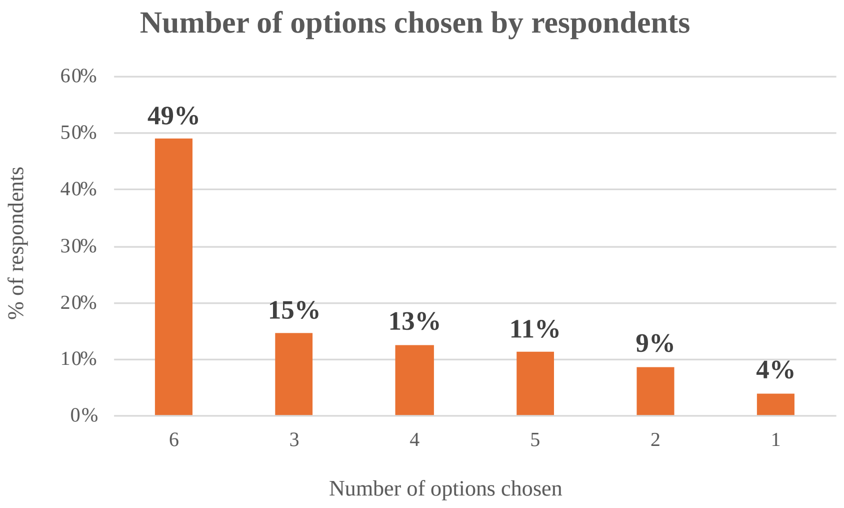


Figure 8. Willingness to pay a higher price for an eco-friendly coffee product.

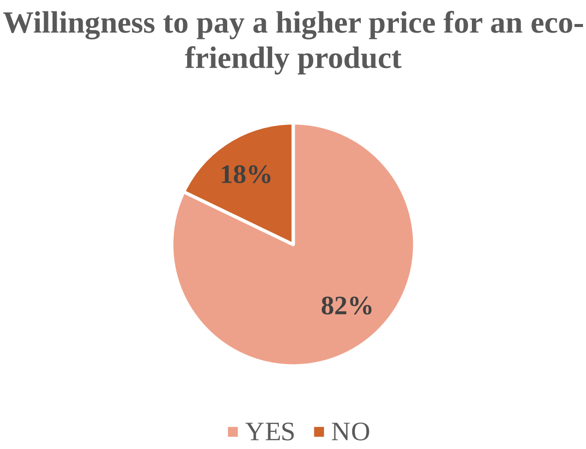


Figure 9. Agreement with the statement "Brand familiarity affects my purchase decisions".

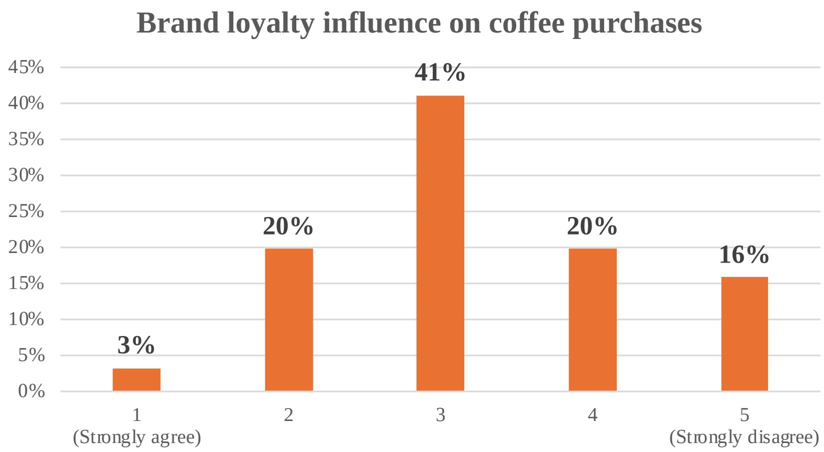


Table 1. Age and Brand Familiarity relationship.

AGE			
Age	*Brand familiarity*		%
<18	BORBONE	13	81%
	ILLY	16	100%
	LAVAZZA	14	88%
	KIMBO	12	75%
	NESPRESSO	15	94%
	SEGAFREDO	12	75%
	None	0	
18-30	BORBONE	51	68%
	ILLY	63	84%
	LAVAZZA	68	91%
	KIMBO	43	57%
	NESPRESSO	63	84%
	SEGAFREDO	42	56%
	None	2	3%
31-50	BORBONE	24	89%
	ILLY	23	85%
	LAVAZZA	24	89%
	KIMBO	19	70%
	NESPRESSO	25	93%
	SEGAFREDO	19	70%
	None	0	
>50	BORBONE	25	76%
	ILLY	29	88%
	LAVAZZA	29	88%
	KIMBO	22	67%
	NESPRESSO	30	91%
	SEGAFREDO	20	61%
	None	0	

.

Table 2. Gender and Brand Familiarity relationship.

GENDER			
Gender	*Brand familiarity*		%
Female	BORBONE	84	86%
	ILLY	91	93%
	LAVAZZA	88	90%
	KIMBO	70	71%
	NESPRESSO	93	95%
	SEGAFREDO	67	68%
	None	1	
Male	BORBONE	29	56%
	ILLY	40	77%
	LAVAZZA	47	90%
	KIMBO	25	48%
	NESPRESSO	42	81%
	SEGAFREDO	26	50%
	None	1	

Table 32. Occupation and Brand Familiarity relationship.

OCCUPATION			
Occupation	*Brand familiarity*		%
	BORBONE	34	65%
	ILLY	47	90%
	LAVAZZA	47	90%
Student	KIMBO	29	56%
	NESPRESSO	43	83%
	SEGAFREDO	24	46%
	None	0	
	BORBONE	55	80%
	ILLY	58	84%
	LAVAZZA	61	88%
Worker	KIMBO	45	65%
	NESPRESSO	62	90%
	SEGAFREDO	47	68%
	None	0	
	BORBONE	24	80%
	ILLY	26	87%
	LAVAZZA	27	90%
Both	KIMBO	22	73%
	NESPRESSO	28	93%
	SEGAFREDO	22	73%
	None	2	

Table 4. Brand Familiarity Overall.

OVERALL		
Brand familiarity		%
BORBONE	113	75%
ILLY	131	87%
LAVAZZA	135	89%
KIMBO	96	64%
NESPRESSO	133	88%
SEGAFREDO	93	62%
None	2	1%

Table 5. Age and Willingness to pay a higher price for an eco-friendly coffee product relationship.

AGE			
Age	*Willingness to pay a higher price for eco-friendly product*		*%*
<18	YES	14	88%
	NO	2	13%
	None	0	
18-30	YES	58	77%
	NO	17	23%
	None	0	0%
31-50	YES	26	96%
	NO	1	4%
	None	0	
>50	YES	26	79%
	NO	7	21%
	None	0	

Table 6. Gender and Willingness to pay a higher price for an eco-friendly coffee product relationship.

GENDER			
Gender	*Willingness to pay a higher price for eco-friendly product*		*%*
Female	YES	89	91%
	NO	9	9%
	None	0	
Male	YES	34	65%
	NO	18	35%
	None	0	0%
Prefer not to say	YES	1	100%
	NO	0	0%
	None	0	0%

Table 7. Occupation and Willingness to pay a higher price for an eco-friendly coffee product.

OCCUPATION

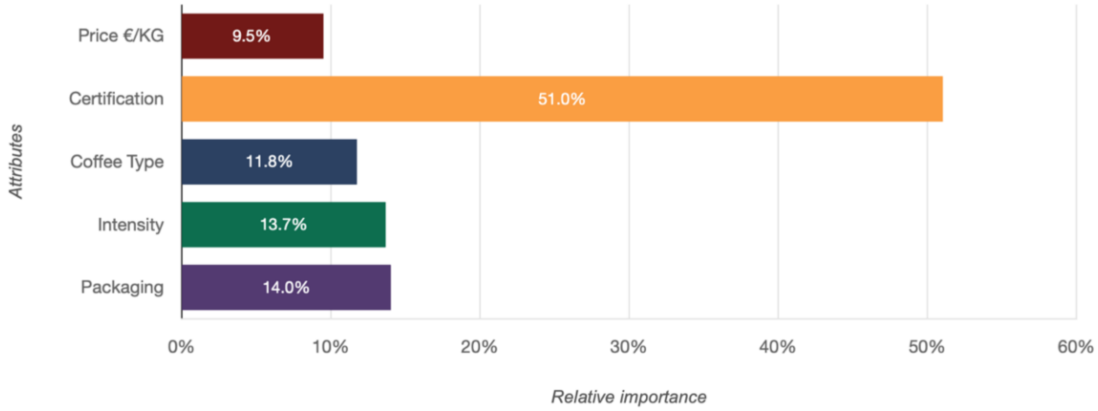
Occupation	*Willingness to pay a higher price for eco-friendly product*		%
Student	YES	40	77%
	NO	12	23%
	None	0	
Worker	YES	57	83%
	NO	12	17%
	None	0	0%
Both	YES	27	90%
	NO	3	10%
	None	0	

Table 8. Overall willingness to pay a higher price for an eco-friendly coffee product.

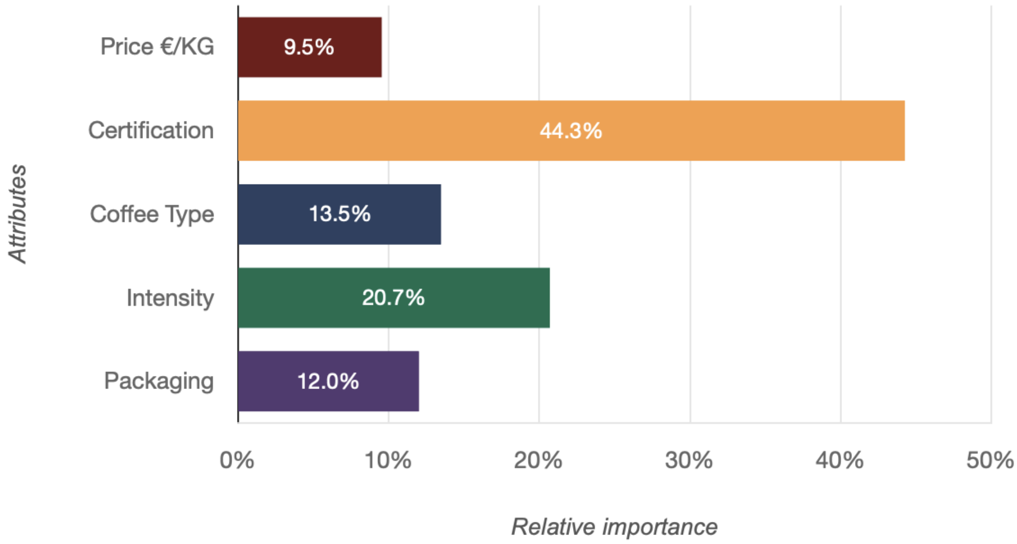
OVERALL

Willingness to pay a higher price for eco-friendly product		%
YES	124	82%
NO	27	18%
None	0	

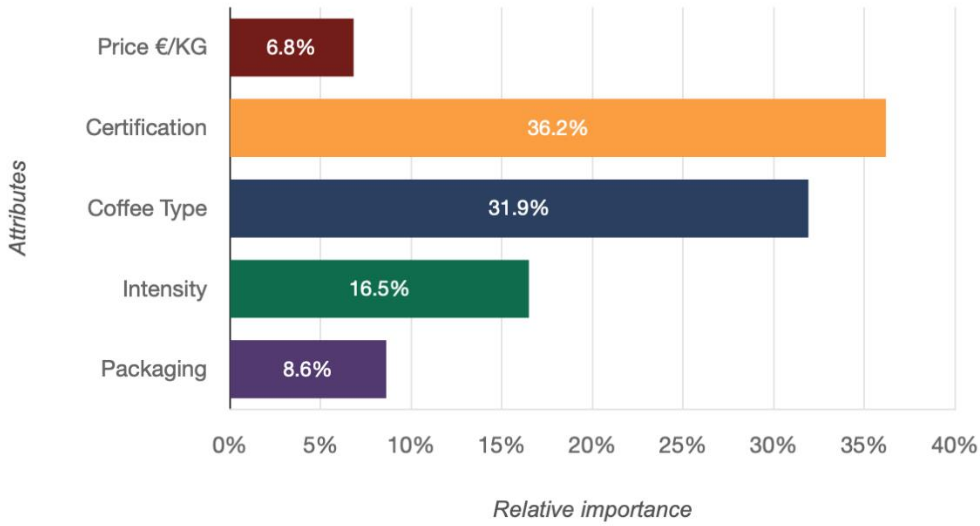
Graph 1. Illy attributes importance



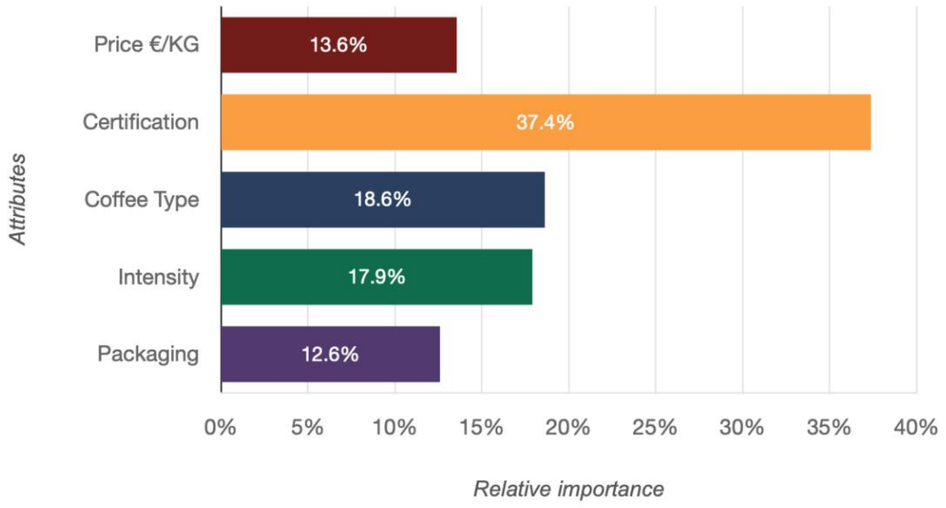
Graph 2. Borbone attributes importance



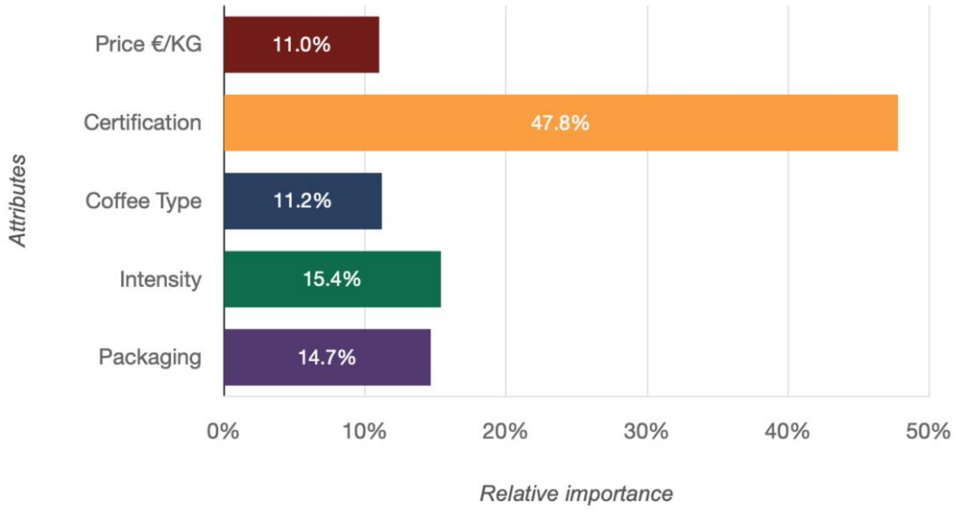
Graph 3. Lavazza attributes importance



Graph 4. Segafredo attributes importance



Graph 5. Kimbo attributes importance



Graph 6. Nespresso attributes importance

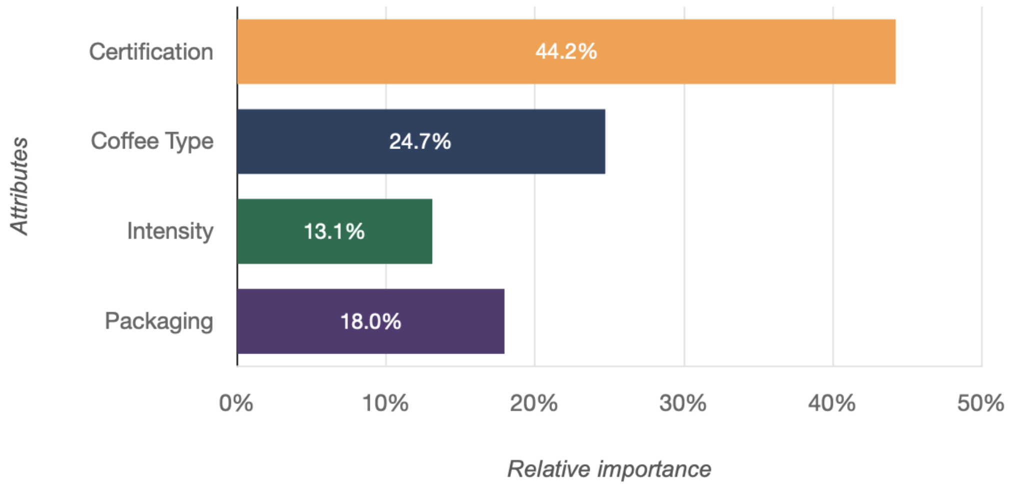


Figure 10. Perceptual Map

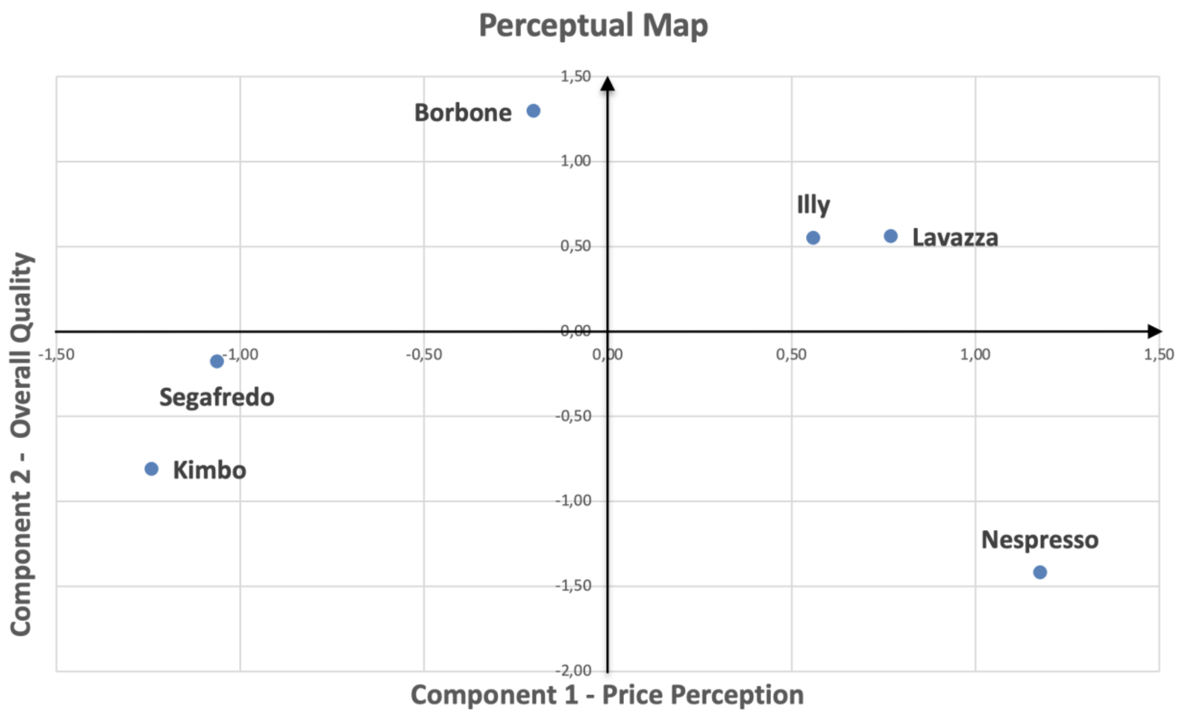


Table 9. Descriptive Statistics Table - Perceptual Map Analysis' Results

Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Sustainability	2.9033	.53208	6
Price	2.9983	.25143	6
Intensity	3.1933	.59173	6
Packaging	2.9850	.71268	6
Reputation	3.3667	.87617	6
OfferRange	3.1700	.85755	6