A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics

ANALYZING INDUSTRY AND CONSUMER PERCEPTIONS ON BRANDED VERSUS PRIVATE LABEL COFFEE CAPSULES IN PORTUGAL

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30-06-2025

Abstract

In recent years, private labels have increasingly captured market share in the fast-moving consumer goods sector, particularly within the Portuguese coffee capsule market. Factors such as rising inflation, shifting consumer preferences, and the enhanced quality of private label products have intensified competition with established brands. This study explores the factors influencing consumer preferences for private label versus branded coffee capsules in Portugal. Through expert interviews, perceptual mapping, and conjoint analysis, the results indicate that branded products are often associated with innovation and emotional appeal, while private labels are gaining recognition for their favorable price-quality ratio.

Keywords

Marketing Research, Brands Perception, Consumer Behavior, Coffee Capsule Market, Conjoint Analysis, Perceptual Map.

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

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Introduction

Over the past few decades, the consumer world has witnessed a profound evolution in consumer purchasing behaviors, especially within the food and beverage industry. In particular, there has been a constant convergence between private label products and branded products also in terms of perceived quality, variety, symbolic value, and trust placed in consumers. It is in this dynamic and constantly changing context that our research work is inserted, which was born with the intention of deepening the perceptions, preferences and decision-making criteria of Portuguese consumers with respect to coffee capsules, analyzing the comparison between private brands and private labels.

Our study focuses on the coffee capsule market since it offers a particularly suitable context for observing emerging patterns in consumer decision-making. On the one hand, there is a strong ritual and emotional component linked to the act of drinking coffee; on the other hand, the frequency of purchase and the variety of offers make the sector a fertile ground for exploring the logic of perceived value, brand loyalty, price sensitivity, sustainability and brand authenticity. Starting from these considerations, we wanted to understand how consumers balance the trade-off between functional features, like price and convenience, and more intangible dimensions, such as brand image and symbolic meaning. We also investigated whether private labels can activate brand equity mechanisms such as those of national brands, and how this might influence consumers' willingness to switch brand preferences. In other words, our research questions aim to explore how consumers perceive private labels compared to branded products, and which product attributes they prioritize most when making purchasing decisions.

To address these questions, we have adopted an integrated methodological approach, which blends qualitative and quantitative tools. The first phase of our research was based on qualitative interviews conducted with consumers and experts in the sector, with the aim of capturing the deep motivations, habits and cognitive associations that guide the choice of coffee capsules. Next, through perceptual mapping techniques, we tried to visualize how the different brands – both branded and private label – are positioned in the consumer's mind along key dimensions such as quality, reputation, convenience and availability. Finally, through a conjoint analysis, we quantified the relative importance of different attributes, such as price, sustainability, compatibility, and notoriety, simulating realistic consumption choices and estimating actual preferences.

In the course of our research, we found that consumers tend to evaluate coffee capsules not only on the basis of taste or price, but also on deeper and more complex aspects, such as brand trust, respect for the environment, technical compatibility with the machines and availability. These elements emerged from the preliminary interviews, which helped identify the main associations consumers make with different brands. It came also out, for example, that trust in the brand and user experience play a central role in strengthening consumer loyalty, while perceptual map confirmed that price, intended as value for money, and availability are in favor to private labels and for this reason might represent two decisive factors for segments that are more sensitive to savings or convenience of purchase.

This has made it possible to outline differentiated consumption profiles, ranging from the "premium-lover" consumer, willing to pay more for a recognizable product consistent with their values, to the "value-seeker" consumer, attentive to convenience and willing to experiment with alternative products.

In addition, we have observed how the perception of quality and value is no longer the exclusive prerogative of traditional brands. Some private labels, such as those of Pingo Doce and Continente, are gaining a growing reputation thanks to strategies oriented towards innovation, sustainability and authentic product storytelling. However, there is still a gap in terms of reputation and image between the more established brands, such as Nespresso, Delta and Dolce Gusto, and the white label brands; a gap that continues to influence purchasing behavior, especially among the most habitual consumers.

The present work therefore aims to offer a structured, empirically founded and theoretically informed analysis of these dynamics, with particular attention to the case of the Portuguese market, which is characterized by a strong coffee culture, a high penetration of capsules and a significant diffusion of private labels. Our survey aims to contribute to the academic literature on consumer behavior and at the same time provide operational insights for brand managers, retailers and decision-makers who intend to develop product strategies that are more effective, sustainable and closer to the real needs of the consumer.

1. The Portuguese Context and its Market Trends

Across Europe, consumers are more and more looking for coffee with health attributes, environmental sustainability, or a deeper experience. The rise of coffee capsules, despite their significantly higher price (reaching around 55 euros per kilo), shows that consumers are prepared to pay more for convenience, quality, and the affective connections that the product provides (Samoggia and Riedel 2019). Their success is founded on intelligent packaging, competitive price machines and robust branding which have disrupted traditional price competition and encouraged market segmentation.

Sustainability is increasingly influencing consumers, although its importance varies across different groups. Recent research by Merbah and Benito-Hernández (2024) showed that Spanish consumers would pay 1.48 euros more per 250 grams for Fair Trade-certified coffee and 1.38 euros more for UTZ-certified coffee. This explains that credible and well-defined sustainable labels can enhance willingness to pay, particularly when combined with indications of superior quality. Although the research's focus was Spain, the cultural and consumption parallels with Portugal render findings very applicable to that nation as well.

Portugal is also seeing a growing interest in specialty instant coffees, such as cappuccinos and lattes. In 2017, these specialty formats accounted for around 71% of instant coffee sales by volume (Mintel 2018), showing that even in a country with a strong espresso culture, consumers welcome convenience and high-quality experiences. This can also be seen in what's happening on the supermarket shelf, with much more shelf space being reserved for niche, branded offerings such as single-origin and specialty coffees.

2. Literature Review

3.1. Branded Products vs Private Labels: An Extended Overview

Existing Studies on Brand Equity and Private Labels

In the coffee industry, particularly online, brand equity is the most important feature. According to research conducted by Etumnu and Volpe (2024), analyzing Amazon.com data, Starbucks is able to charge 13-42% more than rivals – firms like Folgers, Lavazza, and Dunkin' Donuts. Starbucks maintains a 52-64% sales rank compared with other entities despite the higher prices, which is an indicator of very strong brand loyalty and perceived value. These results suggest that, even in online marketplaces, a developed brand identification may result in obvious, quantifiable advantages in terms of pricing as well as sales volume.

Private labels, by contrast, often struggle to stand out. While they lead in terms of volume in traditional retail markets like Portugal, they tend to lag behind when it comes to pricing power and perceived value. This aligns with earlier research by Volpe, showing that private labels mainly compete on price and have a hard time building customer loyalty or brand equity compared to national brands (Etumnu and Volpe 2024). Studies also suggest that consumers associate higher quality and authenticity with branded products, especially when those brands are backed by certifications (Samoggia and Riedel 2019). Although private labels have made strides in quality and product variety, their messaging is still largely functional, which may limit their ability to create emotional connections with consumers.

Definition and Differences Between Branded and Private Label Products

The growing competitiveness of private labels in modern retail markets has prompted academics to investigate how and what consumers perceive and evaluate these labels compared to established branded products. While traditional brands have always enjoyed strong brand equity, an emotional attachment and perceived superiority in quality (Ailawadi and Keller 2004; Keller 1993), the emergence of private labels has quantitatively changed this dynamic.

This is because retailers have strategically repositioned their private labels to emphasize quality improvement, sustenance of affordability and greater value-for-money compared to the national brands, blurring the boundaries between the two categories (Kumar and Steenkamp 2007; Geyskens et al. 2010). Still, existing research applies across broad categories of products without focusing on the high-loyalty, high-frequency segments like coffee capsules. Focusing especially on this segment in the Portuguese market, with its culturally grounded daily coffee use and high product familiarity, our research adds specificity to earlier theories of consumer decision-making.

Most of this literature deals with the major trade-off between brand and price, particularly in categories of everyday products where consumers are price-conscious but do show some brand habit. The brand will be able to command a price premium due to loyalty and perceived quality, more so in categories where brands are associated with trust, quality, and symbolic value (Beneke et al. 2013). Simultaneously, however, empirical evidence has indicated that in highly standardized and frequently purchased product segments, such as food and beverages, the price factor tends to dominate; this is often when consumers are motivated to switch to retailer brands that they perceive as offering equivalent quality at a lower price (Choi and Coughlan 2006; Olbrich and Grewe 2009).

Our work seeks to investigate consumer perceptions and purchasing behavior toward coffee capsules in Portugal, a market set with high levels of product knowledge, where the consumption is quotidian and private labels are gaining ground. It is against this background of changing retail realities and private label growing sophistication that we pose the following research questions: how do Portuguese consumers perceive private labels and branded products in the competitive landscape of coffee capsules when considering a set of core attributes? And, building on this, which key attributes do Portuguese consumers value most in their purchasing decision of coffee capsules?

Following previous literature on consumer evaluation and brand equity, we will also examine whether strong brand awareness and reputational strength can still justify higher prices or whether contemporary consumers are more driven by perceived value and thus more willing to switch to private labels. Even though previous studies have emphasized either brand loyalty or price sensitivity as greater drivers, in our study, we aim to find out how the two factors operate in a competitive and dynamic submarket like coffee capsules, where private labels are alternatives but perhaps superior options as well. In our analysis, we examine whether traditional assumptions based on brand equity hold true under a customer culture that values perceived value and ethical salience. In particular, we investigate how drivers such as brand loyalty, price sensitivity and perceived product quality interact, and how situational familiarity and attribute-based evaluations contribute to a more nuanced understanding of consumer behavior in the battle between private label and branded products. This focus is consistent with recent research that emphasizes the need to consider cultural and product category-specific characteristics when analyzing brand-related decisions (Semeijn et al. 2004; Rossi et al. 2015).
In the dynamic retail industry, branded products and private labels form two pillars, each with distinct characteristics, strategic positions, and clear consumer perceptions. National or branded products (NBs) are typically developed, manufactured, and marketed by companies that have built considerable brand equity over time through targeted advertising, continuous innovation, and consistent, reliable product quality. These companies aim to build emotional and trusting relationships with consumers and typically associate their brands with specific values, lifestyles or performance promises. Developing strong brand awareness and loyalty is a central goal for these firms. Branded products also possess long-standing reputations and huge marketing budgets to create symbolic value, perceived quality and emotional attachment (Aaker 1996; Kotler et al. 2008). These elements make national brands extremely resilient in high-involvement categories, such as personal care or food and beverages, where trust and

perceived effectiveness are central to purchasing decisions (Pusztai 2020). On this topic, most of the prior comparisons are made at a strategic or market-wide level. The current study operates in a more micro-oriented perspective by eliciting attribute-level preferences (e.g., taste, packaging, ethics impression) directly through surveys of customers to assess the differential effects of cues due to brand and price in the context of consumption at an extremely high ritualistic level.

Private label brands (PLBs), also known as trade names or private labels, are trademarks owned by retailers. Their production can be done in-house or outsourced to third-party manufacturers. Private labels have traditionally been viewed as cheap alternatives to branded products, but over the past two decades, they have undergone a significant transformation: from a simple, low-cost option to a vigorous competitor with quality and innovation equal to or better than national counterparts. This expansion has been mostly seen in Europe, where private labels have gained significant market share and often outperform national brands in certain countries (Kumar and Steenkamp 2007). Current trends are that private labels are no longer just a way of price battling but more as a tool for retailers to exploit a strategic opportunity to build customer loyalty, offer differentiation in products and raise the level of profit margins (Corstjens and Lal 2000; Pauwels and Srinivasan 2004). In markets of high saturation as Portugal, Switzerland or the UK, PLBs hold a penetration rate of over 40% of retail purchases in some product categories. This means that consumers more and more see them as a smart, value-based choice and not just as an alternative (PLMA 2019).

Factors Influencing Consumer Choices

Several research articles have identified key psychological and external determinants of consumer attitudes towards private labels and national brands. Pusztai (2020) synthesized these findings into a comprehensive conceptual model and categorized the determinants into two general categories. Psychological variables include price consciousness, value consciousness, perceived value for money, brand loyalty, and consumers' attitudes towards private labels. External determinants include advertising and social influence (Burton et al. 1998). This two-model framework builds on previous bases and provides a good scheme to explain consumer preferences change within an expanding competitive market (Ailawadi et al. 2001). These variables reflect not only rational assessments of costs and benefits, but also emotional and identity-based motivations, especially in categories related to personal expression or well-being (DelVecchio 2001). While frameworks like Pusztai's (2020) offer a useful conceptual base, they often lack application to specific categories like single-serve food items, where habitual consumption and convenience intersect. Our study tests how well these psychological and external determinants map onto consumer reasoning in the coffee capsule segment, where situational heuristics and habitual trust may influence choices differently.

Demographic and socioeconomic factors play a pivotal role in the consumer decision-making process between brands and private labels. As per the findings of Pusztai (2020), there is a significant correlation between the liking for private labels and lower household income levels (less than €20,000 annually), and lower education levels (up to secondary or bachelor's degrees). More prosperous and better-educated consumers would go for national brands. These findings also validate the applicability of socio-economic segmentation in marketing strategies and call for differential positioning for different segments of consumers. Also, younger consumers like the Millennials and Gen Z have a greater inclination to try private labels under the banners of alignment with values such as sustainability, minimalism, or innovation (Nielsen 2004). This would imply less brand loyalty in these groups and more sensitivity to online reviews, peer recommendations and general customer experience. These demographic variations have significant implications for our study, which explores the balance between price and quality perceptions in the trade-off realized by Portuguese consumers at different levels of income and education in selecting coffee capsules. We also empirically test whether younger consumers' self-reported willingness to accept private labels translates into actual behavioral choice in this consumer group.

Consumer perception of the price-quality relationship plays a very important role in brand choice. Pusztai (2020) found that those individuals who have a strong "price-quality schema", i.e., who strongly associate higher prices with better quality, are more likely to choose national brands; those who have a weak association tend to prefer private labels. This is in line with the earlier assertion by Lichtenstein et al. (1993) that price can act as a heuristic for perceived quality. It has also been found that a positive attitude towards private labels has strong predictive power for private label adoption, mediating rational evaluation of value through emotional and psychological elements. Store loyalty thus assumes a reinforcing role: consumers apply their loyalty to one retailer, in this instance, to the private brands offered by that particular store (Ailawadi and Keller 2004). In turn, this has made retailers invest in storytelling, packaging, and perceived ethical values to strengthen the connection.

Consumer segmentation comes out as one of the critical strategies in the landscape of private labels versus national brands. Two groups are identified by Pusztai (2020): younger, price-sensitive consumers willing to experiment with private labels and older, brand-loyal consumers who prefer to spend on national brands, particularly in high-value segments, such as anti-aging products. These comparisons indicate that private label strategies do not attempt to emulate national brand popularity on a mass scale but to capitalize on special consumer niches where value, newness or ethical attributes are the purchase determinants. This is particularly true in markets such as coffee, cosmetics or vegetable foods, where lifestyle positioning and perceived authenticity can act as alternatives to traditional brand heritage (Euromonitor 2023).

Market Performance and Perceived Value

According to a 2024 Store Brands report, consumer confidence in retailer-owned brands is still growing exponentially. An incredible 75% of consumers say they buy store brands regularly, and more than 80% say the quality of such products is equal to, or even higher than they expected. In addition, more than half of the consumers who answered the survey said that they trust store brands just as much as national brands. This rising trust is not the norm but rather a sign of structural change in consumer attitude and behavior. Retailers have therefore responded to this trend by developing their private label offerings, especially in fast-growing industries, such as wellness and health, environmentalism and indulgence goods.

Branded products versus private labels heavily rely on demographics and socioeconomic conditions. Pusztai's (2020) findings show that lower levels of household income (less than 20.000 euros annually) are strongly linked with a preference for private labels, and lower levels of education. Compared to the less educated lower-income consumers, the better educated, higher-income consumers demonstrate a greater preference for national brands. This implies the use of socio-economic segmentation in marketing and demands differentiated positioning based on various customer segments. From this, it follows that private labels are not only viewed by consumers as a cost-effective option, but as a conscious choice, with considerations to trust and satisfaction, and now brand loyalty, in terms of retail stores (Store Brand 2024). Now, private label items occupy every shelf in a store, from dry essentials and beverages to fresh products and vegetables. As a tradeoff, retailers are investing more money in packaging and in the formulation itself, sometimes even copying the brand tactics of national brands, yet keeping a price-conscious value. This "premiumization" of private labels is meant to bridge the perceived difference with the leading brands and offer consumers a shopping experience where quality is not sacrificed for price. In addition, many retailers are actively promoting their private labels as a choice for particular lifestyles (local, organic, sustainable, or just plain “indulgent”). The evolution of private labels has turned store brands into an integral part of the consumer’s purchase journey, rather than just an option for an audience with budget constraints (Ndlovu 2024). However, price remains a pre-eminent determinant in consumers’ selection of a brand as the previously mentioned Pusztai’s (2020) analysis explains. This suggests that rational value judgements are influenced by emotional considerations. The growing trust in private labels also reflects broad trends in consumer behavior: increased price sensitivity, fueled by inflation, growing interest in ethical and responsible consumption and a more assertive search for perceived value. In an uncertain economic period like this one, consumers are more concerned with getting more from their purchasing power without compromising quality or personal values. With technological innovations in e-commerce, online reward programs, and tailored promotions, consumers can not only choose between more private label products, but are also actively encouraged to do so. Private label brands are made more desirable and attractive through online algorithmic recommendations and targeted offers based on purchase histories. These forces combined change the competitive balance between national brands and private labels and increasingly diminish the difference between the two product categories (Bhagat and Ravi 2022). However, while there is substantial evidence on private label general trust, there is a lack of analysis about quantifying how such general trust is converted to specific high-involvement product selections like coffee. Our study contributes by investigating whether "premiumized" private labels in Portugal’s capsule sector have been able to capture the symbolic and experiential attributes long associated with brands like Nespresso or Delta.

Comparative Studies Across Various Industries

The Portuguese retail sector provides strong evidence of the way in which innovation and strategic branding are reshaping attitudes towards private labels. For example, Lidl’s Cien line utilizes celebrity sponsorship and quality marks (e.g., Deco Proteste) to establish credibility and consumer confidence. Meanwhile, Pingo Doce's Be Beauty Care line was employed to introduce natural ingredients and age-segmented skin care products tailored to specific age groups (Pusztai 2020). These examples illustrate how private labels are evolving into mature brands that are increasingly attuned to consumer values, such as environmentalism, segmentation, and trendsetting innovation.

This movement also follows the growing sophistication of retail brands' strategies. Private labels no longer just react to national brand innovation, instead, they drive the change in product categories, launch new flavors and forms, and create exclusive product lines that often set the pace ahead of market trends.

In some particularly developed markets, retailers have incorporated consumer insights and data analysis into the development of private label products more than many national brands. This data-driven approach enables more flexible and targeted product innovation based on actual consumer purchasing behavior. For example, some supermarket chains use membership card data to track consumer preferences and quickly launch or adjust private label products to respond to new trends in health, nutrition, or ingredient sensitivity (Tian 2013). This ability to respond quickly and individually is a significant competitive advantage for private labels.

Consumer segmentation has proven to be a critical strategy compared to national brands. Pusztai (2020) identified two distinct groups: *younger*, price-conscious consumers who are willing to try private labels, and *older*, brand-loyal consumers who invest in national brands, especially in high-value categories such as anti-aging products. These differences suggest that private label strategies should not aim to replicate the appeal of national brands exactly but rather focus on developing specific consumer segments where value, novelty, or ethical attributes influence purchase decisions. Furthermore, private labels are more and more an essential aspect of retailers' competitive positioning. Users of private labels are able to gain higher margins but also build an overall brand image. Through the offering of own-brand, differentiated, high-quality, and low-cost products, the retailer departs from the competition in an oversupplied environment and is seen as providing value and reliability. This is particularly relevant in the premium private label category, where perceived brand quality is at least equivalent to or higher than that of leading national brands and is appealing to discerning consumers seeking gourmet, artisanal, or clean label products (Quelch and Harding 1996). These premium products enhance the overall image of the retailer and attract a more extensive, more loyal customer base.

Private labels become even more visible and accessible thanks to the omnichannel experience. In fact, these are frequently featured on retailers' online platforms as part of package offers or with dedicated advertising banners. In this context, retailers successfully serve as both gatekeepers and boosters in this digital world, directing customers through personalized and dedicated shopping experiences that emphasize the usefulness and relevance of private label goods (NielsenIQ 2024). The ease of web browsing and attractive product displays overcome previous mental barriers that limited private label acceptance.

The rising importance of private labels has also had a heavy influence on supply chain dynamics. Successful retailers with strong private label programs increasingly undertake direct sourcing initiatives and build partnerships with manufacturers to enhance transparency and stricter monitoring to reach production standards. These strategic collaborations support faster innovation cycles and more effective responses to supply chain disruptions, which is particularly important in the post-pandemic global retail industry (Barsky et al. 2001). The ability to control the production chain allows retailers to quickly adapt to changing consumer demands and ensure that private label products are available even in uncertain times. All in all, the evolution of private labels from generic, price-driven products to diversified brands highlights their strategic role in shaping the future of retail. Given the changes in consumer expectations, private labels can offer not only economical alternatives, but also carefully selected, high-quality, experience-oriented options that compete with traditional, national brand-based consumption patterns and even redefine them. The growing sophistication of private label strategies and their ability to capture and respond to consumer needs make them an increasingly important and active factor in the global retail competitive environment.

3.2. Branded Products vs Private Labels in the Coffee Industry

The Coffee Market in Portugal and Europe

In Portugal, the culture of coffee consumption is already deeply rooted, and retail volumes have been growing steadily for many years. According to Mintel data, the Portuguese retail coffee market grew by 1.6% in 2017 to 14,590 tons. The forecast assumes a compound annual growth rate (CAGR) of 2.2% between 2018 and 2022. Fresh coffee dominates the market (accounting for around 83% of sales in 2017), while instant coffee has a smaller share (Mintel 2018).

Measured in retail value, fresh coffee accounted for €252.8 million of a €291.7 million market in 2017, highlighting the preference for higher value or specialty formats (Mintel 2018, table 7). The market segmentation of instant coffee shows a clear demand for specialty coffees such as cappuccino or latte, which account for more than 70% of instant coffee sales (Mintel 2018, table 8). Although the volume share of private labels decreased slightly from 35.1% in 2016 to 34.9% in 2017, they still hold the largest market share in Portugal, followed by Nabeirogest, which holds Delta Cafés (26.2%), and Nestlé (22.6%) (Mintel 2018, table 10). However, in terms of market share, branded companies have achieved significant growth: Nabeirogest leads with a 34.7% share, followed by Nestlé with 28.8%, while private labels account for only 18%. This gap indicates that there are significant differences in value perception and pricing between branded products and private labels.

At the European level, the market is still heavily dependent on imports. According to the European Coffee Federation (2023), the EU27 imported about 2.95 million tons of green coffee beans in 2022, an increase of 5.9% over the previous year. Although affected by the epidemic, imports are slowly recovering, but they are still lower than the peak of 3.21 million tons in 2016. Four countries – Germany, Italy, Belgium and Spain – account for more than 80% of EU imports, highlighting their importance to the European coffee trade infrastructure. Although Portugal is smaller, its imports in 2022 were close to 39,500 tons, highlighting the stable demand in the region (European Coffee Federation 2023).

The EU market is also characterized by a constant import ratio of Arabica to Robusta coffee. Arabica varieties account for nearly 61% of green coffee imports, reflecting a preference for beans with a milder flavor and a stronger aroma. This preference is in line with the premium positioning of many branded products, while private labels rely more on Robusta coffee for cost reasons.

Consumer Perceptions and Behavior in the Coffee Sector

Consumer behavior in the coffee market is determined by both rational and emotional factors. While aroma, taste and energy remain the most important consumption motivations, purchase decisions are still strongly guided by price, especially when shopping in large retail chains (Samoggia and Riedel 2019). Consumers who have a positive view of the health benefits of coffee pay special attention to price and are more likely to invest in coffee with a health label if they perceive it as having added value. Notably, brand identity is a very crucial factor in the coffeehouse industry, with Starbucks representing a robust symbolic brand (Samoggia and Riedel 2019).

Sustainability factors only sway the behavior of consumers with a robust sense of ethical obligations. For most consumers, factors such as scent and promotions trump sustainability in purchase considerations (Samoggia and Riedel 2019). This underscores the perception that coffee is still a fairly undifferentiated commodity in many consumers' eyes, and pricing is at the center.

Portuguese surveys also demonstrate the intricate relationship between health perception and consumption habits. One portion of consumers equates coffee with beneficial impacts like attentiveness and sociability, whereas another is worried about harmful effects concerning caffeine, predominantly at high levels (Samoggia and Riedel 2019). Such duality in brand building is reflected in brand positions, with branded goods placing emphasis on quality and origin and lifestyle, and store brands highlighting functionality and price. Drawing upon this finding, more recent empirical evidence supports the predominant role played by brand equity in Portuguese coffee purchase behaviors.

The coffee capsule market offers a great opportunity to look at how people balance brand recognition with price, especially when it comes to everyday products that are bought frequently. In this space, the value of a brand really stands out and plays a key role in shaping consumer choices. Recent research shows that brand is still the top factor influencing how consumers make decisions, almost reaching the same relevance of price (Morgado and Ribeiro 2023, 62). Perceptual mapping reveals that branded coffee options are linked to higher satisfaction, better quality and a richer product experience. On the contrary, private labels have the tendency to be often associated with affordability and convenience but falling short when it comes to emotional connection.

This contrast is especially noticeable in the Portuguese market. Private labels like Pingo Doce and Continente offer lower prices but often have a hard time building brand loyalty. On the other hand, brands like Nespresso and Delta Q enjoy strong consumer trust and are seen as high-quality options (Morgado and Ribeiro 2023, 64-65). These insights tie directly into our research goal, figuring out whether strong brand recognition can justify higher prices in the coffee capsule segment.

At the same time, brand equity in the coffee industry is being shaped more and more by sustainability and ethical sourcing efforts. A clear display of this is the “Nescafé Plan”, introduced by Nestlé in 2010. The project aimed to enhance traceability, assist farmers in improving their incomes and reduce the environmental impact throughout its supply chain (Godinho 2023). After roughly ten years, the outcomes were remarkable, over 75% of Nescafé coffee was sourced ethically, alongside notable reductions in greenhouse gas emissions and water consumption (Godinho 2023). Moreover, the same research indicated that consumers are closely monitoring sustainability initiatives, thus influencing their purchasing decisions. Upon learning about Nestlé's regenerative practices, around 70,4% of participants indicated an increased loyalty to the brand, while 37,2% expressed readiness to pay premium for products showing sensitiveness to those values.

This supports the idea that a brand's worth isn't solely derived from product quality; it can also increase through clear and genuine sustainability efforts.

In general, current studies explain that branded coffee items, in particular the ones linked to social and environmental benefits, have a distinct advantage over private labels, even if the latter are less expensive. The true challenge for private labels is closing the gap in consumers' perceptions of quality and emotional ties. One encouraging direction is leveraging increasing consumer values such as sustainability and ethical sourcing.

3.3. Methodological Approaches in Consumer Research

To investigate consumer perceptions and preferences in the Portuguese coffee-capsule market, we combine two quantitative methods: perceptual mapping and conjoint analysis. Together, they identify brand positioning, estimate attribute trade-offs, and capture attitudinal drivers of purchase decisions.

Perceptual Maps: Objectives, Usage, and Limitations

Perceptual maps are graphical tools designed to illustrate how consumers view competing brands or products in a multi-dimensional space, typically defined by the attributes most salient to purchase decisions. Their primary objective is to reveal the relative positioning of offerings along key dimensions, such as price versus quality or functionality versus convenience, so that researchers and managers can identify white-space opportunities and reposition under-performing products (Johnson and Wakefield 2016). Limitations include distortion if too few or too many dimensions are used, information loss from reducing data to two axes, and sensitivity to sample composition. Qualitative follow-up often validates the map (Levy 1959; Green and Rao 1971). Applying perceptual mapping to the Portuguese coffee capsule market allows us to pinpoint where private-label offerings cluster relative to established brands, and to identify market gaps that private-label products could exploit.

Conjoint Analysis: Benefits for Understanding Consumer Preferences

Conjoint analysis is a powerful multivariate technique used in consumer research to uncover how individuals value different attributes of a product or service. By presenting respondents with a series of hypothetical product profiles, each defined by a unique combination of attribute levels such as price, features, or brand, conjoint studies compel participants to make realistic trade-offs (Green and Srinivasan 1978). This approach goes beyond traditional single-attribute surveys by forcing choices that mirror real-world purchase decisions, thereby revealing consumers' implicit preferences rather than relying solely on their self-reported importance rankings (Orme 2010). From the choices, researchers derive part-worth utilities for each attribute level and calculate the relative importance of every feature. The results feed market simulations that predict how design or price changes will shift demand (Hair et al. 2017). Conjoint analysis is particularly suited to our research because it provides quantitative estimates of how much more consumers value branded capsules over private-label ones at varying price points and feature sets.

The combined use of perceptual mapping and conjoint analysis enables a multi-faceted examination of the coffee capsule market. Perceptual mapping locates private-label products within the competitive landscape, highlighting where novel positioning strategies may be most effective. Conjoint analysis quantifies the trade-offs consumers make among price, brand, and sustainability features, providing concrete estimates of the price premium that private labels could realistically achieve. Together, these methods justify our choice of instruments: each addresses a distinct research objective, and in combination, they offer a coherent foundation for understanding and forecasting private-label adoption strategies in the Portuguese market.

3. Methodology

In line with the methodological frameworks discussed in the preceding literature review, this study adopts a multi-method research design, combining both qualitative and quantitative techniques to gain a comprehensive understanding of Portuguese consumers' perceptions of branded and private label coffee capsules. Therefore, this chapter is divided into three complementary sections: (1) preliminary interviews, (2) perceptual mapping, and (3) conjoint analysis. Together, these methods provide a nuanced understanding of consumer behavior and the key factors that influence decision-making processes in this product category.

The first section includes preliminary interviews that serve as the qualitative foundation of the research. Qualitative research is widely recognized for its ability to capture rich, contextual insights and generate exploratory hypotheses for subsequent testing. As Belk et al. (2013) point out, interviews are particularly effective at uncovering consumption rituals and emotional responses, elements that are highly relevant to culturally embedded products (such as coffee). In this study, preliminary interviews were designed to uncover the underlying motivations, cognitive associations and behavioral patterns that influence consumer choices in the coffee capsule market. Furthermore, they were crucial in identifying the key product attributes deemed most relevant by consumers. These attributes subsequently guided the design of both the perceptual map and the conjoint analysis.

Subsequently, in the second section, perceptual mapping is employed to visualize how consumers mentally position different coffee capsule brands, both branded and private label, along key perceptual dimensions. This technique is well established in marketing research as a way to depict competitive positioning and brand similarity/dissimilarity from the customer's perspective (Wilcox 2003).

The third section, conjoint analysis, uses a quantitative approach to assess how consumers evaluate trade-offs between key product attributes such as brand, price, recyclability and sustainability. This technique is particularly useful for understanding preference structures and predicting consumer choices in competitive markets (Green and Srinivasan 1990). By applying conjoint analysis, we aim to estimate the relative importance of each attribute and identify combinations of attributes that maximize consumer utility.

4.1. First Section – Preliminary Interviews

The preliminary interviews initiate the empirical research process, playing a crucial role in shaping the framework and substance of the following phases – perceptual mapping and conjoint analysis. Their primary objective is to explore how Portuguese consumers think and talk about coffee capsules, identifying the key dimensions that shape their perceptions of different brands.

To analyze the competitive dynamics between branded and private label coffee capsules, we undertook two semi-structured interviews with professionals from each segment: a brand manager from Nescafé Dolce Gusto, representing a premium brand, and a product manager from Lidl, representing a private label brand. While Nescafé Dolce Gusto emphasizes technological innovation, emotional storytelling and culturally tailored product development to solidify its positioning as a premium brand, Lidl prioritizes functional compatibility, certified quality and competitive pricing to appeal to value-conscious consumers seeking trusted alternatives to branded products.

In parallel, we conducted 21 semi-structured interviews with coffee capsule consumers in Portugal, selected to represent a diverse range of usage profiles: exclusive brand users, exclusive private label users, and consumers who alternate between the two types of brands. The goal of these interviews was to gain a deeper understanding of consumers' purchase motivations, perceived value differences and trust in branded versus private label products. In contrast to structured surveys, qualitative interviews facilitate the emergence of spontaneous associations, emotional responses, and everyday consumption patterns that are frequently overlooked by closed-ended questions (Belk et al. 2013). The topics explored included not only product attributes like price, intensity, and compatibility, but also brand trust, sustainability awareness, and openness to trying new products.

The consumer interviews played a dual role in our research process: not only did they inform the quantitative design of our research instruments, but they also served as the empirical basis for the development of consumer personas. By identifying recurring patterns in preferences, attitudes, and behaviors, these interviews allowed us to segment consumers in a way that went beyond mere demographics, ultimately enabling us to develop three distinct consumer personas.

Industry Expert Interviews

As a starting point for our methodological approach, we conducted two in-depth interviews with professionals working in the Portuguese coffee capsule industry. These expert interviews were crucial in understanding the strategic priorities, operational challenges and evolving consumer expectations that characterize this market.

The interviewees included a brand manager from Nescafé Dolce Gusto and a product manager from Lidl Portugal, representing two key market perspectives: premium branded products and private label offerings, respectively. Each session was held via online video call and lasted approximately 30 to 45 minutes. The conversations followed a semi-structured interview format, guided by a pre-defined set of thematic questions.

The interview with the brand manager of Nescafé Dolce Gusto offered a comprehensive view into how the brand operates in the Portuguese market and how it maintains its competitive edge. As a premium offering within the Nestlé portfolio, Nescafé Dolce Gusto has built a strong position by aligning product innovation with evolving consumer expectations. In Portugal, where coffee is deeply rooted in the cultural fabric, the brand differentiates itself by offering what the interviewee described as a "coffee shop experience at home", supported by a combination of advanced machine technology, aesthetic design and a broad portfolio of drinks that goes beyond traditional espresso to include cappuccinos, hot chocolates and teas.

The brand manager highlighted that Nescafé Dolce Gusto's success in Portugal is fundamentally tied to its ability to connect with local consumer preferences. Portugal ranks among the top five global markets for the brand and has the highest household penetration rate worldwide. This achievement is attributed to the brand's commitment to innovation and strategic alignment with Portuguese coffee culture. For example, the launch of Sical Meia de Leite and Sical Descafeinado capsules is a direct response to consumer demand for traditional Portuguese coffee experiences. These products not only cater to local tastes but also reinforce the brand's dedication to providing culturally relevant options.

Sustainability emerged as a central theme during the interview, particularly regarding the launch of the NEO system – an initiative that reflects Nescafé Dolce Gusto's commitment to integrating environmental considerations into product development. The NEO capsules are primarily made of paper certified by the Forest Stewardship Council (FSC) and include a compostable biopolymer lining, making them suitable for both industrial and home composting. The associated coffee machines are built from recycled plastics and designed with modular components to facilitate repair and minimize electronic waste. Beyond product innovation, the brand has also established capsule return points across Portugal in partnership with municipalities, retailers and institutions to improve access to recycling solutions and encourage more sustainable consumer behavior.

On the private label side, the product manager from Lidl highlighted the strategic importance of Bellarom within the retailer's coffee portfolio. Positioned as a high-quality yet affordable alternative to national brands, Bellarom plays a central role in Lidl's value proposition.

In the Portuguese market – and in the same way as Nescafé Dolce Gusto capsules –, Bellarom products aim to replicate the traditional café experience in a convenient home setting. This is achieved through a careful selection of blends that offer compatibility with major capsule systems, including Nespresso and Dolce Gusto formats.

The success of Bellarom has not gone unnoticed. In both 2023 and 2024, Bellarom capsules received the prestigious *"Sabor do Ano"* (Flavor of the Year) award in Portugal – a recognition determined by consumer votes and satisfaction surveys. This award reinforced Lidl's belief that quality and price can go hand in hand, and that private label brands are increasingly recognized as credible and trusted options rather than mere alternatives. The interviewee also highlighted that consumers are becoming more discerning and expect private label products to meet the same standards of taste, innovation and sustainability as branded offerings.

Sustainability is also a growing priority for Lidl. In response to rising consumer demands for ethically and sustainably produced goods, Lidl ensures that its Bellarom coffee offerings increasingly meet high sustainability standards. Since 2021, over 70% of Lidl's private label coffee has been certified by reputable organizations such as UTZ, Rainforest Alliance, Fairtrade and EU Organic. This achievement demonstrates a commitment to responsible agricultural practices, improved labor conditions and the empowerment of coffee-growing communities. These certifications are in line with Lidl's broader goal of enabling customers to make more sustainable choices without sacrificing price or quality.

Both interviews revealed that although they operate in different segments, Nescafé Dolce Gusto and Lidl's Bellarom share common strategic priorities – namely, adapting to Portuguese consumer preferences, investing in product innovation and improving their sustainability credentials. While Dolce Gusto distinguishes itself through technological sophistication and branded experiences, Bellarom focuses on delivering trusted quality at accessible prices. Notably, both executives recognized that sustainability has become essential: from certified sourcing to eco-friendly packaging, environmental responsibility is increasingly at the forefront of consumer expectations.

These shared priorities pave the way for a closer examination of consumer perceptions regarding these initiatives, which we will explore in the following subsection.

Consumer Interviews

To gain a deeper and more personal understanding of how Portuguese consumers engage with the coffee capsule market, we conducted a series of 21 qualitative interviews. Rather than adhering to a rigid script, we employed a semi-structured interview format that outlined core themes while allowing the conversation to flow naturally. The interview guide included key questions to ensure comparability among participants, but the format was deliberately flexible – each time a participant introduced a unique perspective or experience, the conversation was adjusted to facilitate further exploration. This approach fostered a relaxed and open atmosphere, encouraging consumers to share their honest opinions and often revealing insights that might not emerge in a formal survey or a strictly structured setting.

The participants represented a diverse demographic, comprising 13 women and 8 men, aged between 22 and 53 years, including students, working students and full-time professionals. Interviews were conducted either in person or via online video calls, depending on the availability and preference of the interviewees. All participants provided explicit consent to be recorded, and the audio recordings were subsequently transcribed verbatim.

The interview script was organized into five thematic sections, each addressing a distinct aspect of the coffee capsule consumption experience. The first section concentrated on *Daily Habits & Consumption Patterns*, examining factors such as the frequency of capsule use, preferred coffee varieties, and purchase locations. The second section delved into *Perceptions & Purchase Motivations*, covering brand familiarity, price sensitivity, taste preferences, and capsule compatibility. The third section assessed *Product-related Trade-offs*, exploring how participants prioritize different attributes when making their choices. In the fourth section, discussions focused on *Sustainability Awareness & Fair-Trade* issues, particularly regarding whether these considerations influenced behaviors and the willingness to pay a premium for more ethical options. Finally, participants reflected on the triggers that might lead them to switch brands and suggested some *Improvements* they would like to see in the market.

Each interview lasted between 20 and 40 minutes, and the data was analyzed by categorizing responses thematically based on recurring patterns and points of divergence.

Results

Daily coffee consumption is a deeply ingrained habit among Portuguese consumers, and the interviews confirm this pattern. Of the 21 participants interviewed, 17 reported drinking at least one coffee capsule per day, often aligning their consumption with post-meal routines, particularly after lunch. This behavior reflects the cultural significance of coffee as a moment of relaxation and enjoyment, transcending its role as merely a source of caffeine. Routine consumption patterns reinforce brand loyalty and create psychological comfort, which helps explain why consumers often stick to the same brands, even when alternative options are available (Leahy 2009).

As shown in Figure 1, consumer loyalty was evident in the sample, with 10 participants exclusively purchasing branded capsules (i.e., Nespresso, Delta, and Nescafé Dolce Gusto), 7 relying solely on private label (i.e., Bellarom, Pingo Doce, Continente, and Auchan), and 4 alternating between the two depending on price or availability.

Figure 1: Brand loyalty among coffee capsule users

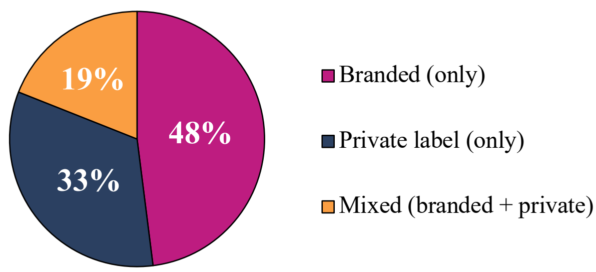

Figure 1 illustrates the breakdown of participants based on their capsule purchasing behavior: exclusive use of branded capsules, exclusive use of private label capsules, or a combination of both.

Loyalty to branded products was largely driven by factors such as machine compatibility, taste, and trust. In contrast, consumers of private labels emphasized value for money and convenience. These patterns are illustrated in Figure 2**.**

Figure 2: Most frequently mentioned attributes in capsule brand evaluation

Attribute	Total mentions	% of participants
Compatibility	9	43%
Taste	16	76%
Trust / Brand image	10	48%
Price / Value for money	14	67%
Convenience	9	43%

Figure 2 summarizes the key product attributes mentioned by participants during the interviews. It shows the total number of mentions per attribute and the percentage of respondents who referred to each one when explaining their capsule preferences and purchase decisions.

As mentioned above, a common concern, particularly among users of Nespresso and Delta Q machines, was the issue of capsule compatibility. Approximately 9 out of 21 respondents indicated that they either avoided or stopped using private label capsules due to negative experiences with functionality, such as capsules getting stuck or impacting water pressure. One participant shared, *"Having tested both private label and branded capsules, I concluded that private label capsules aren't as compatible with my machine as those from Delta. And this compatibility also influences quality – I find that coffee made with Delta capsules consistently tastes better"*.

The perceived quality gap between branded and private label products is significant, particularly in terms of flavor depth and consistency. Approximately 70% of respondents explicitly stated that branded capsules are superior in terms of taste and machine performance. However, an increasing number of participants, particularly among private label users, expressed satisfaction with the improvements in private label offerings. As one participant noted, *"I recognize that Nespresso provides slightly higher quality and a greater variety of flavors, but in my opinion, private labels have been improving a lot in both aspects – especially Bellarom (from Lidl), which is the one I usually buy"*.

In addition to compatibility and taste, brand trust emerged as a key factor influencing consumer loyalty, especially among those who consistently choose branded capsules. Many participants linked branded products with higher quality standards, enhanced safety and more responsible production practices. This trust extended beyond the product itself to encompass the entire brand experience, including perceived ethical values and communication. One interviewee stated, *"I trust the Nescafé Dolce Gusto brand. I believe that branded capsules undergo different production and packaging processes, as well as sustainability practices"*. Such statements highlight how consumers develop emotional connections with brands based not only on repeated positive experiences, but also on the perception of professionalism, transparency, and corporate responsibility.

Price emerged as one of the most polarizing factors influencing consumer behavior, with participants clearly divided between those who prioritize affordability and those who associate higher prices with superior experiences. Among the 21 respondents, 14 explicitly identified price as a major determinant in their purchasing decisions – particularly those who favored private label capsules. For this group, branded products are often seen as unnecessarily expensive, especially when the taste difference is not perceived as significant enough to justify the premium price. As one participant expressed, *"Nespresso has more flavor options and perhaps better quality, but sometimes these aspects don't justify the price per capsule – it ends up being almost as costly as having coffee in a café or pastry shop, which is not worth it for me"*. In contrast, the 10 participants who remained loyal to branded capsules expressed a greater willingness to pay a premium, particularly in return for brand assurance, machine compatibility and taste consistency. These consumers tended to associate higher prices with greater product reliability, although some acknowledged that this belief could be influenced by habit or brand perception rather than objective differences. As one consumer explained, *"It's true that I pay more, but I know exactly what I'm getting. With Delta, I know the capsule works perfectly with my machine and the coffee tastes the same every time"*.

The interviews also revealed that promotional pricing plays a key role, even for branded customers. Bulk packaging formats, such as Delta's 80-capsule boxes, were repeatedly mentioned as a way to reduce the overall cost. Several participants noted that they only buy branded capsules when they are on sale or through multi-buy offers. *"I always look for promotions, even with my favorite brand. If it's not on sale, I wait",* shared one interviewee.

Closely associated with value for money is the convenience factor, particularly regarding availability and ease of purchase. Many participants praised private label capsules, especially those from Lidl and Continente, for their accessibility during regular grocery shopping trips. For consumers with busy schedules or limited access to branded stores, this availability represents a significant competitive advantage. One participant remarked, *"I used to buy Nespresso capsules from their specialty stores, but now I shop mainly at Lidl. It's just easier – I can find everything I need in one place"*.

Sustainability, while not currently a decisive determinant in consumer purchasing behavior, has emerged as a significant moral concern for the majority of respondents. As illustrated in Figure 3 below, 17 out of 21 interviewees expressed varying levels of concern about the environmental impact of coffee capsule consumption, particularly in terms of waste generation and the use of non-recyclable materials. Despite this awareness, there is a widespread lack of knowledge regarding the actual recyclability or biodegradability of the capsules used by these consumers. As one participant noted, *"I care about the environment, but I honestly don't know if the capsules I use are recyclable. And I don't think the packaging says much about it either"*.

Figure 3: Consumer concerns and knowledge about capsule sustainability

Aspect	Number of mentions	Quote example
Concern with capsule waste	17	"I don't know if my capsules are recyclable."
Familiarity with recycling programs	2	"I returned my capsules once."
Willingness to pay more for sustainable options	19	"As long as taste and price are okay."
Recall of brand sustainability communication	0	"I've never seen an advertisement for it."

Figure 3 summarizes participants' attitudes toward the environmental impact of coffee capsules.

This uncertainty is exacerbated by the limited exposure to recycling or capsule return initiatives. Only 2 respondents reported having participated in such programs – one through Delta's capsule return program and the other via Nespresso's in-store recycling drop-off. For most, the idea of recycling capsules is still vague, and no one expressed complete confidence that their disposal methods are environmentally correct.

Nonetheless, the intention to adopt more sustainable behaviors was clearly present. 19 participants said they would be willing to pay slightly more for capsules that were either recyclable, compostable or fair trade certified – provided that the taste, machine compatibility and price were more or less the same.

It is particularly noteworthy that none of the interviewees could recall any recent advertising campaigns or in-store communications from capsule brands that directly addressed sustainability. This indicates that while the potential for change is present, brands have not yet fully harnessed it. This presents a strategic opportunity, especially for private labels: by investing in more eco-friendly packaging and simplified recycling systems, along with transparent communication, they could not only attract environmentally conscious consumers, but also distinguish themselves in a price-sensitive market.

Another recurring theme in the interviews was the desire for enhancement and innovation within the current offerings of coffee capsules, particularly among private label consumers. Several participants expressed a strong interest in experiencing greater flavor diversity from supermarket brands, noting that branded options tend to introduce new and seasonal blends more frequently. Others highlighted the lack of transparency surrounding sustainability, suggesting that brands should focus on clearer communication regarding the recyclability of packaging and their environmental practices. As one respondent put it, *"I'd like to know what really happens to the capsules after I throw them away"*.

Improvements in packaging were also discussed, particularly concerning eco-friendliness and ease of disposal. Some participants even proposed rewards or discount programs tied to capsule returns or sustainability initiatives as a means to boost engagement and loyalty. These insights underscore consumer willingness to embrace innovation not only in product formulation, but also in corporate responsibility and communication strategies.

Overall, the interviews revealed a nuanced set of consumer priorities in the coffee capsule market. Taste emerged as the most valued attribute, followed closely by price and coffee machine compatibility. These three factors underpin most purchasing decisions, regardless of brand preference. For consumers using branded capsules, brand trust was of significant importance, while convenience and accessibility were key considerations for those opting for private labels. Although attributes like sustainability, fair trade certification and environmental impact did not currently drive decisions, they surfaced as increasing concerns, indicating a growing segment of environmentally conscious consumers. Conversely, factors such as packaging aesthetics, brand image or the origin of coffee beans were rarely cited as primary decision drivers. These findings suggest that while functional and economic factors continue to dominate consumer choices, there is potential for differentiation through innovation, environmental responsibility and more effective communication – particularly within the private label segment.

Personas

In order to synthesize the key insights from the 21 consumer interviews and support subsequent stages of research, three representative consumer personas were created. These personas capture the diversity of behaviors, motivations, and expectations observed throughout the qualitative analysis, offering a humanized and structured framework for interpreting market dynamics. Going beyond mere averages of responses, they serve as strategic archetypes that embody distinct patterns of coffee capsule consumption in Portugal. Based on recurring themes such as brand loyalty, price sensitivity, compatibility concerns and sustainability awareness, the following personas were developed: the *Brand Loyalist*, the *Private Label Pragmatist*, and the *Flexible Switcher*.

The development of personas is a well-established technique in consumer behavior and marketing research that helps transform qualitative insights into structured, actionable profiles that guide strategic decision-making. A persona can be defined as *"a semi-fictional representation of your ideal customer based on market research and real data about your existing customers"* (Kusinitz 2014). While traditionally associated with user-centered design (Pruitt and Adlin 2006), the use of personas has expanded into brand management and customer experience design.

Through the humanization of consumer data, personas allow companies to better predict behavior, tailor their communications and align product and service offerings with real consumer needs at different stages of the customer journey (Herskovitz and Crystal 2010). This approach is especially relevant in saturated or commoditized markets, such as coffee capsules, where product differentiation often lies in the perceived identity of the brand rather than in its functional features. The personas constructed in this research reflect this dynamic by capturing not only what consumers do, but why they do it – and how they perceive themselves in relation to the brands they choose. A visual representation of the three personas is provided in Figure 4 below.

Figure 4: Representative consumer personas of the Portuguese coffee capsule market

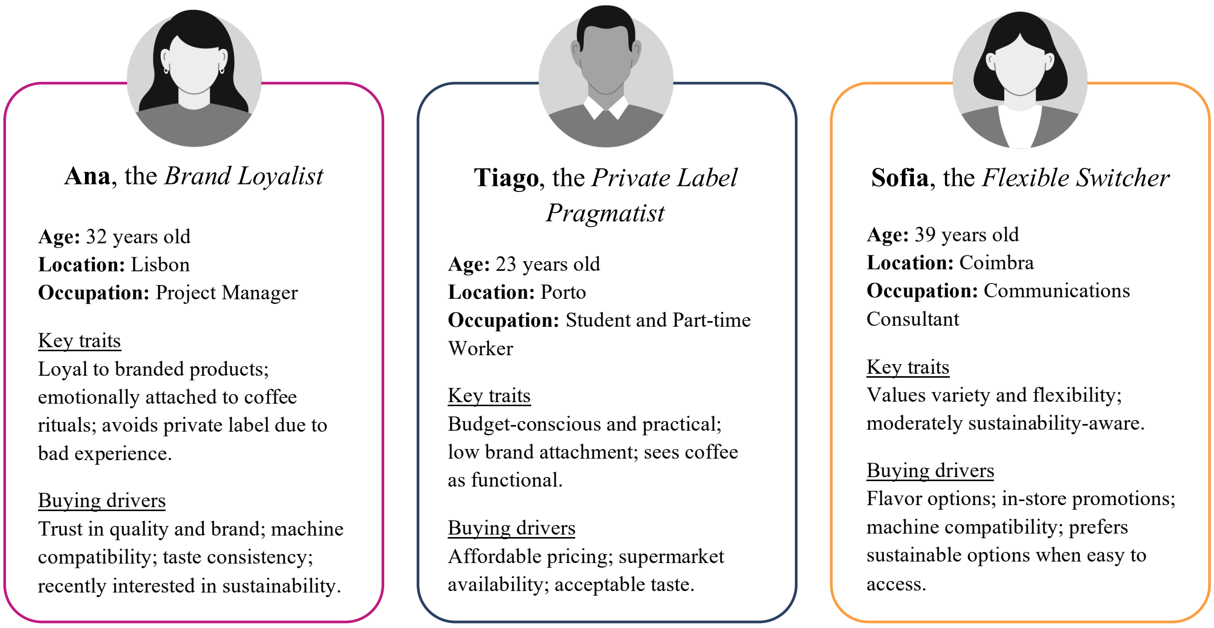

Figure 4 presents three personas developed from the consumer interviews: the *Brand Loyalist*, the *Private Label Pragmatist*, and the *Flexible Switcher*. These profiles synthesize common behavioral patterns, motivations, and purchase drivers across distinct consumer segments.

Ana, the *Brand Loyalist*

One of the personas we created is Ana, the Brand Loyalist. Ana, 32 years old, is a project manager living in Lisbon, balancing a demanding corporate career with a growing interest in healthier and more conscious living. She works remotely for a multinational company, which means most of her days are spent between virtual meetings, project planning sessions and long stretches in front of her laptop. Coffee, for Ana, is much more than a source of caffeine – it is an emotional anchor, a moment of ritual that punctuates her busy work-from-home routine. Every morning after her yoga practice, and again after her lunch break, Ana prepares a coffee using her Nespresso machine. The act of selecting the capsule, hearing the familiar hum of the machine and savoring that first sip brings her a sense of comfort and structure amid the solitude and intensity of remote work.

She has been loyal to Nespresso for years, trusting its consistency and the flawless performance of its capsules with her machine. However, this loyalty was not without reason: a few years ago, curious to explore cheaper alternatives, Ana bought a box of private label capsules from Pingo Doce. The experience was frustrating – the taste was bland, and worse, the capsule jammed her machine, causing mechanical issues that took days to fix. Since that incident, Ana decided she would not compromise on quality again.

Recently, Ana's growing environmental awareness has started to influence her consumer behavior. After adopting a vegetarian lifestyle and becoming more attentive to the impact of her everyday choices, Ana realized she had never really questioned the environmental practices of her favorite coffee brand. Motivated by curiosity and concern, she researched Nespresso's sustainability initiatives and decided to start participating in the brand's capsule recycling program.

<u>Tiago, the *Private Label Pragmatist*</u>

Tiago, 23 years old, is the *Private Label Pragmatist*. Tiago lives in Porto, where he juggles a demanding routine as a part-time worker and a Master's degree student in Business Administration. His lifestyle is fast-paced, practical and highly budget-conscious. Between early lectures, late work shifts and studying at night, Tiago relies on coffee to keep his energy levels steady throughout the day. He typically drinks one or two espressos a day, usually between classes or just before starting work.

Tiago owns a Nespresso-compatible machine, which was a gift from his family when he first moved to Porto. Initially, he used only Nespresso-branded capsules, believing that they were the only reliable choice. However, as his expenses increased and he became more financially independent, Tiago began to look for cheaper alternatives. During a regular trip to the supermarket, he discovered Lidl's Bellarom capsules. Intrigued by the significantly lower price, he decided to try them – and found that for his daily coffee needs, they were *"good enough"*. Although he sometimes notices small differences in flavor intensity compared to Nespresso, these minor compromises are, in his view, easily justified by the savings.

Price is therefore the primary driver behind Tiago's purchasing decisions. He has little emotional attachment to brands and is very pragmatic: if another private label offers a better deal or introduces a new flavor, he is open to switching. Accessibility also plays an important role. Buying coffee capsules during his regular trips to the supermarket saves him time and effort, which fits perfectly with his busy, efficiency-driven routine. As Tiago explains, *"For me, it's not about brand loyalty – it's about practicality and saving money where I can"*.

Sofia, the *Flexible Switcher*

Sofia, 39 years old, is the *Flexible Switcher*. Sofia is a communications consultant who lives in Coimbra with her husband and young daughter. Her lifestyle combines structure and spontaneity: while her work requires organization and deadlines, her personal life often calls for flexibility and adaptation. Coffee, for Sofia, represents small moments of pleasure and comfort scattered throughout her day – whether during a morning work session, after lunch, or even late in the afternoon while helping her daughter with homework.

Sofia owns a Delta Q coffee machine, but does not limit herself to a single capsule brand. In her kitchen drawer, it is not unusual to find a mix of Delta Q branded capsules alongside private label alternatives from Continente or Auchan. Promotions, curiosity about new flavors and convenience all play a role in her purchasing behavior. As she explains, *"Sometimes I buy Delta because I love the taste; other times, if I see a good deal on private label capsules while I'm shopping, I don't mind trying them. As long as the coffee tastes good and works in my machine, I'm happy"*.

Sustainability has also begun to play a role in Sofia's purchasing decisions, albeit a secondary one. After recently attending a workshop on environmental responsibility at her daughter's school, she became more aware of the waste associated with coffee capsules. This experience prompted her to experiment with recyclable capsule options and even sporadically participate in capsule take-back programs. *"I don't always make it, but if it's easy to return used capsules or if the brand facilitates recycling, I'll definitely try to do my part"*, she shares.

4.2. Second Section – Perceptual Map

Understanding how Portuguese consumers perceive a group of representative coffee brands – Nespresso, Bellarom, Continente, Pingo Doce, Nescafé Dolce Gusto, Delta – is the main objective of this section.

The study is based on solid theoretical foundations carried out in the literature review and enriched by an in-depth analysis of survey responses.

By integrating empirical evidence from interviews with consumers and industry experts with theoretical insights, primary data were gathered, allowing for the identification of eight key attributes that define the perception of coffee brands and provide a direct understanding of the customer perspective.

Choice Attribute

Each attribute was selected for its relevance to the coffee industry and its ability to remain unaffected by the product's status as a private label or branded product. The following section will analyze more in depth the importance and peculiarity of each attribute and the reason why each one adds value to our research.

Perceived Value for Money

Studies have shown that perceived value is a crucial driver of brand preference and loyalty. The perceived value of money refers to "a customer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithmal 1988). In the coffee industry consumers are willing to pay a premium price if they believe that the product has superior characteristics (Lusk and Briggeman 2009).

However, in markets like Portugal, consumers show a high sensitivity to the price of food, particularly through their perception of food cost, which goes beyond the direct price. This perception includes additional factors such as travel costs to reach the store and is heavily influenced by the broader macroeconomic environment (Gomes et al. 2017).

Value for money is a pivotal factor in purchase decisions, particularly when comparing branded products to private label alternatives. Consumers frequently cite cost and value as decisive reasons for choosing store-brand products over national brands. One industry survey found that “less expensive” pricing and “good value” are the top motivators (71% and 72% of consumers, respectively) for purchasing private labels (Kim et al. 2020).

Consequently, finding the right balance between price and effectiveness might be a crucial factor in the decision-making process. Including this attribute can give some useful insights to assess whether consumers perceive branded products in the coffee industry as offering a better value to white-label alternatives, or the other way around.

Brand Reputation

The reputation of a brand is a crucial factor as it is closely linked to consumers’ perception about it, and this perception directly affects the impact of the brand on customer satisfaction and loyalty (Açikgöz et al. 2024).

Within this framework, brand reputation reflects the collective perceptions that consumers and stakeholders hold about a brand’s credibility, ethical responsibility, product reliability, and emotional connection (Loureiro et al. 2020).

In the coffee capsule market, brand reputation remains a key differentiator, with premium brands like Nespresso and Delta benefiting from global prestige and local heritage that signal consistent quality and trust. However, in recent years, private label coffee capsules have increasingly been associated with attributes like quality, value, and reliability, gradually narrowing the reputation gap with established brands (Store Brands 2023).

This evolving trend makes it particularly relevant to investigate whether consumer perceptions still strongly favor branded products or if the distinction has begun to blur.

Coffee Quality

In the capsule market, the coffee's intrinsic quality is arguably the most immediate indicator of customer satisfaction. This characteristic includes several sensory aspects, such as the aroma intensity, the flavor profile, the aftertaste, and the crema creation. Food psychology research shows that customers' palates get more sophisticated with repeated exposure, increasing their ability to discriminate between different quality items, such as coffee (Steenkamp 1990). This perceptual attribute enables us to determine if Portuguese customers believe that there are significant quality distinctions between product tiers and how well these perceptions match the actual compositions of the products.

Variety of Options

A brand's variety of options – different flavors, roast profiles, intensity levels, special beverages – has a not insignificant impact on how it is perceived by consumers.

A broad assortment allows consumers to find a product that exactly matches their taste or mood, thereby enhancing satisfaction. Moreover, offering variety caters to the human tendency for variety-seeking in consumption. Consumers often switch between products to avoid boredom from repetitive choices, especially in low-risk categories like food and beverage. From a strategic standpoint, a rich product line can also signal expertise. Research suggests that the range of products a brand has can serve as a quality cue: brands that present a greater variety of compatible options tend to be perceived as having greater category expertise or competency, which *"enhances their perceived quality and purchase likelihood"* (Berger et al. 2006).

In the context of our six coffee capsule brands, branded products such as Nespresso and Dolce Gusto offer a significantly broader range of options compared to private labels. These brands provide numerous variations in terms of intensity, coffee origins, flavored blends and alternative beverages, thereby reinforcing their image as experts and innovators in the category. However, it is particularly interesting to explore how this variety is perceived by consumers:

subjective perception may not necessarily align with the actual assortment. In some cases, private labels like Bellarom or Pingo Doce may deliver surprisingly positive impressions in terms of perceived variety, potentially due to effective communication or a well-targeted product line that resonates with local preferences. Analyzing this perception helps determine whether "variety" truly functions as a differentiating driver or whether the gap between branded and private-label offerings is narrower in consumers' minds than expected.

Reliability and Sincerity

Reliability and Sincerity refer to consumer trust, which is a foundation of strong consumer-brand relationships. Trust towards a brand is defined as the willingness of the buyer to rely on the brand performing its stated role. Therefore, being trusted implies that the user has high confidence in performance and a lack of uncertainty (Kim et al. 2020).

In the coffee capsule context, reliability means consumers trust that each capsule will perform consistently as expected. When a brand continually meets expectations, consumers come to rely on it with confidence.

On the other hand, sincerity and authenticity refer to the genuineness of the brand in the eyes of consumers. A sincere brand is one that is honest, transparent, and seen as acting with integrity – not just a faceless corporation, but one with values and authenticity.

This dimension is increasingly important since today's consumers are seeking real, meaningful connections with the brands they choose. Consumers nowadays care about what a brand represents, who is behind the logo, and what distinguishes the company from others only offering goods or services. In fact, according to a report from Stackla, 86% of consumers consider authenticity a crucial factor when deciding which brands they like and support. This represents a huge amount of people looking for brands that feel genuine and human (Ross 2024).

Sustainability

It is evident nowadays that sustainability is a relevant topic in every field, included the coffee industry. This attribute encompasses a brand's environmental and social responsibility; in the specific case of coffee capsules, key issues include whether the packaging is recyclable or compostable, how the production impacts the environment and whether sourcing is ethical.

Data says that 45% of consumers believe that responsible sourcing is one of the most important sustainability commitments. And, with almost all consumers (95%) trying to take some action to live sustainably, there is huge room for growth. Coffee companies can take a competitive advantage on this rising demand if they employ sustainable, ethical sources and effectively market their products (NielsenIQ 2023).

Nespresso, for example, is a pioneering company when it comes to sustainability; it uses recyclable aluminum capsules and has invested in an extensive recycling program, providing bags for used capsules and setting up collection points at the flagship stores where customers regularly make their purchases.

Collected capsules are sent to specialized facilities where aluminum is recycled and coffee grounds are repurposed, often as compost. Beyond the environmental benefits, this program strengthens the relationship between the brand and its customers (Nespresso Italia 2025).

Nespresso's approach shows how sustainability can be integrated into the business model, promoting innovation, loyalty, and a competitive advantage, not just ethical value.

Availability

Availability refers to how easily consumers can find and purchase a brand's products – essentially the convenience of access. Surveys show that consumers highly value convenience factors like accessibility and speed; one 2024 study found that 77% of U.S. consumers cited *"comfort, speed, accessibility and availability"* as a key factor in their purchasing decisions (Morgan Stanley 2024).

In the context of everyday products such as coffee capsules, product availability strongly influences consumer behavior. In fact, when the product is scarcely available in the market or difficult to find, the consumer may perceive it as a negative factor in the purchase decision-making.

Unlike premium or luxury items, where scarcity might signal exclusivity or high demand, in the case of habitual and low-involvement products like coffee, unavailability is generally interpreted as a practical inconvenience rather than a value enhancer. Indeed, consumers evaluate the situation primarily through the lens of perceived feasibility, that is, the ease with which a product can be obtained (Steinhart et al. 2013).

Therefore, in routine purchases where convenience outweighs other considerations, product unavailability can lead consumers to seek more consistently available alternatives (Bronnenberg et al. 2012).

Coolness

"Coolness" is an intangible but influential attribute related to a brand's image and cultural appeal. In academic literature, a cool brand is one perceived into traits such as being extraordinary, aesthetically attractive, original, authentic, and high-status, among others (Warren et al. 2019). However, coolness is not just about being liked or high-quality; it is a subjective, socially constructed, and dynamic trait that goes beyond traditional brand measures. In terms of brand perception, "coolness" plays a crucial role by signaling to consumers that a brand is not only desirable, but also distinct, often tied to deeper emotional and cultural values. Crucially, coolness evolves over time. Brands often begin as "niche cool," being perceived as rebellious, original, and authentic within a small subculture. Over time, some of these brands become "mass cool", gaining popularity and iconic status while sometimes losing their initial rebellious edge.

This can be cultivated through design (sleek, modern product and packaging), through messaging (associating the brand with youthful or premium lifestyles), and often through celebrity endorsements or pop culture associations that lend fame and glamour (Warren et al. 2019).

In this regard, a well-known example is George Clooney's iconic commercial for Nespresso became memorable by the now-famous claim *"Nespresso, what else?"*.

George Clooney's association with Nespresso has significantly enhanced the brand's perception of coolness and sophistication. As a two-time Oscar winner, Clooney embodies a cosmopolitan and seductive image that aligns seamlessly with Nespresso's brand identity. This strategic partnership leverages the psychological principle of attribute conditioning, where the qualities of the celebrity transfer to the product, making Nespresso appear more stylish and appealing (Association for Psychological Science 2019).

Survey Design

The survey was designed and shared through Google Forms, gathering 203 anonymous responses over a week. On average, it took participants about four to five minutes to complete the questionnaire. To reach a diverse audience in the Portuguese market, the survey was promoted across various online platforms, including Reddit, Facebook, Instagram stories, LinkedIn profiles and WhatsApp groups.

The questionnaire was organized into three main sections, as illustrated in Figure 5 below. The first section served as a screening phase to ensure that only relevant individuals participated in the study. Respondents were asked if they had lived in Portugal for three years or more and how often they consumed coffee capsules (daily, weekly, sometimes, or never). Those who didn't meet these criteria were automatically excluded from the rest of the survey. Additionally, participants were asked to indicate the type of coffee capsule machine they owned.

The second section focused on six coffee capsule brands – three branded products (Nespresso, Dolce Gusto, Delta) and three private labels (Continente, Pingo Doce, Bellarom) – along with eight carefully selected attributes: perceived value for money, brand reputation, coffee quality, variety of options, reliability and sincerity, sustainability, availability and coolness. A 5-point Likert scale was used to assess each attribute, where 1 meant "Very Poor" and 5 meant "Very Good". This scale helped quantify customer opinions and uncover potential differences in how private-label and branded coffee capsule brands were evaluated. This section was the core of the survey, as it allowed us to understand how each respondent perceived the brands, which was essential for creating the Perceptual Map using SPSS.

The final section was all about demographic questions, asking aspects like age, gender, income level and education. We made sure to present all these questions in a multiple-choice format to keep things clear and not time consuming to fill out. We included these variables to help with segmentation analyses and to see if consumer perceptions changed based on different socio-demographic backgrounds.

Figure 5: Survey design

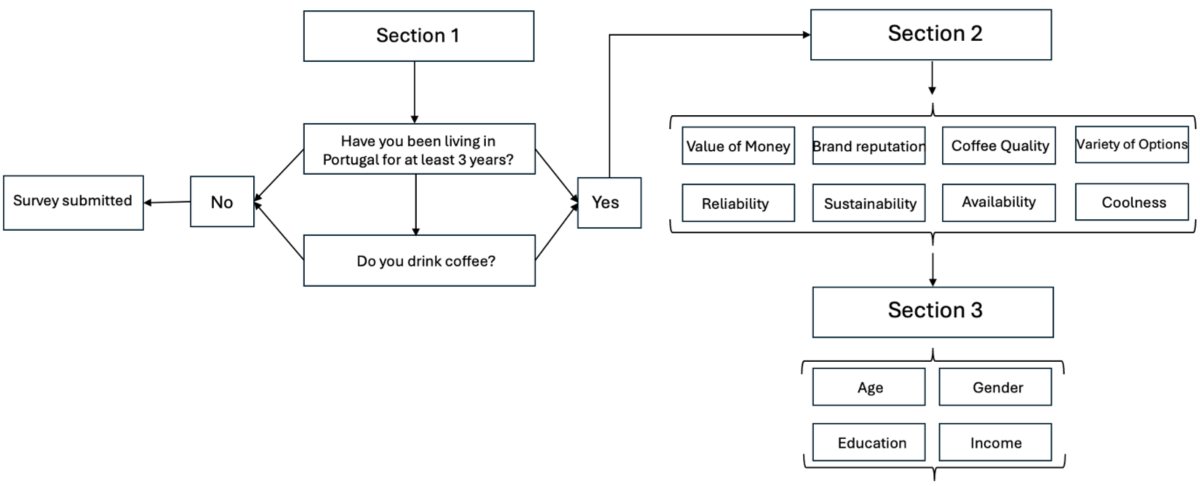

Figure 5 displays the diagram of the quantitative survey launched to understand the consumers' perceptions and their demographics.

Sample Characteristics

A total of 203 consumers participated in the survey. The sample was composed primarily of adults in early to mid-adulthood. In terms of age, more than a half of respondents fell in the 18–24-year-old range, another 30% were between 25–34, and roughly a 7% were 35–44 years old, with smaller proportions in older groups (Appendix 1.3). This implies that the findings are most representative of younger, working-age consumers – a demographic known to be frequent users of convenient coffee formats – and less so of senior consumers.

In terms of gender, the sample was reasonably balanced. Female respondents slightly outnumbered male respondents (approximately 55% female vs. 45% male), which aligns with the broad appeal of coffee consumption across genders (Appendix 1.4).

Respondents were also asked about their education and income levels. The survey indicates an educated sample: indeed, a majority had completed higher education. Many respondents (over three-quarters) held at least a bachelor's degree, and a significant portion (around 45%) had a master's degree or higher (Appendix 1.5). This high education level reflects the distribution method via university networks or professional groups and suggests the data capture perceptions of a more educated consumer segment. In terms of monthly income, the analysis revealed the following: half of respondents reported moderate incomes (e.g. in the range €1,000-€2,000 per month); about 35% of participants earned below €1,000/month, and around 15% earning above €2,000 per month (Appendix 1.6). This diversity in income suggests the sample includes both price-sensitive consumers and those more able to afford premium brands, which is relevant for interpreting value perceptions.

In terms of coffee usage behavior, the vast majority of respondents were familiar with and used coffee capsules. Frequency of consumption was high: over half of respondents reported using coffee capsules daily, and roughly 15% consumed them weekly. Approximately 12% of respondents said they use capsules only occasionally, and about 14% indicated they never consume capsule coffee. Those who never use capsules were automatically excluded from the rest of the survey, ensuring that the perceptual map comes from actual users. The dominance of daily and weekly users in the sample means the perceptions gathered are particularly relevant to habitual consumers – a segment likely to have well-formed opinions about the brands and attributes in question. This high frequency also underlines that capsule coffee is a regular part of life for many in the sample.

Coffee machine ownership was similarly high: approximately 85% of participants reported owning a coffee capsule machine at home. Among these owners, the brand of machine (or capsule system) owned varied; the most commonly owned systems were Nespresso and Dolce Gusto, which together accounted for roughly two-thirds of all machines. This is not surprising, as these two Nestlé-owned brands dominate the Portuguese capsule market in sales and marketing. Delta Q (the capsule system by Portuguese coffee company Delta) was the third most owned coffee machine, accounting for 12% of respondents. Finally, about 13% of respondents did not own a capsule machine. This share of people likely consumes coffee capsules at work or in other circumstances.

Data Preparation

After data collection, we exported the responses from Microsoft Forms into an Excel file, where the dataset was reviewed and structured such that each row reflected a participant's assessment of each platform on the eight attributes.

For the analytical stage, we then imported this dataset into SPSS. We formatted the data in SPSS so that each column (e.g., Mean_BrandReputation_Nespresso, Mean_Sustainability_Continente, etc.) reflected the average score for an attribute across all respondents, grouped by platform.

To analyze how consumers perceive the different attributes of coffee capsule brands, a Principal Component Analysis (PCA) was conducted on the eight attribute ratings. This data reduction technique allowed us to identify underlying dimensions ("components") that summarize the relationships among attributes.

Data Analysis and Interpretation

Examination of the correlation matrix of the attributes (Appendix 1.7) revealed that many of the brand image attributes were positively inter-correlated; for example, brands seen as high in *Coffee Quality* tended also to rate high in *Brand Reputation, Reliability & Sincerity,* and *Coolness*. This indicates that consumers tend to evaluate coffee brands holistically when considering these attributes. In contrast, attributes like *Value for Money* and *Availability* showed a different pattern, often inversely related to the others. These correlation patterns suggested that a smaller number of factors might explain most of the variance in brand perceptions.

Using Kaiser's criterion (eigenvalue > 1) and the scree plot test (Appendix 1.8), we retained two principal components from the PCA. The scree plot showed a clear break after the second component, with the first two components explaining the vast majority of variance in the data. Together, these two components accounted for approximately 95% of the total variance in brand perceptions (Component 1 captured about 76.5%, and Component 2 about 18.9% of variance). Such a high cumulative explained variance indicates that the eight original perception attributes can be effectively summarized by two dimensions without much information loss. This also illustrates how respondents' assessments are quite consistent, with their opinions frequently combining into two major evaluation themes.

Next, we gave a name to these two dimensions. Component 1 had high positive loadings on six of the eight attributes – specifically, *Brand Reputation, Coffee Quality, Variety of Options, Reliability & Sincerity, Sustainability,* and *Coolness* all loaded very strongly on this first factor (each with loadings around 0.94–0.99 on Component 1). This means that when a brand is rated highly on one of these, it tends to be rated highly on the others as well. In other words, we interpreted this component as “Quality & Image Appeal” since it encapsulated factors related to an overall perceived brand excellence or image. To be noticed is that the two attributes *Availability* and *Perceived Value for Money* had negative loadings on Component 1 (approximately –0.32 and –0.58, respectively). This indicates an inverse relationship: a brand that is seen as very high on reputation, coolness and quality tends to be seen as somewhat less widely available and less good value. This makes intuitive sense in the marketplace since premium and high-end brands are often exclusive (less widespread distribution) and are priced at a premium (lower value-for-money perception).

Turning to Component 2, it had its highest loadings on the remaining two attributes: *Availability* (loading ~0.903) and *Perceived Value for Money* (loading ~0.759) were most strongly associated with this second factor. This second component, therefore, represents the pragmatic side of brand evaluation: the functional affordability and accessibility of the brand. We can conceptualize Component 2 as ranging from brands that are “Value leaders” (highly affordable and everywhere) on the high end, down to brands that are “exclusive/expensive” (low value for money, limited availability) on the low end. For the reasons explained above, component 2 was labeled as “Value & Convenience”, capturing the price-value perception and distribution reach.

Perceptual Map Analysis and Strategic Interpretation

Using the two principal components derived above, we plotted a perceptual map of the six coffee capsule brands. Figure 6 below displays this map, where the positions of each brand are shown based on their Component 1 (horizontal axis) and Component 2 (vertical axis) scores. The attribute vectors are overlaid to illustrate the directions of each attribute in the two-dimensional space.

Figure 6: Perceptual map

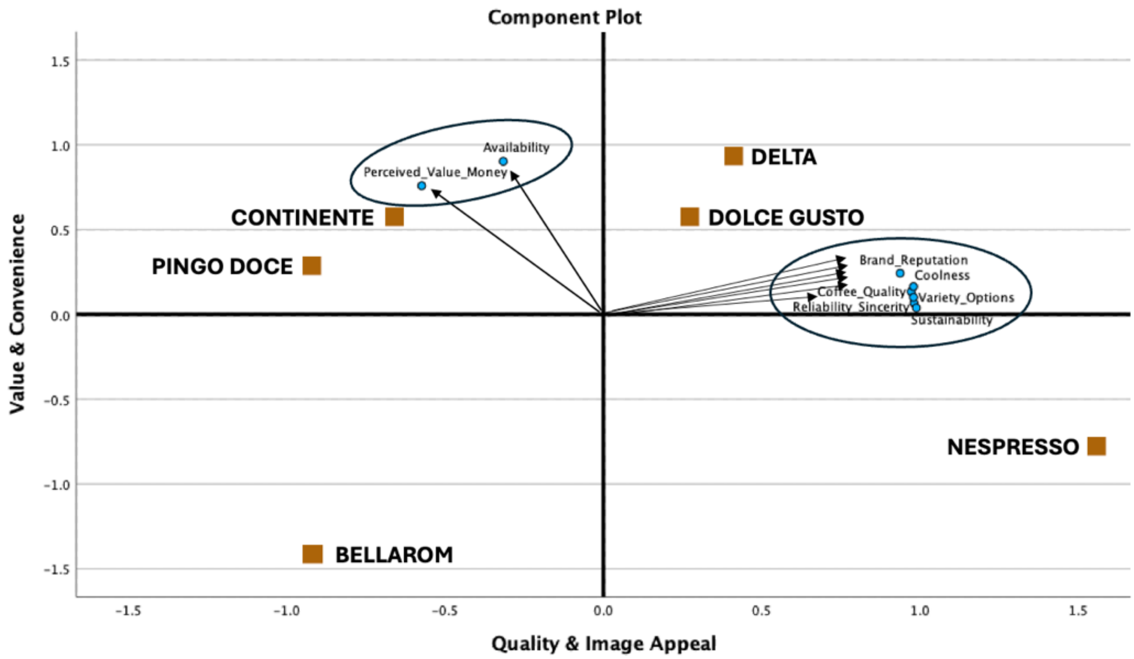

Figure 6 displays the positions of the attributes and the brands Nespresso, Delta, Dolce Gusto, Continente, Pingo Doce and Bellarom, compressed into two principal components.

On this map, brands that are positioned close together have similar perception profiles, while those far apart are perceived very differently by consumers. Several clear patterns emerge in the brand positioning. First, we see a distinct separation between branded products and private-label brands; in fact, the three established brands – Nespresso, Dolce Gusto, and Delta Q – all lie on the right-hand side of the map, indicating above-average performance on the Quality & Image dimension. In contrast, the private-label brands – Continente, Pingo Doce, and Bellarom – appear on the left side, indicating they fall behind in those image-driven attributes. This suggests that consumers perceive a strong difference in quality, reputation, and overall image between international coffee brands and supermarket-owned brands.

While all three private labels share the general position of “lower quality image”, it’s interesting to note similarities and differences among them.

Continente and Pingo Doce are relatively close to each other on the map (both in the upper-left quadrant), indicating they are perceived similarly by consumers. Specifically, Continente is positioned slightly to the right of the other two private labels, and a bit higher up. This indicates that Continente's capsule line is seen a little more favorably than the other supermarket brands in terms of image. This might be due to heavier marketing or a perception that Continente, the largest Portuguese supermarket chain, might invest more in its store brand quality. On the other hand, Pingo Doce's position is far left (low on Component 1) but moderately high on Component 2.

This positioning reflects the classic private-label value proposition: these supermarket brands are seen as low in prestige and quality relative to the big brands, but high in affordability and availability. Continente and Pingo Doce each correspond to one of Portugal's largest grocery chains, and consumers know their capsules are inexpensive and can be bought during regular grocery trips (hence strong *Availability* ratings).

Turning to Bellarom, it is an outlier at the bottom-left corner with the lowest scores on both dimensions; it has a very low Component 1 score (indicating poor perceived quality/reputation) and a low Component 2 score (indicating weaker value and availability perception than one might expect for a store brand). One explanation might be a lack of familiarity or distribution; Lidl has fewer stores and less aggressive marketing in Portugal than Continente/Pingo Doce, so many consumers might simply be less aware of Bellarom, which would reduce its scores on all attributes (including value). It might also indicate that some consumers who do know Bellarom find the quality sufficiently low that even its low price doesn't translate into a strong value-for-money perception.

The branded products also exhibit important differences among themselves on the map. Nespresso is perceived very high on the combined quality/image dimension. At the same time, Nespresso scored below average on *Availability* and *Value for Money,* which explains its low position on the Value & Convenience axis. This reflects Nespresso's premium strategy: it sells its capsules exclusively through its own boutiques or website (Nespresso 2023) and historically not in supermarkets, leading to limited availability perceptions. In addition, it sells at higher prices per capsule, so consumers do not see it as widely accessible. The perceptual map thus confirms that Nespresso occupies the "premium" position in this market: top-notch in quality and brand image, but correspondingly low in value for money and convenience. The downside of this strategy is that Nespresso is vulnerable on price-sensitive or convenience-seeking criteria.

In contrast, Delta Q and Dolce Gusto position themselves in the upper half of the map. Delta in particular has a high Component 1 score (second only to Nespresso) and the highest Component 2 score of all brands. This can be explained by the fact that Delta enjoys extremely widespread availability in Portugal since its capsules are sold in many supermarkets and its own stores, and its pricing is generally lower than Nespresso's. This unique combination makes Delta a bridge between the premium brands and the private labels – it is perceived almost as high-quality as a global brand, but as available as a private label. Delta's position indicates it might attract consumers who want a high-quality coffee but either can't afford Nespresso regularly or prefer the convenience of supermarket availability.

Dolce Gusto, another major brand, appears slightly closer to the center compared to Delta. This means it is perceived as above average on both quality and value dimensions, but not an extreme on either. In concrete terms, respondents found Dolce Gusto's coffee quality and brand reputation to be good but not comparable with Nespresso or Delta's reputation. On the other hand, Dolce Gusto is well-known for its *Variety of Options*; indeed, it scored highly on variety due to its extensive availability (its capsules are sold in almost all supermarkets and online, similarly to Delta's reach) and variety of flavors and intensities. Since it is less expensive than Nespresso, its value for money is also seen favorably.

4.3. Third Section – Conjoint Analysis

Conjoint analysis has been a cornerstone of consumer preference research since its theoretical foundation by Luce and Tukey (1964), who introduced the concept of measuring the comparative effects of different quantities. It gained practical traction in marketing following Green and Rao's (1971) formalization of "conjoint measurement", emphasizing the joint influence of multiple attributes on consumer decisions. Green and Srinivasan (1990) later characterized conjoint analysis as a major methodology for quantifying trade-offs among multi-attribute products and services, defining it as any decomposition method that estimates consumer preferences based on evaluations of predefined alternatives.

Through the creation of full product profiles combining various attribute levels, and by analyzing consumer responses, researchers derive part-worth utilities that reflect individual attribute contributions to overall preference (Vriens 1994). Given its robustness and applicability, this study adopts a four-step conjoint analysis procedure – development of stimuli, presentation to respondents, estimation of part-worth functions, and managerial application of findings – following the framework suggested by Rao (2008).

For this study, the Conjoint.ly software will be used to conduct a conjoint analysis, a widely recognized method for understanding consumer preferences. The platform is extensively adopted by businesses and academic institutions to optimize pricing, branding, and product development strategies. Conjoint.ly allows researchers to design and analyze choice-based experiments through an intuitive interface and advanced tools that ensure efficient data collection. This study will specifically utilize the Generic Conjoint method, which presents respondents with discrete choice tasks, where they must select between different product profiles. These profiles are systematically generated by combining various attributes and levels. Unlike rating-based methods, this study will follow a choice-based conjoint analysis (CBC) approach. Respondents will choose between multiple alternatives, reflecting a more realistic decision-making process. To generate the product profiles, Conjoint.ly employs an optimized experimental design, minimizing the number of combinations needed while ensuring the accurate estimation of part-worth utilities – the relative value assigned to each attribute level. The platform incorporates complexity reduction techniques, striking a balance between statistical accuracy and a user-friendly survey experience. Each choice set presents multiple product alternatives, and the number of options per question can be customized, typically ranging from two to four choices per set. The software estimates part-worth utilities using Hierarchical Bayesian (HB) estimation and other advanced regression models to determine the relative importance of each attribute. To enhance the reliability of the results, Conjoint.ly minimizes attribute-level overlap, ensuring that respondents are exposed to a diverse range of combinations. Additionally, it maintains utility balance, preventing any alternative from appearing consistently more favorable than the others. Unlike traditional full-factorial designs, which can be overwhelming for respondents, Conjoint.ly dynamically adjusts the choice sets to refine results with greater precision.

Survey Structure and Design

The survey is designed around the idea of a consumer purchasing coffee capsules at the supermarket. The structure of the survey consists of three main parts.

In the first section, participants are introduced to the coffee capsules purchasing scenario and informed that they will take part in a purchase simulation, that they will be shown multiple product options, presented in sets of three, and asked to select the one they prefer. They also have the option to choose none.

The second section includes demographic questions to gather relevant background information on the respondents.

The third and final section consists of a block of conjoint questions, where different product attributes and levels are systematically varied to analyze consumer preferences.

A first draft of the survey was previously created and sent to a small group of people who provided early feedback. Considering their opinions, we improved certain points, after which the perfected draft was sent to our advisor along with additional questions. Only after this process was the final survey sent out. The layout of the survey is shown in Appendix 2.

Conjoint design: attributes and levels

Five attributes with four to six levels each were studied, which are presented in the table below.

Figure 7: Attributes and levels for conjoint analysis

Attributes	Levels
Brand Type	Nespresso Delta Dolce Gusto Continente (Private Label) Pingo Doce (Private Label) Lidl (Bellarom, Private Label)
Price per 10 capsules	€2,50 €3,50 €4,50 €5,50 €6,50 €7,50
Perceived quality	Premium (high-end experience) Good Quality (mass-market standard) Acceptable (budget-friendly) Inconsistent (varies by batch)
Environmental Sustainability & Ethical sourcing	No sustainability claims Supports farmers fairly (Fair Trade Certified) Carbon-Neutral Production Fully Sustainable (Fairtrade + Organic + Carbon-Neutral)
Capsule Recyclability	Non-recyclable Recyclable plastic Aluminum (recyclable) Compostable (biodegradable)

Figure 7 displays the five attributes, with four to six levels each, that were used in our conjoint analysis.

To conduct a robust conjoint analysis on consumer preferences for coffee capsules in the Portuguese market, five key product attributes were selected: brand, price per 10 capsules, perceived quality, Environmental sustainability & ethical sourcing, and capsule recyclability. These categories were chosen based on their significant influence on purchasing decisions, as supported by previous research on consumer behavior in the coffee industry.

The price levels per ten capsules were structured to reflect realistic consumer segmentation, ensuring balanced gaps between tiers: €2,50, €3,50, €4,50, €5,50, €6,50, and €7,50. We chose the price per 10 capsules as the pricing unit for this conjoint analysis because it aligns with how coffee capsules are commonly packaged and purchased in Portugal. Most brands, including Nespresso, Delta, Dolce Gusto, and private-label options, offer their products in packs of 10, making this the most intuitive and standardized way for consumers to evaluate price differences. The chosen range captures the affordability of private-label brands while also representing the premiumization of certain national brands and the exclusivity of high-end coffee options. An alternative price range was initially considered: €2-3, €3-4, €4-6, €6-8, €8-10 and €10+, but during the initial setup phase, the conjoint analysis software flagged concerns about the gaps between levels, which could distort consumer preferences and lead to unreliable results. A well-balanced range helps maintain validity by ensuring respondents evaluate multiple attributes beyond price alone. A price range that is too broad can create artificial preference biases, where respondents automatically choose or reject a product based solely on price, rather than evaluating other important attributes like brand, quality, or sustainability. To address this, we refined the price levels to ensure a more specific, balanced and meaningful comparison. The final selection: €2,50, €3,50, €4,50, €5,50, €6,50, and €7,50 was determined based on two key factors:

- Ensuring specific and more coherent price gaps between levels to maintain consistency and improve the validity of the conjoint analysis;

- Aligning with the actual market positioning of the selected brands, so that each price category realistically reflects consumer expectations in Portugal.

For the *brand* attribute, six brands were carefully selected to ensure a balanced representation of the Portuguese coffee capsule market while excluding competitors that did not offer the same level of relevance. Nespresso was chosen as the premium market leader, known for its high-end positioning, strong brand loyalty, and extensive presence in Portugal. Other premium brands, such as L'OR, were considered but ultimately excluded because they operate as third-party alternatives to Nespresso's system rather than defining the segment themselves. Delta was selected as the leading national brand with a strong reputation for quality and tradition. Although other Portuguese brands, such as Nicola or Sical, also have market presence, Delta's dominance and broader product range made it the most relevant choice. Dolce Gusto was included to represent the mass-market segment, offering a diverse range of beverages beyond traditional espresso, making it an ideal competitor to Nespresso in a more accessible price range. Tassimo was an alternative, but it has a more limited presence in Portugal and is less widely adopted than Dolce Gusto.

To capture the budget-conscious segment, three private-label brands were included: Continente (private label), Pingo Doce (private label), and Lidl (Bellarom, private label). These brands were selected due to their strong market presence in Portugal, widespread supermarket distribution, and affordability. Other supermarket chains, such as Auchan or Minipreço, also offer private-label coffee capsules, but their market reach is smaller, making them less relevant for this analysis. The final selection of brands ensures a meaningful comparison across premium, national, and private-label categories while excluding competitors that either lack strong consumer recognition or do not provide sufficient differentiation in the Portuguese market.

The perceived quality category was included to assess how consumers differentiate between brands based on their experience and expectations. Four levels were defined: Premium (high-end experience), Good Quality (mass-market standard), Acceptable (budget-friendly), Inconsistent (varies by batch). Although perceived quality – a subjective judgment of consumers – is usually considered more appropriate for perceptual mapping studies, it was intentionally retained as a characteristic in this conjoint study to adhere to the actual decision-making process in a coffee capsule market. In product categories in which image of brand as well as user experience influence expectations, perceived quality serves as a substitute for intrinsic attributes of the product which are not directly observable (e.g., complexity of flavor, richness of the coffee cream, or compatibility of a machine). With four levels – Premium, Good Quality, Acceptable, and Inconsistent – the study can measure how consumers convert brand-driven perceptions and previous behavior into purchase priorities. This item reflects research that recognizes that perceived quality, though subjective, is likely to drive trade-offs in repurchase decision settings (Zeithaml 1988). Despite the added level of abstraction, positing brand perception as an attribute enables a more nuanced exploration into the nature of brand differentiation – an issue highly pertinent to the high incidence of branded products in the data. It is, however, acknowledged as a limitation and the findings are to be interpreted with the knowledge that this dimension combines experiential perception with objective characteristics. Given the increasing importance of *sustainability*, this attribute was split into two distinct categories: *Environmental sustainability & ethical sourcing* and *capsule recyclability*.

The *Environmental sustainability & ethical sourcing* attribute considers both environmental and ethical factors, including no sustainability claims, supports farmers fairly (Fair Trade Certified), low carbon footprint (Carbon-Neutral Production), and fully sustainable (Fairtrade + Organic + Carbon-Neutral). This range captures varying degrees of sustainability efforts, allowing for a deeper understanding of consumer priorities in ethical sourcing. The objective is twofold: on the one hand, to assess the actual interest of consumers towards product sustainability; on the other hand, to discern which of the two dimensions, environmental or ethical, exerts a greater influence on their purchasing choices. We will investigate whether consumers are more sensitive to aspects related to environmental sustainability, such as carbon neutrality and the consequent reduction of ecological impact, or to those related to ethical sustainability, such as respect for workers' rights, the guarantee of fair wages and the fight against exploitation in production chains.

Meanwhile, *capsule recyclability* specifically examines the end-of-life impact of the product. The levels include non-recyclable, recyclable plastic, aluminum (recyclable), and compostable (biodegradable). These options reflect the growing demand for sustainable packaging and the shift toward eco-friendly alternatives.

By structuring the conjoint analysis around these attributes and levels, the study aims to provide valuable insights into consumer preferences in the Portuguese coffee capsule market. The findings will help brands understand which factors drive purchase decisions, how sustainability initiatives impact consumer choice, and how private-label brands can compete effectively against premium and national brands.

Demographic Questions

Before the block of conjoint questions, a set of demographic questions was presented to respondents to better understand the background of participants and, at a later stage, allow for subgroup analysis to determine whether individuals with different demographic characteristics exhibit distinct preference patterns. This segmentation would enable us to address the core research questions outlined at the beginning of the study and assess how demographic factors may influence consumer choices in the coffee capsule market.

The demographic section of the survey included key variables deemed most relevant to coffee capsule consumption behavior. First, two screening questions were used to ensure data quality and relevance: respondents were asked whether they are regular consumers of coffee capsules and whether they currently reside in Portugal. These screening criteria were critical to maintaining the internal validity of the study, as the conjoint analysis was specifically designed to reflect the preferences of Portuguese coffee capsule users. Only those who confirmed both conditions were allowed to proceed with the full questionnaire.

Following the screening, participants were asked to provide their age and annual income. Age was categorized into four brackets: 20–30, 30–40, 40–50, and over 50. This segmentation allowed us to group respondents across different life stages and potentially identify generational trends in product preferences, such as brand loyalty, sensitivity to sustainability claims, or price responsiveness. Similarly, annual income was captured using a multiple-choice format with the following brackets: €0–10,000, €10,000–20,000, €20,000–40,000, and above €40,000. Income is a particularly relevant variable in conjoint analysis, as it often correlates with purchasing power, willingness to pay, and sensitivity to price and premium product attributes.

While we acknowledge the relevance of incorporating more detailed demographic questions – such as living arrangements, dependency status, or fixed monthly expenses – to better contextualize participants' purchasing behavior, especially given the predominance of students with low income in our sample, we ultimately opted not to include them.

We also considered the inclusion of additional demographic variables, such as gender. We evaluated whether asking respondents to identify as male, female, or other would provide meaningful differentiation in the analysis. However, including additional demographic variables would have increased the length and complexity of the survey, potentially leading to higher dropout rates or reduced data quality – particularly given the already high cognitive demand associated with choice-based conjoint tasks. Considering these considerations, the decision was made to streamline the demographic section to focus solely on those variables most likely to yield actionable insights, while minimizing unnecessary respondent burden. We think that prioritizing the conjoint questions instead of the demographic insights will benefit the outcome of the project, providing better results both in number of respondents and in the quality of the responses.

Data Collection

Once the attributes and levels were finalized, the survey was launched and made available for data collection between March 30 and April 18, 2025. To ensure a broad and diverse reach, a multi-channel dissemination strategy was employed. In addition to sharing the survey link through word-of-mouth, messaging platforms such as WhatsApp, and social media networks, a QR code linking directly to the questionnaire was printed and physically displayed on walls throughout the Nova School of Business and Economics campus. This approach aimed to encourage spontaneous participation, particularly from students and campus visitors who might be more likely to engage with the survey in a familiar academic setting. The survey was optimized for both desktop and mobile devices, allowing for flexible and convenient access across different user environments.

Despite these efforts, obtaining a sufficiently large and reliable sample proved to be a considerable challenge. A total of 1,096 individuals opened the survey link, but 824 of them – approximately 79% – did not complete it. In many cases, respondents exited the survey before answering the first question and were therefore automatically excluded by the software. Ultimately, only 206 respondents (19% of those who accessed the link) completed the survey in full. Based on the complexity of the questionnaire and the design of the conjoint tasks, the software set a minimum threshold of 200 valid responses to ensure the statistical reliability of the analysis. This milestone was surpassed on April 17, at which point the dataset was considered robust enough to proceed with the analytical phase of the study.

The high attrition rate can be attributed to several key factors. Firstly, the survey's accessibility via open platforms and QR codes likely led to a significant number of users clicking or scanning the link out of mere curiosity, without a concrete intention to participate. Secondly, despite deliberate efforts to design a concise and streamlined questionnaire – including the elimination of non-essential demographic questions and other potentially insightful but time-consuming data collection items – the inherent nature of conjoint analysis imposes a substantial cognitive load on respondents. Participants are required to make repeated trade-off decisions between product profiles with multiple attributes, which demands sustained attention and thoughtful evaluation. This level of mental effort may have deterred individuals seeking quicker or more intuitive survey experiences.

Moreover, although the survey was mobile-friendly, evaluating complex choice sets on smaller screens can lead to increased visual fatigue, frustration, or navigation difficulties, particularly for users unfamiliar with conjoint exercises. It is also important to acknowledge the absence of any external incentive (e.g., financial compensation, prize draws, or academic credit), which may have further reduced participants' motivation to complete the survey, especially given its perceived length and complexity. Together, these challenges reflect common trade-offs in academic research between methodological rigor and respondent engagement, particularly in studies relying on voluntary participation and cognitively demanding tasks.

Sample Demographics

As illustrated in Figure 8 below, even though we tried to spread the survey to people of multiple age ranges, the sample was predominantly composed of younger individuals. Specifically, 80.6% of respondents fell within the 20–30 age bracket, followed by 10.7% in the 30–40 group, 6.8% aged 40–50, and only 1.9% over the age of 50. This strong right-skew in the age distribution reflects the outreach channels used – particularly the QR code distributed around Nova SBE's campus and the online word-of-mouth circulation within student and alumni communities. Consequently, the sample captures a consumer segment largely representative of younger, digitally engaged individuals.

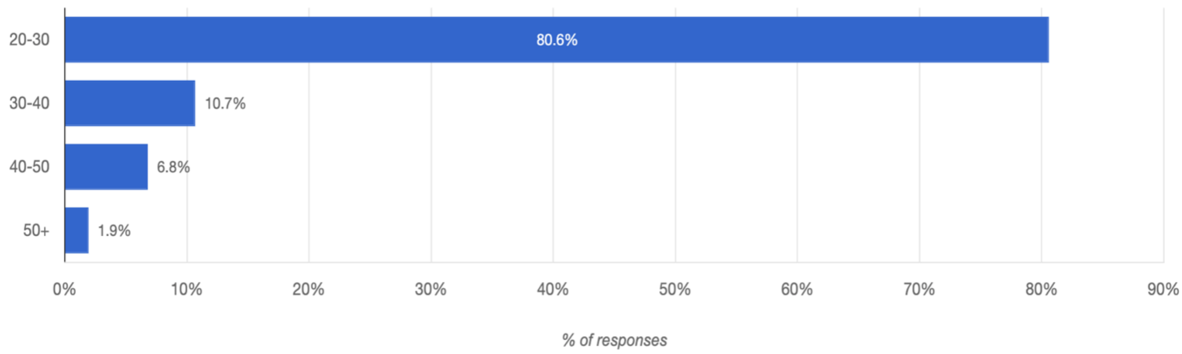

Figure 8 displays the range of ages of the respondents.

While this skew may limit the generalizability of our findings to older demographics, it is not considered a critical limitation. Younger consumers are increasingly influential in FMCG categories, including coffee. Millennials and Gen Z are more likely to explore new brands, adopt sustainable consumption behaviors, and engage with product innovations – making them a highly relevant target group for capsule manufacturers. Moreover, this skew provides valuable insights for firms aiming to tailor offerings to this increasingly dominant consumer segment.

The distribution of annual gross income among the respondents reveals (as expected) a notable skew toward lower income brackets, with the vast majority reporting earnings below €20,000 per year. As shown in Figure 9, the most prevalent income category was €10,000–20,000, which encompassed 48.7% of the sample. This was followed closely by the €0–10,000 category, accounting for 36.5% of respondents. Combined, these two brackets represent 85.2% of the total sample. A smaller share (14.8%) reported earning between €20,000 and €40,000 annually, while no participants indicated earnings above €40,000.

The median income group, therefore, lies within the €10,000–20,000 range.

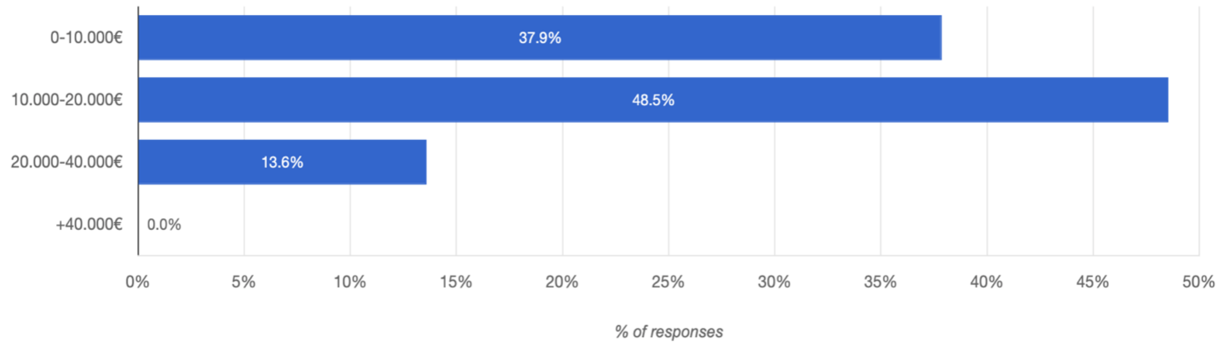

Figure 9 displays the range of income of the respondents.

This income distribution can be interpreted through the lens of the sample's demographic profile. As discussed earlier, a substantial proportion of respondents are young adults, likely comprised of university students or individuals in the early stages of their careers. This aligns with the data, as younger cohorts typically exhibit lower earning potential due to limited professional experience or part-time employment during academic years.

Despite this limitation, the income distribution offers important insights into the purchasing power and price sensitivity of the surveyed population. The overrepresentation of lower-income respondents implies that cost may play a central role in product choice. As such, price-related attributes in the conjoint analysis – such as cost per 10 capsules – should be interpreted with this context in mind. Additionally, this income profile provides a valuable perspective for brands targeting cost-conscious or value-driven consumers, particularly in highly competitive markets where private labels and entry-level offerings are gaining ground.

Results

The analysis of the conjoint questions of the survey will be supported fully by the Conjoint.ly platform, as its research tools automatize a lot of the computations, allowing us to focus our time on the data analysis. The platform divides the study results into four main categories: Attribute Importance, Preference for Levels, Marginal Willingness to Pay, and Ranked List of Concepts.

Attribute Importance

Figure 10 shows the relative importance of attributes (averaged across consumers). The values in this chart sum up to 100%. It answers the question: how important is each attribute relative to the other attributes, across consumers (considering that each consumer values different product attributes)?

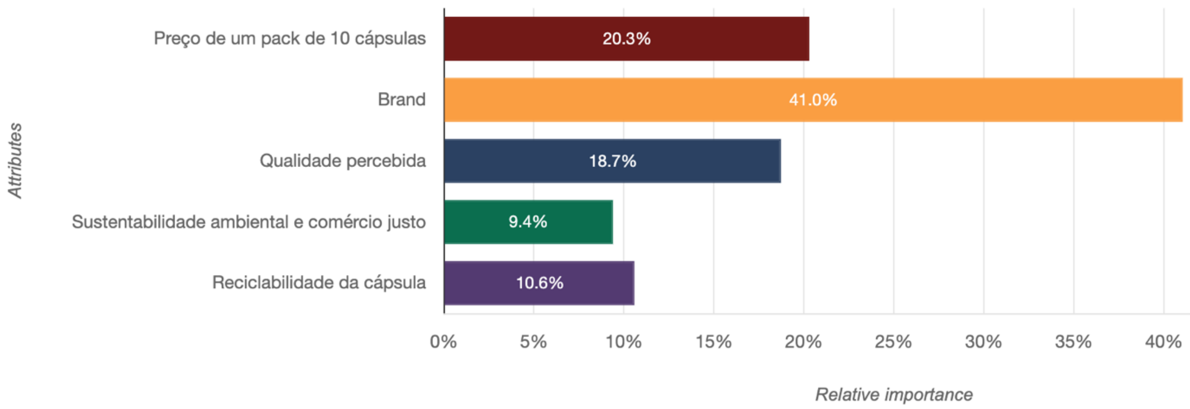

Figure 10 displays attribute importance.

The *Brand* emerges as the most significant attribute, commanding a substantial relative importance of 41.0%**.** This indicates that brand perception and loyalty play a pivotal role for Portuguese consumers when selecting coffee capsules. This could be attributed to factors such as established trust, familiarity with the brand's quality and taste profiles, and potentially the aspirational or lifestyle associations linked to certain brands. This strong brand influence suggests that marketing efforts focused on brand building, awareness, and reinforcing positive brand image are likely to be highly effective in this market.

Following brand, the *Price of a pack of 10 capsules* holds the second highest relative importance at 20.3%**.** Price sensitivity is clearly a significant factor for Portuguese consumers in this category. This suggests that while brand loyalty is strong, price competitiveness remains crucial for market success. Companies need to carefully consider their pricing strategies in relation to perceived value and the offerings of competitors. It is important to point here that even if the 85,2% of the respondents have a gross income of less than 20.000€/year, price is not the most influential attribute in the purchasing decision of the coffee capsules.

The *Perceived Quality* of the coffee ranks third in importance, with a relative weight of 18.7%. This underscores that, beyond brand and price, consumers place considerable value on the expected quality and taste experience of the coffee itself. Factors contributing to perceived quality could include aroma, intensity, flavor notes, and the overall brewing experience. This highlights the importance for manufacturers to focus on delivering a consistently high-quality product that meets consumer expectations.

Sustainability-related attributes, while present, exhibit lower relative importance compared to brand, price, and perceived quality. Capsule Recyclability accounts for 10.6% of the relative importance, while Environmental Sustainability and Fair Trade is the least influential attribute among those considered, with a relative importance of 9.4%**.**

These lower values for sustainability attributes were someway unexpected. It’s widely known that the younger generations are by far the most climate-friendly, environmentally cautious and ethically positive generations. Since, as stated before, the 80,6% of the respondents is younger than 30, we expected a higher impact of the sustainability-related attributes in the purchasing decision. In fact, the chart suggests that while a segment of the Portuguese consumer market may value ethical and environmental considerations, they are currently less influential in the overall purchasing decision compared to more immediate factors like brand, price, and the anticipated quality of the coffee. However, it is important to note that the 9.4% and 10.6% for sustainability is not negligible and could represent a growing segment of environmentally and ethically conscious consumers. Furthermore, these factors might become increasingly important over time as awareness and societal emphasis on sustainability grow.

Relative Preference for Levels

Figure 11 shows preferences for levels relative to other levels for the average consumer. Values in this chart are 0-centred within each attribute. High positive values mean relatively high preferences. Negative values mean relative dispreference. It answers the question: Considering the average consumer, what levels do they prefer?

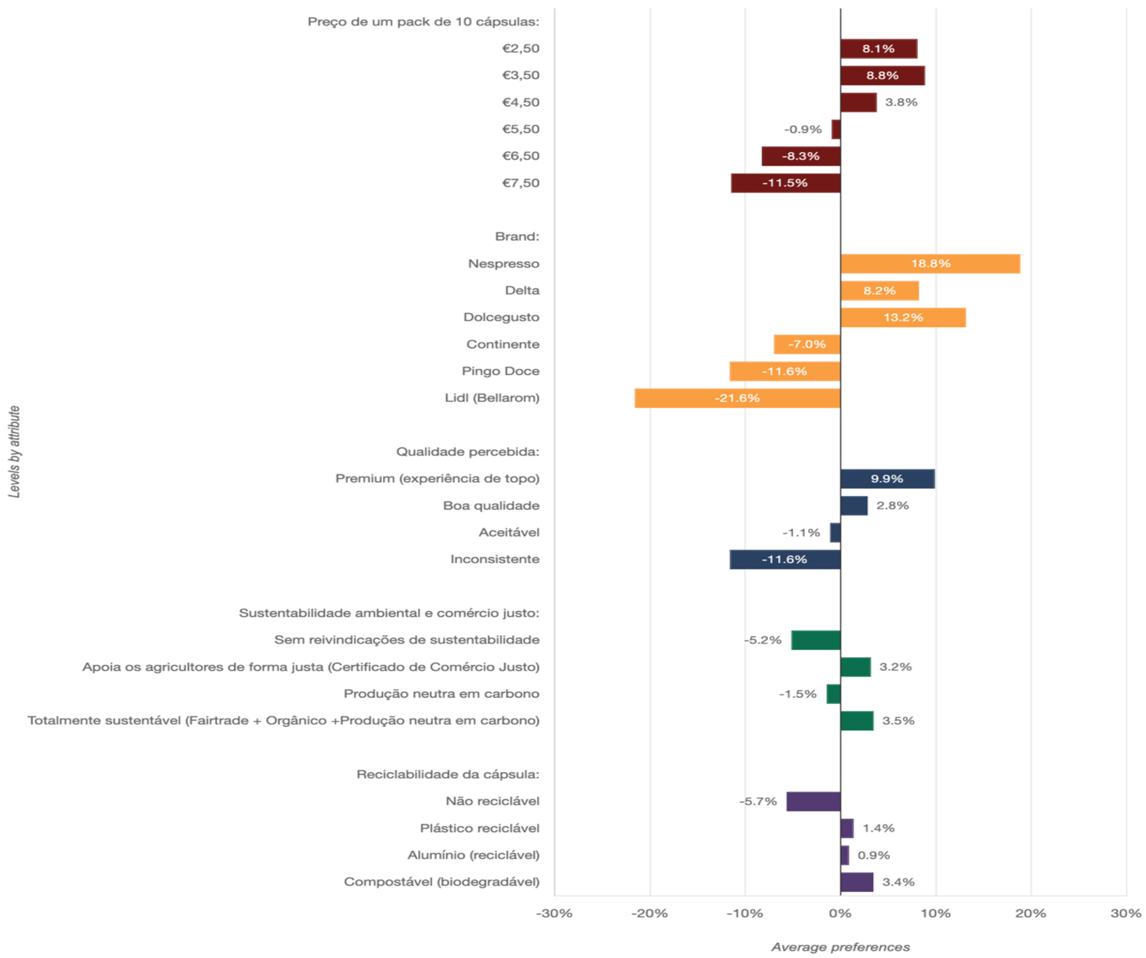

Figure 11 displays relative preference for levels (1).

The results from the conjoint analysis reveal clear patterns in consumer preferences across multiple product attributes. Price plays a pivotal role, with a strong preference for lower price points, €2.50 (+8.1%) and €3.50 (+8.8%), while higher prices, particularly €7.50 (−11.5%) and €6.50 (−8.3%), were strongly disfavored. This reinforces the price sensitivity observed in the demographic profile, where most respondents reported annual incomes below €20,000. Brand perception also exerted a considerable influence: Nespresso emerged as the most preferred brand (+18.8%), followed by Dolce Gusto (+13.2%) and Delta (+8.2%). In contrast, private label options such as Lidl's Bellarom (−21.6%) and Pingo Doce (−11.6%) showed substantial negative preference scores, suggesting a lower brand equity or perceived quality among these labels, despite potential price advantages. Perceived quality further confirmed this trend, with strong positive preferences for "Premium (experiência de topo)" (+9.9%) and "Boa qualidade" (+2.8%), while products rated as "Inconsistente" were significantly penalized (−11.6%). This highlights the importance of a consistent and high-quality user experience in shaping consumer choices. Regarding sustainability, levels such as "Totalmente sustentável" (+3.5%) and "Apoia os agricultores de forma justa" (+3.2%) were positively received, reflecting growing consumer awareness and value placed on ethical sourcing and environmental impact. Conversely, the absence of sustainability claims (−5.2%) and ambiguous levels like "Produção neutra em carbono" (−1.5%) were relatively less favored, possibly due to skepticism or lack of clarity. Lastly, capsule recyclability also influenced choices, with biodegradable (compostável) capsules scoring the highest (+3.4%). Non-recyclable options (−5.7%) were heavily penalized, underscoring an increasing demand for environmentally friendly packaging. Although aluminum and plastic recyclable options received minor positive preferences (+0.9% and +1.4% respectively), the clear consumer lean toward compostability indicates a preference for solutions perceived as more natural and sustainable. These findings offer strategic guidance for both premium and mass-market players. Brands looking to penetrate this segment should prioritize price competitiveness, invest in quality assurance, and emphasize clear and credible sustainability initiatives – especially regarding ethical sourcing and packaging solutions. The relative underperformance of private labels signals an opportunity for repositioning through improved quality perception and targeted sustainability messaging. When evaluating the relative preferences for each level, we should also consider the percentage of times alternatives containing that level were chosen when presented to respondents. This simpler method of analyzing level preferences is less robust than the "Average preferences for levels" view, as shown in Figure 12.

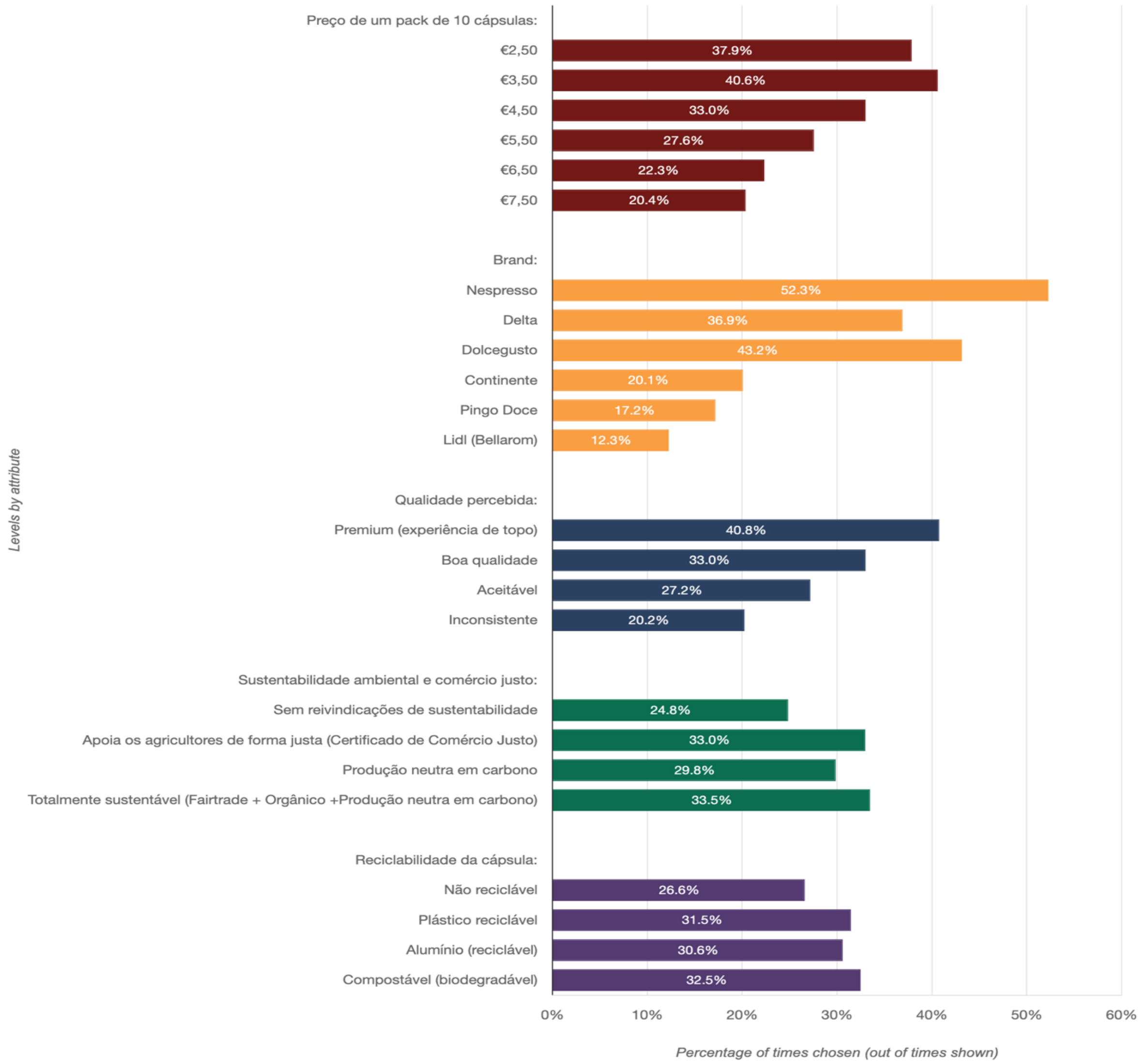

Figure 12 shows relative preference for levels (2).

Although this method lacks the statistical robustness of utility-based models, it offers intuitive insights into consumer inclinations. The price attribute continues to show clear evidence of price sensitivity: the most frequently selected price levels were €3.50 (40.6%) and €2.50 (37.9%), while higher prices – especially €7.50 (20.4%) and €6.50 (22.3%) – were selected much less frequently. This reinforces the prior finding that lower price points strongly align with consumer preferences, especially within a price-sensitive population profile dominated by lower-income brackets. In terms of brand preference, Nespresso clearly stands out, being chosen in 52.3% of instances it was presented – well above all other brands. Dolce Gusto (43.2%) and Delta (36.9%) also performed well, further confirming that nationally recognized brands enjoy higher consumer appeal. On the contrary, private label brands such as Lidl (12.3%) and Pingo Doce (17.2%) were selected far less often, highlighting a significant perception gap between these value brands and their more premium counterparts. Perceived quality followed a similar pattern. "Premium (experiência de topo)" was selected in 40.8% of cases, far surpassing lower levels such as "Aceitável" (27.2%) and "Inconsistente" (20.2%). This again emphasizes the role of quality perception in consumer decision-making and supports earlier findings that high perceived quality substantially enhances choice probability – even among price-conscious consumers. Environmental and ethical concerns also played a non-trivial role in shaping preferences. Alternatives marked as "Totalmente sustentável" were selected 33.5% of the time, followed closely by “Apoia os agricultores de forma justa” (33.0%) and “Produção neutra em carbono” (29.8%). These results suggest that, while not as influential as price or brand, sustainability-related attributes are meaningful differentiators. Conversely, options without sustainability claims were selected only 24.8% of the time, indicating that ethical and environmental positioning may add perceived value even in relatively low-involvement product categories like coffee capsules. Finally, regarding capsule recyclability, compostable (biodegradable) capsules (32.5%) were the most frequently chosen, narrowly ahead of plastic (31.5%) and aluminum (30.6%) recyclables. Non-recyclable options, by contrast, had a markedly lower selection rate (26.6%). This confirms that environmental concerns extend beyond sourcing practices to include packaging, and that consumers may favor more natural or biodegradable solutions over conventional materials – even when all are technically recyclable. To give a complete overview of the data emerged, we can look to the following chart (Figure 13), showing, as the ones already analyzed, the distribution of preferences for various levels in a more intuitive, cognitive-effortless way. It answers the question: Considering that each consumer likes (slightly or greatly) different levels, what is the distribution of preferences for different levels (within each attribute) across consumers?

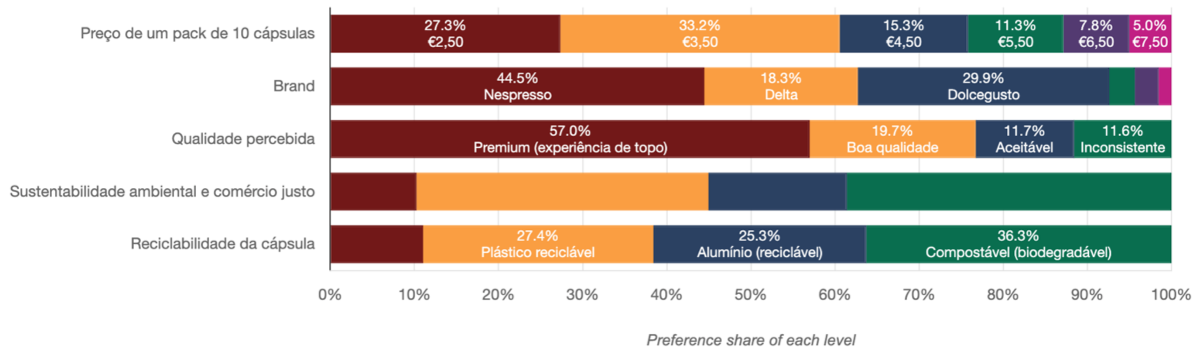

Figure 13 shows relative preference for levels (3).

Marginal Willingness to Pay

The MWTP estimates provide a monetary interpretation of the value consumers assign to different product features, offering crucial insights into premium pricing strategies. We selected the least preferred levels as baselines for each category in our analysis to anchor the MWTP interpretation to the lowest point of consumer preference. This approach allows us to clearly express how much more, on average, consumers are willing to pay to upgrade from the worst-performing (least valued) option to better alternatives. It enhances the interpretability of the results by quantifying the monetary value of moving away from a clearly undesirable feature, rather than comparing mid-range or already favorable options, which would make the differences less meaningful. This method also aligns with managerial decision-making: it clearly identifies which features add the most value relative to the weakest-performing ones and thus helps prioritize improvements or premium positioning in product development. Consistent with prior analyses, brand emerges as the most influential attribute in driving consumer choice. As we can understand from the Figure 14, on average, consumers are willing to pay an additional €4.30 for Nespresso compared to the baseline brand Lidl (Bellarom), followed by Dolce Gusto (€3.83) and Delta (€3.72). These figures underscore the strong equity and trust these national and international brands command, especially in a market where brand familiarity appears to offset price sensitivity. In contrast, private labels such as Pingo Doce and Continente command relatively modest premiums (€1.05 and €1.63, respectively), suggesting that while private labels are not outright rejected, their value perception is significantly lower.

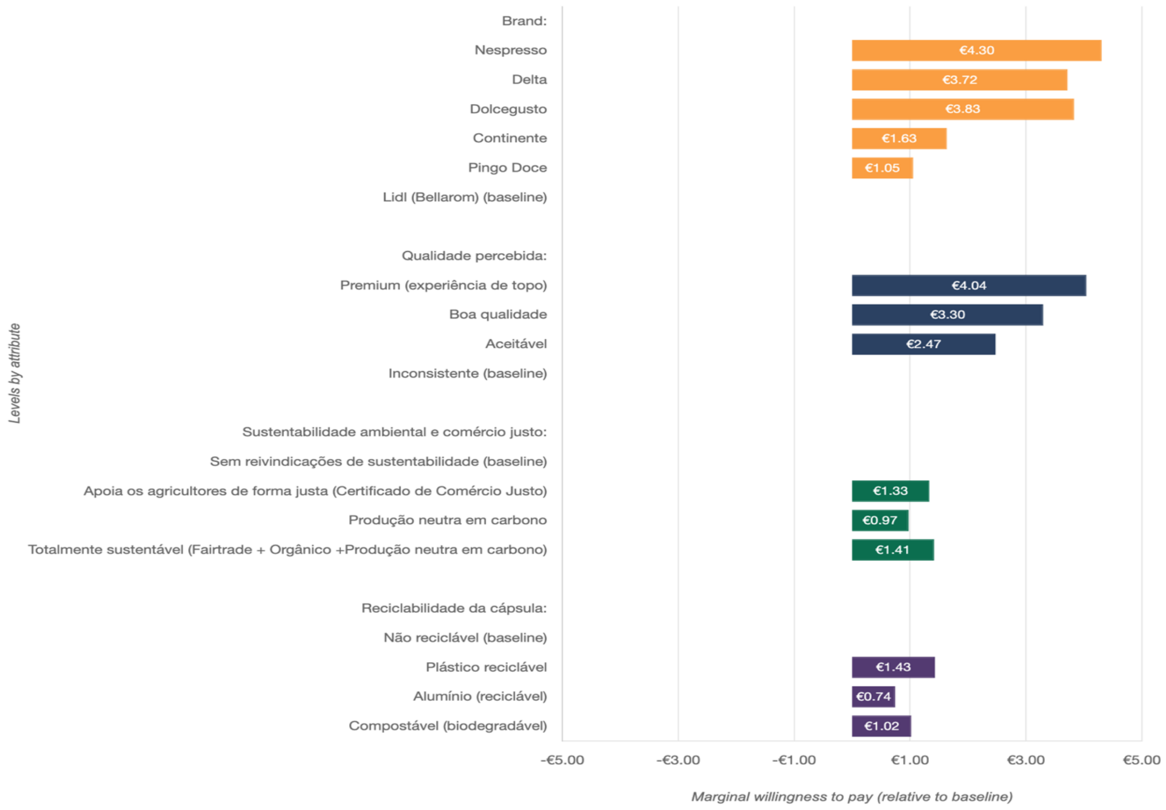

Figure 14 displays marginal willingness to pay.

Perceived quality is another powerful driver of willingness to pay. Consumers are willing to pay up to €4.04 more for a premium experience, and €3.30 for "boa qualidade" compared to "inconsistente" products. This reinforces the importance of perceived quality in consumer choice, even in price-sensitive segments, aligning with the earlier finding that premium experiences were frequently selected despite their potentially higher cost. Importantly, these values also suggest a tangible opportunity for brands to justify higher prices through clear communication of quality indicators – be it sensory attributes, certifications, or user reviews. Interestingly, sustainability-related features also reveal positive MWTPs, albeit lower in magnitude. Consumers are willing to pay €1.41 more for capsules marked as "totalmente sustentável", and €1.33 for "Apoia os agricultores de forma justa." These results demonstrate a growing environmental and ethical consciousness among Portuguese consumers, especially among younger demographics. However, the lower MWTP for "Produção neutra em carbono" (€0.97) suggests that more abstract or less visible sustainability claims may carry less perceived value unless tied to credible labels or storytelling. When it comes to capsule recyclability, consumers show a notable willingness to pay premiums for environmentally friendly options. Plastic recyclable capsules lead with a €1.43 premium, followed by compostable (biodegradable) capsules (€1.02). Interestingly, aluminum – while traditionally viewed as a premium and recyclable material – only commands a €0.74 premium, which may reflect either confusion around its environmental impact or a weaker association with sustainability among Portuguese consumers. These findings suggest that simpler, more intuitively eco-friendly options like plastic recyclables or compostables resonate more effectively in this market. Overall, the MWTP results reaffirm that despite a low-to-moderate income distribution among respondents, Portuguese consumers are willing to pay more for quality, trusted brands, and ethical attributes, provided the value is clearly communicated. For all market participants, transparent communication around environmental and ethical benefits can drive added value, but this must be paired with tangible and easily understood labels to translate into a higher willingness to pay.

Ranked List of Concepts

The Ranked List of Concepts consolidates all attribute combinations tested in the conjoint analysis, displaying them in order of consumer preference. Among the top five most preferred product concepts, a consistent pattern emerges: 100% of them feature the Nespresso brand, premium perceived quality, a price no higher than €3.50, and some form of environmental or ethical sustainability – either through certification (e.g., Fairtrade), carbon-neutral production, or support for farmers. All five also include recyclable or compostable capsules, highlighting the value consumers place on both product excellence and responsible consumption. In contrast, the five least preferred combinations do not share a coherent set of attributes. Instead, they include a mix of various brands, price points, and sustainability levels, but often combine higher prices, non-premium quality, and limited or no sustainability features. This fragmentation among the bottom-ranked concepts suggests that consumers are particularly averse to products lacking a clear value proposition across multiple dimensions – especially when quality, sustainability, and brand trust are compromised. These results reinforce the competitive edge of premium, ethical, and environmentally conscious offerings in the coffee capsule market.

Preço de um pack de 10 cápsulas	Brand	Qualidade percebida	Sustentabilidade ambiental e comércio justo	Reciclabilidade da cápsula	Value to customers	Rank
€7,50	Dolcegusto	Premium (experiência de topo)	Apoia os agricultores de forma justa (Certificado de Comércio Justo)	Plástico reciclável	27.3	500
€6,50	Nespresso	Aceitável	Apoia os agricultores de forma justa (Certificado de Comércio Justo)	Compostável (biodegradável)	27.3	499
€3,50	Delta	Boa qualidade	Sem reivindicações de sustentabilidade	Plástico reciclável	27.4	498
€3,50	Delta	Premium (experiência de topo)	Sem reivindicações de sustentabilidade	Não reciclável	27.4	497
€6,50	Nespresso	Premium (experiência de topo)	Sem reivindicações de sustentabilidade	Alumínio (reciclável)	27.5	496

Figure 15 displays the ranked list of concepts.

Results Discussion

This chapter aimed to determine the relative importance of various attributes in coffee capsule preferences, with a specific focus on understanding whether Price outweighs Brand in consumer purchasing decisions. By analyzing the utility consumers derive from different attribute combinations, we sought to answer this key question within the Portuguese market.

The results of our conjoint analysis reveal a complex interplay between Price and Brand. While lower price points consistently showed positive utility and Price emerged as the second most important attribute overall, the most striking finding is the significant influence of established brands, particularly Nespresso. Across our *specific sample*, product concepts featuring Nespresso consistently ranked highest in preference, even at slightly higher price points compared to lesser-known or private label options. This suggests that for a substantial segment of our respondents – predominantly younger individuals (80.6% aged 20-30) and those with lower annual gross incomes (85.2% below €20,000) – the value associated with a strong brand can, to a considerable extent, overcome price sensitivity.

However, the significant sample bias towards this younger demographic is a crucial limitation. This skew, resulting from our data collection methods, means we cannot definitively conclude that this relationship between brand preference and price sensitivity holds true for the entire Portuguese coffee capsule market. It is possible, even if counterintuitive, that older or higher-income consumers may exhibit a different trade-off between brand and price.

Nevertheless, within the limitations of our sample, the data indicate that Brand can indeed outweigh Price in coffee capsule purchasing decisions for a significant portion of younger consumers. The willingness to choose Nespresso, even at a slightly higher cost, over cheaper alternatives suggests a strong brand loyalty and perceived value. While Price remains a critical factor, especially given the income profile of our respondents, a powerful brand image and the associated perceptions of quality and experience can be a more influential driver for this demographic. Further research with a more representative sample is necessary to ascertain the generalizability of this finding across the entire Portuguese coffee capsule market.

4. Conclusion

The objective of the project was to identify gaps in coffee capsule brands in Portugal, comparing established national brands with private label brands. To achieve this, the research addressed the following questions: how do Portuguese consumers perceive private labels and branded products in the competitive landscape of coffee capsules when considering a set of core attributes? And, building on this, which key attributes do Portuguese consumers value most in their purchasing decision of coffee capsules?

These questions were addressed through a combination of qualitative and quantitative analyses. Thanks to the implementation of preliminary interviews and surveys we investigated consumers' perceptions and preferences to better understand how the brand and its product attributes influence purchasing decisions in the Portuguese market.

The results show that established brands have a significant impact on customer preferences, even while pricing is still a crucial consideration. According to the conjoint analysis, many respondents ranked brand as their top decision factor, even slightly ahead of price for many respondents. Specifically, conjoint analysis shows that consumers frequently choose capsules bearing the Nespresso name, a market leader with strong brand equity, even though they cost more than similar products from lesser-known or private label manufacturers. This implies that price sensitivity can be overcome for a sizable portion of consumers by the perceived quality and trust associated with a top brand.

This suggests that for a significant segment of consumers, the perceived quality and trust associated with a leading brand can overcome price sensitivity. These results align with prior studies noting that national brands benefit from strong equity and perceived superior quality (Ailawadi and Keller 2004; Keller 1993).

At the same time, the data from the perceptual map show that private label coffee capsules are closing the gap in consumer perception, especially regarding some attributes. Many respondents perceive store-brand capsules as value-for-money alternatives, confirming trends in the broader retail sector. Their broad availability and ease of finding in stores marks a plus point for private labels and makes them very attractive in the marketplace. Indeed, Continente and Pingo Doce are two of Portugal's biggest grocery chains, making it convenient for consumers to buy them during regular grocery trips. The only exception is Bellarom, a brand of the Lidl supermarket chain, whose capsules are generally perceived by consumers as inferior in every respect, including value. Our findings reinforce this point: if private labels meet a baseline of quality, a large portion of consumers will consider them alongside name brands, especially when economic conditions heighten price sensitivity.

Overall, brand can outweigh price for a substantial segment of Portuguese coffee capsule consumers – particularly younger adults – as evidenced by the preference for Nespresso even at a premium. However, price and availability are still a close second in importance, and private label brands that deliver acceptable quality hold significant appeal for the more budget-conscious and with time constraints when going grocery shopping. These conclusions are consistent with Pusztai's (2020) findings, according to whom consumers who strongly associate price with quality tend to favor national brands, whereas those less inclined to equate high price with high quality are open to private labels.

We demonstrated how improved private label offerings have quantitatively changed the brand–price dynamic in line with past research (Kumar and Steenkamp 2007; Geyskens et al. 2010), while also confirming that flagship brands retain a unique ability to command consumer preference through intangible qualities like brand image and trust.

The combination of perceptual mapping and conjoint analysis offered both a strategic overview of brand positioning and a quantitative measure of attribute trade-offs, thereby enriching our understanding of consumer decision drivers. In doing so, the research provides a grounded and empirically perspective on how Portuguese consumers balance brand equity against price and other attributes in the coffee capsule category.

5. Managerial Implications

The findings yield several practical implications for the coffee companies considered in our research. Established coffee brands should recognize that their brand equity is a major asset, enabling them to maintain a loyal customer base even when charging premium prices. For top national brands (e.g. Nespresso or Delta Café), this means that ongoing investments in brand image, quality maintenance, and innovation are critical. Our results showed that many consumers are willing to pay a bit more for the experience and perceived quality of a trusted brand. These companies should thus continue to focus on reinforcing the attributes that justify the price premium: for example, highlighting superior coffee blend quality, rich flavor profiles, proprietary technology (machine compatibility or capsule design), and even sustainability credentials if those are part of the brand's value proposition. Emphasizing these aspects in marketing communications can strengthen the emotional connection and trust that lies at the foundation of brand loyalty. Additionally, given that younger consumers in our sample demonstrated strong brand loyalty, companies can engage this demographic through targeted digital marketing, social media campaigns, and subscription models that foster brand preference.

Specifically, Nespresso, as a premium brand, significantly benefits from strong brand equity, allowing it to retain a loyal customer base despite charging higher prices. However, insights from the perceptual map suggest that to broaden its appeal Nespresso could consider modest adjustments such as making capsules more accessible in the market by expanding its distribution beyond its current direct-to-consumer channels. At the same time, any such moves must be balanced against diluting the prestige that is its core strength.

In the case of Dolce Gusto, its placement on the perceptual map indicates a balance: it doesn't excel as much as Nespresso on image or as much as Delta on value, but it performs well on both axes. To avoid being squeezed, Dolce Gusto might seek to differentiate itself more on either dimension: for instance, it could try to improve its brand image (Component 1) by highlighting quality improvements or linking with lifestyle trends, so that it doesn't remain in Nespresso's shadow for reputation. Strengthening attributes like Coolness or Innovation could push it rightward on the map, closer to Nespresso's image territory, but without sacrificing its value advantage.

Conversely, private label brands should find encouragement in the evidence that their capsules are valid alternatives, even in a category historically dominated by iconic brands. Indeed, the perceptual map analysis indicated that some retailer brands are already perceived favorably on price-value of money and availability. To capitalize on this, retailers must continue to implement strategies aimed at the enhancement of the positioning of the private labels in consumers' mind, particularly in areas where national brands still hold an advantage. This includes investing in product quality improvements – for instance, sourcing better coffee beans or partnering with reputable roasters – so that the taste and aroma of their capsules meet consumer expectations. Retailers are advised to pursue premiumization of their private lines where feasible, such as introducing a premium private label capsule range focused on a specific product attribute, which might be special flavors or organic and fair-trade coffee. In this last case, emphasizing sustainability could be effective, as the perceptual map indicates that no brand outperforms the others in this sense. Such moves can narrow any remaining perception gap.

In parallel, aggressive pricing and promotions remain a key factor; the conjoint results indeed confirmed that price is the second-most influential attribute, so private labels should leverage their price advantage. Loyalty programs, bundle deals (e.g. multi-pack discounts), and positioning store-brand capsules as the smart choice for value-conscious shoppers can convert undecided consumers. Notably, communicating the improvements in quality is vital: for example, retailers might use in-store tastings or comparative advertising to show that their capsules can match the flavor of leading brands at a lower cost.

Given that trust is a critical driver of consumer choice, retailers should also invest in improving their store brand credibility. Over time, these efforts lead to a stronger brand identity for the private label itself, shifting it from a generic option to a brand with its own loyal customer base.

6. Limitations and Recommendations for Future Research

In this section, the research's main limitations will be addressed, along with the aspects that authors might enhance in future studies in the same field or related topics. Specifically, sampling limitations (namely regarding number of answers and age imbalances) are discussed, as well as the exclusion of certain brands and attributes from the study that could be explored further down the line in future research.

Sample Limitations and Recommendations

First, the sample composition may limit the generalizability of the findings. The respondents to our survey are mainly young Portuguese consumers (over 80% in the range 20-30) and lower income levels (the majority earning below €20,000 annually). This demographic profile likely influenced the results. Older or higher-income consumers could behave differently. For instance, older consumers with established coffee habits might place even more importance on brand reputation *or* conversely be more willing to try private labels, depending on their experience. Because our sample was not fully representative of the entire Portuguese coffee capsule market, the extent to which brand outweighs price may vary in other segments. In short, the conclusions drawn should be interpreted with caution for populations outside the surveyed demographic. Future studies with a broader age and income range would help validate whether these trends hold universally.

Secondly, the sample size itself, while adequate for exploratory analysis, was relatively modest. A larger sample would increase the statistical power of the conjoint analysis and the stability of the perceptual map. Industry best practices (e.g., using tools like Conjointly) often recommend a few hundred respondents for robust conjoint estimation. Our 200 (check the number in conjoint part) responses, due to time and resource constraints, fell short of that ideal benchmark.

A larger sample might reveal, for example, additional clusters of consumers (such as a group that is extremely price-driven with no brand loyalty, or the other way around) that were not distinguishable in our data. The limited sample also affects the perceptual map, which relies on respondent ratings of brand attributes – more respondents would yield a more reliable picture of how the broader population perceives each brand.

There are also methodological limitations to acknowledge. The perceptual map is based on consumer ratings of specific attributes for each brand, with the assumption that respondents were familiar with all the brands they rated. In practice, however, some participants lacked direct experience with certain brands and might have relied on general brand reputation when rating them. Such reliance can introduce bias into the brand positionings, underscoring that familiarity is a crucial factor for accurate perceptual positioning.

A further limitation comes from the design of the conjoint analysis, which needs to simplify real-world decision-making by focusing on a limited set of attributes. In our research, we decided to emphasize key considerations such as brand, price, quality, sustainability & ethical sourcing, and capsule recyclability in order to keep the survey cognitively feasible. However, other excluded attributes (such as availability of compatible machines) might also play a significant role in consumer choices.

The exclusion of those attributes means that any influence they might have on consumer choice is not reflected in the results. If, for instance, an attribute not reflected in the purchase simulation is very important to some consumers, a private label that offers capsules with that specific attribute might have an advantage.

Finally, stated preferences and perceptions in a survey context do not always translate to real purchase behavior. To some extent, hypothetical bias may have influenced the responses. For example, a respondent might express willingness to pay a higher price for a premium brand like Nespresso, but in a real shopping context the same individual might opt for a lower-priced alternative if budget concerns become more pressing.

Hence, future research with a more diversified and larger sample could provide more accurate insights into consumer preferences and brand positioning in the Portuguese coffee capsules market.

7. Managerial Contribution: Product Innovation Proposal

While the previous sections have provided strategic recommendations based on our empirical findings, this final chapter aims to enhance the practical applicability of the study by proposing a specific product innovation that is in line with observed consumer preferences and market trends. The intention is not to simply outline abstract strategic directions, but rather to illustrate how retailers can implement the insights revealed throughout this research – particularly those related to sustainable consumption.

Building on the intersection of qualitative and quantitative findings, we propose a new coffee capsule under the private label brand Continente. Although hypothetical, this proposal serves to put into practice the data-driven recommendations discussed earlier. It provides a concrete example of how product design can be influenced by the results of conjoint analysis, consumer interviews, and perceptual mapping, reinforcing the importance of evidence-based innovation in the retail environment.

8.1. Market Opportunity for Product Development

The rationale for the proposed product is grounded in the comprehensive multi-method research conducted throughout this study. Qualitative interviews with both consumers and experts, alongside perceptual mapping exercises and a conjoint experiment, collectively reveal a significant opportunity at the convergence of sustainability, convenience, and private-label positioning.

The insights gained from consumer and expert interviews demonstrate that while factors such as taste and price continue to be dominant in purchasing decisions, concerns regarding environmental impact are increasingly becoming significant. 17 of the 21 consumers interviewed expressed concern about capsule waste, and nearly all indicated a willingness to explore more sustainable alternatives, provided that the product's quality and price meet their expectations. In addition, the interviews revealed a significant usability gap: while some sustainability initiatives exist, such as used capsule return programs, consumer awareness and adoption remain low.

The perceptual map enhances this analysis by highlighting that Continente occupies a functional yet emotionally underdeveloped brand position. While it excels in areas such as availability and value for money, it falls short compared to premium competitors in terms of perceived quality and emotional connection. Nevertheless, among private labels, Continente distinguishes itself as the most credible and versatile brand. This positioning suggests that it could be an ideal candidate for launching a next-generation sustainable product – especially if such an offering can both deepen emotional brand associations and reinforce its reputation for affordability.

The perceptual map analysis reveals a notable white space along the sustainability attribute. None of the six benchmarked brands outperforms the others in this area. Premium brands such as Nespresso, Delta Q, and Dolce Gusto cluster around the quality-and-image end, while private labels like Continente, Pingo Doce, and Bellarom tend to focus on value and availability in consumers' minds. Interestingly, all brands converge near the origin of the "environmental responsibility" vector, indicating a weak associative strength in this dimension. Among the private-label group, Continente holds the most advantageous position – high in functional value yet still modest in emotional appeal – distinguishing itself as the only store brand with enough credibility to occupy the untapped sustainability space without compromising its affordability image.

External evidence supports this strategic opportunity. The 2025 Consumer Study conducted by AMINT asked a nationally representative panel in Portugal to identify the three brands they considered most relevant across five evaluative dimensions: Notoriety, Uniqueness, Trust, Identification, and Need Fulfillment. Continente topped the Top-3 rankings in all five dimensions, surpassing both international and domestic competitors (Imagens de Marca 2025). These insights confirm that the brand already enjoys exceptional mental availability and relational capital – capitalizing on this latent goodwill through a sustainability-focused capsule could position Continente as the category's first genuine "accessible-green" champion.

To translate this brand-level opportunity into concrete design parameters, it is essential to move from perceptual space to attribute-level trade-offs. Conjoint analysis serves as the quantitative foundation for these insights. Among the tested capsule-material options, recyclable plastic emerged as the most preferred choice, commanding a marginal willingness to pay (MWTP) of €1.43 – surpassing compostable alternatives (€1.02) and aluminum (€0.74). This preference likely reflects the realities of infrastructure: recyclable plastic aligns with Portugal's widespread yellow-bin system, while compostable capsules often necessitate industrial facilities that are not yet universally accessible. Additionally, sourcing claims such as “fully sustainable” and “Fairtrade certified” demonstrated positive MWTPs of €1.41 and €1.33, respectively. This indicates that credible environmental and ethical narratives create measurable value, even within a price-sensitive segment.

Taken together, these findings support the development of a private-label capsule that simplifies sustainable action, enhances product quality cues, and remains competitively priced. Continente’s extensive distribution network, large customer base, and growing sustainability reputation make it particularly well-positioned to capitalize on this latent demand.

8.2. A New Capsule in the Market: Continente Bio Cápsula Zero™

Grounded in the empirical insights of this study and consistent with the opportunity space delineated by consumer data and perceptual analysis, we propose Continente Bio Cápsula Zero™: a next-generation, single-dose coffee solution that reconceptualizes the very idea of a capsule. Rather than refining conventional materials, Cápsula Zero™ eliminates them altogether, offering a self-contained dose of compressed organic coffee that brews directly in any standard capsule machine and leaves no synthetic residue. The name underscores the proposition – zero plastic, zero aluminum, zero waste – while the affiliation with the established *Continente Bio* range anchors the innovation in a line already trusted for natural sourcing and environmental stewardship.

Cápsula Zero™ is a compressed tab of organic ground coffee, molded into a compact, self-contained unit that dissolves under the pressure and heat of the brewing process. Designed to be compatible with standard capsule machines, the product offers a seamless user experience while completely abolishing secondary materials. This mono-material innovation eliminates the challenges associated with capsule recycling – a topic repeatedly flagged in our qualitative interviews, where consumers expressed confusion and skepticism regarding disposal procedures. By enabling the entire unit to be discarded as organic waste, the solution positions itself as fully compostable and radically simpler than existing formats.

In terms of form, the capsule adopts a dense, dry, spherical shape engineered to protect the integrity of the coffee until the moment of extraction. The format guarantees mechanical compatibility while facilitating optimal water flow and pressure dispersion – preserving the crema, aroma, and full-bodied flavor that consumers associate with premium espresso. In this way, Cápsula Zero™ effectively balances sustainability with sensory performance, without compromising the ritual and convenience that define the capsule coffee experience.

The coffee itself will be sourced from certified organic and Fairtrade producers and will be available in two initial blends, both comprising 100% Arabica beans, selected for their distinctive flavor profiles and intensity levels. This focus on quality is a direct response to conjoint analysis results, where perceived quality emerged as the third most influential attribute in consumer decision-making, with sustainability-related claims exhibiting a strong marginal willingness to pay, even among cost-conscious consumer segments.

The packaging design adheres to the same principles of reduction and clarity. Each capsule will be individually wrapped in a recyclable paper sachet, featuring minimalist visuals and explicit disposal instructions. This streamlined approach not only minimizes the environmental footprint of the product but also resonates with consumer desires for transparency and intuitive communication, as consistently articulated in qualitative interviews.

8.3. External Analysis

In order to contextualize the dynamics offered by the Portuguese market, it is appropriate to consider the external forces that drive consumer behavior and product positioning. Recently, the increase of environmental regulations and demand for more sustainable packaging solutions have challenged companies to innovate. This trend can be seen especially in product segments often criticized for their environmental impact. At the same time, inflation and economic uncertainty have heightened consumers' price sensitivity, fostering a context for private label to gain market share. On the sociocultural side, one can see how evolving lifestyle habits, like in-home coffee consumption and the improving sensitivity to ethical sourcing, have reshaped consumers' perceived value, especially in a country where coffee has always been intended as a crucial part of everyday life. Moreover, technological advancements in retail, including e-commerce, further impact how brands deal and engage with consumers.

These macro-environmental factors provide the basis for the following PESTEL analysis.

PESTEL Analysis

Political Environment

Portugal has a relatively stable political environment and unequivocal alignment with EU goals in terms of environmental protection. These factors have a positive influence on the launch of sustainable products. As an example, European regulations such as the Circular Economy Action Plan (European Commission 2020) and the intended Packaging and Packaging Waste Regulation (PPWR) support the creation and the launch in to market of compostable materials. Specifically, the PPWR considers compostable coffee capsules as a way to promote better separation of organic waste (European Parliament 2023). In Portugal, although there is no national legislation mandating this type o initiatives, realities as RECAPS, where 14 companies work together to gather used capsules, show that sustainability is being considered more and more as a collective responsibility (The Portugal News 2024). The institutional environment seems to favor products that are demonstrably compostable and consistent with wider environmental objectives.

Economic Environment

The Economy in Portugal is still fragile after COVID, with less development than anticipated and ongoing price responsiveness by customers (Reuters 2024). Our thesis research corresponds to wider figures: 70% of Portuguese consumers are price-sensitive when purchasing food (USDA 2021), and 85.2% of the respondents earn less than 20.000 euros annually. There are, however, indications that this does not exclude green buying if the added value in terms of extra benefits is evident. Our conjoint analysis revealed that the respondents were willing to pay an average of 1.02 euros more for a compostable capsule compared to one that is difficult to recycle. This underlines the fertile ground, particularly in light of the estimated global expansion, of the compostable capsule market, from $18.6 billion in 2023 to $32.6 billion in 2031 (Verified Market Research 2024). Moreover, due to online and food delivery platforms, especially in urban areas, Portuguese consumers can increasingly shift towards more sustainable but high-end products.

Social Context

Coffee is a significant component of Portuguese daily life, and the popularity of capsules has increased because of their affordability. As stated by USDA (2021), Portuguese consumers are heavily influenced by promotions and their spending habits shaped by recent economic recessions.

It is worth noting that social attitudes did change: the European Investment Bank (2023) discovered that 80% of young Portuguese people take into account a company's value of sustainability when searching for employment, and more than two-thirds would be willing to pay extra for environmentally friendly products. Our interviews validated this trend: 19 of 21 participants indicated they would be willing to switch to organic capsules, if flavor and convenience are not sacrificed. Keeping that in mind, we noted some confusion regarding eco-labels, specifically distinguishing "biodegradable" from "compostable", underscoring the need for clear labels and transparent communication.

Technological Background

From a technological perspective, coffee capsules market is heavily influenced by proprietary system such as those produced by Nespresso or Dolce Gusto, ensuring consistency yet frequently restricting compatibility. The proposed innovation is to launch a capsule that is entirely manufactured from compressed organic coffee, leveraging its simplicity in contrast with complicated production processes. Removing plastic and aluminum will reduce environmental impact, making the disposal easier. Nonetheless, this simple design must achieve top-notch results in terms of flavor, crema, and flow. Our surveys and the conjoint experiment both validated that compatibility with everyday machines is a key requirement. In general, Portuguese initiatives such as Eco-Cápsula and Recycle+ are collaborating to establish reverse logistics and compost monitoring. These efforts show how Portugal is heading towards a path that will lead to facilitate the adoption of more sustainable features and formats.

Environmental Situation

Portugal's environmental issues are becoming more widespread both in legislative terms and in public opinion. The government also aims to increase the proportion of consumption based on renewables to 51% by 2030 (Reuters 2024), while programs such as RECAPS demonstrate that consumers and businesses alike are beginning to actually prioritize minimizing waste. The new research released in Science of The Total Environment discovers that compostable coffee cups have a considerably reduced ecological impact than traditional ones. Yet, many municipalities still lack industrial composting facilities, and even enthusiastic consumers might not be aware of how to properly dispose of compostable capsules.

This gap is an opportunity as well as a challenge. If the product is easy to dispose of and plays nicely with the waste system that already exists, it could become appealing on a large scale to those consumers who want to play it green but do not know how. The separate collection of organic waste, now a new EU requirement, gives additional strength, making compostable packaging formats an imperative for the future.

Legal Context

Also, legally, the trend is shifting towards the use of compostable materials. The Green Claims Directive of the EU will make all environmental statements on packaging backed with solid evidence and easy to verify (European Commission 2023). In Portugal, starting in 2025, new regulations will ensure product labels must indicate material content and disposal methods (Go4Recycling 2024). These updates to the law offer a chance for our product to be promoted by emphasizing transparency and compliance.

Such national regulations like the Decreto-Lei n. 24/2024 are also compelling brands to assume more responsibility for the end-of-life impact of their packaging (Rev-Log 2024). Ultimately, labeling capsules as packaging material in the PPWR proposal will likely bring new regulations concerning compostability certifications, data reporting and producer obligations. Although this legal landscape may seem daunting, it also promotes those products that are created to be legally appropriate as well as environmentally friendly from the very beginning.

8.4. Internal Analysis

An internal analysis is a critical component of strategic evaluation, offering an inward-looking appraisal of a company's capabilities and limitations. In the context of the proposed Continente Bio Cápsula Zero™, this analysis highlights how the zero-waste product aligns with Continente's existing resources and sustainability objectives, while also revealing any internal constraints (technical, operational, or financial) that need to be managed for successful implementation. A SWOT framework is employed as the analytical tool because it provides a concise overview of the product's strategic position by linking organizational capabilities to market opportunities and challenges.

SWOT Analysis

Strengths

Our new coffee capsule has several strengths that position it as a unique and competitive player in the coffee industry in Portugal. The main core strength of the product lies in its innovative sustainable design. Indeed, the capsule is made entirely of compressed coffee, eliminating the need for any plastic, aluminum, or even biodegradable pod casing. This means it brews directly and leaves no packaging waste. By completely eliminating secondary components, this approach has no impact on the environment and removes the need of complex recycling processes. This innovative design not only fulfills a growing consumer demand for eco-friendly products but also serves as a unique selling proposition that Continente can leverage. The introduction of a waste-free coffee capsule aligns perfectly with these corporate sustainability objectives, showcasing internal consistency between the company's values and its product development.

Another strength lies in Continente's market position and brand infrastructure in Portugal. Data say that Continente's private label is extremely well-established, and it has also experience in the coffee capsule market; its prior launch of an exclusive coffee pod system achieved a repeat purchase rate above 60%, indicating that consumers responded positively to Continente's coffee offerings (MC 2022).

Continente can readily integrate the product into its nationwide store network, using its marketing reach to educate consumers about the capsule's benefits.

Weaknesses

The launch of the new product faces weaknesses that can pose challenges as it seeks to establish itself in the Portuguese coffee industry. A primary concern is technical feasibility and product stability. Coffee capsules traditionally rely on an outer packaging (plastic or aluminum) to maintain freshness, structural integrity, and shelf life. Removing this protection could expose the compressed coffee capsule to moisture, oxygen, and physical damage.

In its purest form, a compressed coffee capsule could be fragile and difficult to store or transport at scale. This points to an internal weakness in product stability that Continente would need to overcome through R&D or supplier partnerships. Such innovation may be costly and time-consuming, and as a retailer, Continente may have limited in-house expertise in coffee technology.

Finally, the cost structure could be a weakness in the short term. Developing a new capsule format and possibly a machine requires upfront investment; initially, unit costs might be higher than mass-produced plastic pods. At the same time, if Continente prices the product too high, it undercuts the private label value proposition; if too low, it may not cover R&D costs. Balancing these factors internally – technology, convenience, quality perception, and cost – represents the weaknesses that could prevent the product's smooth introduction.

Opportunities

The market context offers significant opportunities that Continente can exploit with this sustainable coffee capsule. First, nowadays, the growing consumer demand for sustainable products is evident and changing buyer values. The level of environmental consciousness has never been higher: a recent global survey showed 82% of consumers are willing to pay more for products with sustainable packaging (Trivium Packaging 2023). A zero-waste coffee solution has a great chance to take off because of this trend.

Additionally, the launch of the first fully sustainable capsule can allow Continente's private label to differentiate itself quickly from national brands. This differentiation is a strategic opportunity to elevate the brand from being seen as merely a low-cost retailer to being viewed as an innovator and leader in sustainability.

Another opportunity arises from the broader regulatory and industry landscape. Governments and regulators in Europe are increasingly pushing for reductions in single-use plastics and packaging waste. The EU has contemplated stricter rules that would, for example, allow only compostable coffee pods in the future (Swiss-Food 2023). If such regulations come into effect, Continente's product would be ahead in terms of compliance, giving it a first-mover advantage. Additionally, the overall coffee capsule market continues to expand rapidly – it is forecast to be worth over $29 billion globally by 2025 – especially as convenience remains a key driver in consumer behavior (Mongabay 2022). With this expansion, Continente may access a sizable and expanding market, and doing so with a unique eco-friendly product may allow it to capture an unfilled market niche.

Threats

Our product might face challenges due to the competitive response in a highly dynamic coffee industry. Major coffee companies will probably move quickly if Continente's capsule proves to be successful. Global coffee brands (like Nespresso, Dolce Gusto, and Delta) have greater resources for R&D and marketing. These companies could quickly introduce competing "green" capsules or improved compostable pods, diminishing the uniqueness of Continente's offering.

Alternative solutions pose a strategic threat. It is possible that an entirely different approach to the same problem gains favor, such as a return to bulk coffee combined with improved refillable systems, or some breakthrough in biodegradable plastics that makes existing pods much more eco-friendly. Such developments could make a coffee capsule with no casing less special.

Aggressive competition, uncertain consumer acceptance, and the evolution of alternative sustainable solutions represent the primary threats in the external environment. Continente will need to navigate these carefully to ensure that its pioneering product achieves a sustainable advantage before others catch up.

8.5. Segmentation, Targeting and Positioning

To develop an effective launch strategy for this innovative capsule, we applied the STP (Segmentation, Targeting, Positioning) framework. By analyzing consumers through demographic, psychographic and behavioral lenses, we identified the key segments where this product is most likely to resonate and create value.

From a segmentation perspective, our primary focus is on urban adults between the ages of 25 and 45 with low to moderate incomes who regularly consume coffee at home. Psychographically, these consumers demonstrate a growing environmental awareness and a desire to make more responsible purchasing choices. They seek convenient and functional solutions while increasingly questioning the environmental impact of traditional packaging. Behaviorally, they are familiar with capsule systems, value practicality, and are open to exploring alternatives that resonate with their personal values – especially if these options are offered at an accessible price point.

Drawing on these insights, our target audience comprises regular capsule users who are price-sensitive and sustainability-oriented, typically shopping at mainstream retailers instead of specialty stores. This group does not necessarily display strong brand loyalty but shows a clear interest in new, credible, and easy-to-adopt solutions. By concentrating on Continente shoppers, we aim to address consumers who already associate the brand with practicality, affordability and a growing range of sustainable initiatives.

Our positioning strategy is grounded in a bold yet straightforward proposition: an innovative capsule that entirely eliminates packaging. By utilizing 100% compressed coffee, free from plastic or aluminum, we tackle a significant environmental challenge while preserving the convenience and taste that capsule users expect. This approach enables us to stand out not only through our commitment to sustainability, but also through our focus on product transparency, offering a solution that is easy to understand, simple to use and trustworthy.

Continente, with its strong reputation for functional efficiency and value, serves as the ideal platform for launching this innovation at scale. We present our product as a responsible and accessible choice for consumers who wish to enjoy their daily coffee without contributing to unnecessary waste. For sustainability-conscious coffee drinkers seeking convenience without compromise, Cápsula Zero™ provides a functional, affordable and environmentally responsible solution that delivers full flavor without any packaging. Rather than directly competing with premium brands through emotional storytelling or luxury appeal, we aim to offer a credible, practical alternative that effortlessly integrates into consumers' daily routines.

8.6. Marketing Mix

To facilitate a successful market introduction of this innovative coffee capsule, we have formulated a comprehensive marketing mix strategy that adheres to the established framework of the 4Ps: product, price, place and promotion.

Concerning the product aspect, as mentioned before, we are set to launch a next-generation coffee capsule formulated entirely of compressed coffee. Cápsula Zero™ is engineered for compatibility with standard espresso machines and aims to balance convenience with price and taste. The product will be offered in a diverse array of coffee intensities to cater to varying consumer preferences, accompanied by clear labeling that facilitates effortless selection in both physical and digital retail environments.

In terms of pricing strategy, our objective is to find an equilibrium between perceived value and affordability. Drawing on insights from our conjoint analysis, where consumers exhibited a marginal willingness to pay of approximately €1.33 to €1.43 for sustainability-related attributes, and considering the production cost implications of the innovative format, we propose a recommended retail price of €3.49 per 10-capsule pack (i.e., approximately €0.35 per capsule). This price places Cápsula Zero™ modestly above Continente's conventional capsule lines, which typically retail between €2.69 and €2.99, while remaining significantly below premium brands such as Nespresso and Delta Q. This strategic pricing aims to enhance accessibility while simultaneously signaling the added value inherent in the innovative nature of the product. Occasional introductory discounts and multi-pack bundles will be deployed to encourage trial and increase purchase frequency, particularly during the product's initial market penetration phase.

In terms of distribution, the capsule will leverage Continente's established national distribution network, ensuring broad visibility and easy consumer access. The product will be available in all physical store locations as well as through the retailer's online platform. To reinforce on-shelf visibility, we propose a dedicated space within the coffee capsule section, augmented by educational signage that highlights the product's sustainability credentials and unique composition. Online, we will categorize the product using filters such as "eco," "compostable," and "zero waste," thereby enhancing its discoverability among environmentally conscious consumers.

Finally, regarding promotional efforts, the strategy will concentrate on effectively communicating the product's environmental and practical advantages. In-store activations, including tastings and informative displays, will provide consumers with the opportunity to engage with the product directly. These initiatives will be complemented by digital marketing campaigns disseminated through Continente's website, social media platforms, and newsletters. Our messaging will prioritize simplicity, boldness, and transparency, using phrases such as "Made of coffee only," "No waste, just taste," and "Compatible with your lifestyle – and the planet." During the launch phase, collaborations with sustainability influencers and targeted press releases will serve to enhance awareness and establish credibility within the marketplace.

8.7. <u>Implementation Plan</u>

To bridge the gap between our research insights and practical application, we propose a five-stage, multi-year plan for launching a compostable coffee capsule under the Continente private label. Each stage builds on empirical findings and stakeholder collaboration to ensure the product meets environmental, quality and price expectations.

Phase 1: Comprehensive Foundation and Strategic Specification (Months 1-4)

This extended initial phase is critical for establishing a robust foundation for the project. The formation of the cross-functional steering committee will be a more involved process, including initial workshops to foster a shared understanding of the project's vision, sustainability goals, and strategic alignment with Continente's overall brand identity. The definition of product specifications will extend beyond basic material targets. It will involve a detailed analysis of various compostable materials, their performance under brewing conditions (pressure, temperature, water flow), impact on coffee extraction and flavor profile, and shelf-life implications. Collaboration with potential compostable material suppliers will include in-depth technical discussions, material sample testing, and preliminary assessments of supply chain scalability and cost stability. The team will also explore different molding techniques for the compressed coffee to ensure structural integrity and compatibility with a broad range of standard capsule machines, potentially engaging with specialized engineering consultants.

Furthermore, the establishment of governance structures will involve defining clear decision-making processes, communication protocols between team members and departments, and the identification of key performance indicators (KPIs) for each stage of the project. The private-label strategy framework (Kumar and Steenkamp 2007) will be more deeply integrated through workshops analyzing Continente's existing private-label portfolio, identifying potential synergies, and defining the unique value proposition of the compostable capsule within this context. The target of 90% compostable materials will be a starting point, with the team actively researching and evaluating options to potentially reach 100% compostability without compromising performance or cost-effectiveness. The establishment of cost ceilings will involve a detailed breakdown of current coffee capsule costs, target margins, and a sensitivity analysis of potential fluctuations in raw material prices and manufacturing expenses. The team will establish cost ceilings aligned to existing price points. The detailed project charter will include a comprehensive risk assessment and mitigation plan, while the sustainability specification document will incorporate specific environmental certifications to be pursued and a preliminary plan for consumer communication regarding the capsule's environmental benefits and proper disposal.

Phase 2: Rigorous Prototyping, Extensive Consumer Validation, and Sensory Evaluation (Months 5-8)

This extended phase will encompass a more iterative and in-depth approach to prototyping and consumer validation. The R&D team will produce multiple iterations of the compostable capsule, potentially experimenting with different compression densities, coffee grind sizes, and subtle variations in the molding process to optimize brewing performance and sensory attributes. Collaboration with packaging suppliers will involve exploring various recyclable paper sachet options, evaluating their barrier properties to maintain coffee freshness, and assessing different printing techniques for clear and impactful labeling. The initial batch for consumer testing will be significantly larger, allowing for broader and more statistically significant data collection.

The consumer validation process will be more extensive, incorporating a wider range of qualitative and quantitative methodologies. Focus groups will be conducted with diverse segments of Continente's customer base, including both existing capsule users and those considering switching from other brewing methods. In-depth interviews will explore not only usage behavior and preferences but also delve into consumers' understanding of compostability, their concerns about waste, and their expectations regarding sustainable products. The in-store intercepts will be expanded to a greater number of strategically selected Continente locations, representing a broader geographical and demographic spread. These intercepts will include more detailed questionnaires, potentially incorporating elements of sensory evaluation where participants rate aspects like aroma, crema, and taste on standardized scales. The insights from both qualitative and quantitative research will be synthesized to create detailed consumer profiles and to inform significant adjustments to the product formulation, packaging design, and marketing messaging.

Phase 3: Granular Pilot Market Launch, Operational Optimization, and Multi-Channel Feedback Collection (Months 9-12)

This extended phase will involve a more nuanced and data-rich pilot market launch. The selection of the 20 pilot stores will be based on a more sophisticated analysis of store demographics, sales history of similar products, and customer sustainability preferences. The initial merchandising strategies will be more elaborate, potentially including interactive displays, educational materials on compostability, and comparisons with conventional capsules. Store staff training will be more comprehensive, encompassing not only product features and benefits but also in-depth information on sustainability, proper disposal methods, and effective communication techniques to address customer inquiries.

The weekly monitoring of sales data will be more granular, tracking not just overall sales but also sales by product variant, time of day, and customer segment (leveraging loyalty program data). Customer feedback collection will be expanded beyond basic surveys and comment cards to include active monitoring of social media channels, online reviews, and direct feedback mechanisms through Continente’s customer service. This multi-channel approach will provide a richer understanding of customer experiences and identify specific areas for improvement. Merchandising elements will be optimized iteratively based on real-time sales data and customer feedback, potentially involving A/B testing of different shelf placements, signage designs, and promotional offers. The marketing campaign in the pilot regions will be more extensive, potentially including local digital advertising, collaborations with local sustainability initiatives, and in-store events to drive awareness and trial. The performance of different marketing tactics will be closely tracked to identify the most effective channels and messages.

Phase 4: Comprehensive National Rollout, Integrated Multi-Platform Marketing, and Performance Analytics (Months 13-16)

This extended phase will focus on a more meticulously planned and executed national rollout with the goal of scaling to Continente's full network of over 200 stores. Scaling up production will involve close coordination with manufacturing partners to ensure consistent quality and sufficient supply to meet national demand, potentially including contingency plans for unexpected surges in demand. The distribution strategy will involve optimizing logistics to ensure efficient and timely delivery to all Continente stores and online fulfillment centers, potentially leveraging predictive analytics to forecast regional demand variations. Online product listings will be enhanced with rich media content, including videos explaining the product's benefits and proper disposal, and prominent placement within relevant eco-friendly product categories.

The integrated national marketing campaign will be more comprehensive and multi-platform, encompassing national television, print advertising in relevant publications, extensive social media campaigns targeting specific customer segments, search engine marketing, email marketing to Continente's customer database, and collaborations with prominent national sustainability influencers. In-store activations will be more engaging, potentially including interactive displays demonstrating the capsule's compostability and partnerships with coffee machine manufacturers to highlight compatibility. The messaging will be refined based on the learnings from the pilot phase, emphasizing clarity, transparency, and the unique value proposition of a truly zero-waste coffee solution. Performance analytics will be more sophisticated, tracking not just basic reach and engagement metrics but also attribution modeling to understand the impact of different marketing channels on sales, customer acquisition cost, and return on investment. Customer sentiment analysis will be conducted on a large scale to monitor brand perception and identify any potential issues.

Phase 5: Strategic Optimization, Customer Loyalty Cultivation, and Sustainable Innovation Pipeline (Month 17 onwards)

This extended final phase will focus on long-term sustainability and growth. The comprehensive performance review will involve a deep dive into all aspects of the launch, identifying key successes, areas for improvement, and unforeseen challenges. Optimization strategies will be data-driven, focusing on refining pricing models, tailoring marketing messages to specific customer segments, and streamlining supply chain operations for maximum efficiency and cost-effectiveness. Customer loyalty programs will be more sophisticated, potentially incorporating personalized offers, exclusive content on sustainability, and community-building initiatives. Market research for product line expansion will be more extensive, exploring not only new flavor profiles and intensity levels but also potential variations in packaging size or format to cater to different consumer needs. The exploration of partnerships will extend to collaborations with waste management companies to promote proper disposal and potentially develop closed-loop systems. Crucially, this phase will also involve establishing a continuous innovation pipeline for sustainable private-label goods, leveraging the learnings from the Continente Bio Cápsula Zero™ launch to identify and develop other environmentally responsible product offerings, embedding sustainability as a core tenet of Continente's private-label strategy. Continuous monitoring of competitor activity and evolving consumer trends will be integral to maintaining a competitive edge and ensuring long-term market leadership in sustainable retail.

Figure 16: Implementation plan

Implementation Phase	Period	Objective
Phase 1	Months: 1/4	Foundation and Strategic Specification
Phase 2	Months: 5/8	Prototyping, Consumer Validation and Sensory Evaluation
Phase 3	Months: 9/12	Granular Pilot Market Launch, Operational Optimization and Multi-Channel Feedback Collection
Phase 4	Months: 13/16	Comprehensive National Rollout, Multi-Platform Marketing and Performance Analytics
Phase 5	Months: 17+	Strategic Optimization, Customer Loyalty Cultivation, and Sustainable Innovation Pipeline

Figure 16 displays the implementation plan for introducing Cápsula Zero™ in the market.

8.8. Communication Plan

After developing the Continente Bio Cápsula Zero™ concept and explaining its market entry strategy, a focused communication plan is essential to ensure this innovative product gains traction in the Portuguese market. By aligning the campaign with Continente's sustainability objectives and value-driven branding, the launch can both educate consumers about Cápsula Zero™'s unique benefits and strengthen Continente's image as a retail sustainability leader. The following plan defines clear communication objectives, identifies the target audience, articulates the key message and value proposition, and recommends channels and tactics for an effective launch in Portugal.

Communication Objectives

The primary goal is to introduce Continente Bio Cápsula Zero™ to Portuguese consumers and clearly communicate its unique zero-waste and packaging-free design. The campaign will highlight that this capsule contains only compressed organic coffee and leaves no capsule or packaging waste after brewing. Emphasizing this “nothing to throw away” benefit addresses a key consumer pain point identified in our research: 17 of 21 interviewees expressed concern about capsule waste and showed willingness to try sustainable alternatives. By raising awareness of Cápsula Zero’s unique waste-eliminating feature, the communication will tap into growing environmental consciousness and position the product as a revolutionary solution to the capsule waste problem. Success for this objective will mean that a large number of current capsule users recognize Cápsula Zero™ as the first capsule that truly solves the waste issue. Messaging will therefore reinforce sentences like “zero plastic, zero aluminum, zero waste”, making the product’s advantage clear in consumers’ minds.

The second critical aim of the campaign is to position Continente as a Sustainable Innovation Leader. The launch of Cápsula Zero™ provides an opportunity for Continente to go beyond its traditional image as a value-focused retailer and be seen as a pioneer in eco-friendly product development. Earlier analysis revealed a “white space” in the coffee capsule market on the sustainability dimension. Continente, already the most credible and versatile among private labels, is uniquely positioned to occupy this untapped sustainability space without compromising its affordability.

This campaign will underscore that Continente is not just following industry trends but leading with the first fully sustainable capsule in Portugal, reinforcing trust and modernity in the brand. By doing so, Continente can effectively differentiate itself from competitors.

Target Audience

The communication plan will target Portuguese coffee drinkers who use (or are open to using) capsule machines and consider sustainability a key factor in their choices. This includes both current capsule users concerned about waste and potential users who have hesitated to buy capsule systems due to environmental reasons. Their demographics range from young adults to middle-aged consumers, with a preference for well-educated urban professionals and eco-aware families.

These consumers are precisely those who in our interviews voiced conflicted feelings about coffee capsules: they love the ease and flavor consistency but feel guilty about the disposable pods piling up. By targeting this segment, Continente can convert an existing latent demand into action; the audience indeed is motivated by sustainability and simply waiting for a solution that doesn't force a compromise on quality or price.

Importantly, existing Continente customers represent a crucial subset of the target audience. Continente's shopper base is broad in Portugal and includes many current capsule coffee buyers. These customers already trust Continente's value proposition, indicating strong shopper loyalty and satisfaction with Continente's. The launch will leverage this trust: if Continente introduces a new capsule innovation, its regular customers are likely to pay attention.

Key Message and Value Proposition

At the core of this communication plan is a simple yet powerful key message: Continente Bio Cápsula Zero™ lets you enjoy great coffee with zero waste or extra effort – *"100% coffee, 0% packaging"*. The value proposition we need to convey is that this product delivers the full convenience and flavor of capsule coffee without the hassle of dealing with used capsules. In essence, consumers no longer have to choose between convenience and moral sense: Cápsula Zero™ offers sustainability without sacrifice.

Another key point of the message and value proposition is about compatibility. It’s imperative that customers understand that they can get the environmental benefit without having to change their behavior or equipment. Cápsula Zero™ is designed to work with existing capsule machines (e.g. Nespresso and similar devices).

This point will be made clear in all communications to remove any doubt: users do not need to buy a new coffee machine or learn any new method. They simply insert Cápsula Zero™ like any other pod, and brew as usual. By highlighting “compatible with your machine, compatible with the planet” as one of our slogans, we make sure customers have it clearly in their minds.

Furthermore, the campaign will also communicate that Cápsula Zero™ offers high-quality organic coffee and rich flavor, dispelling any notion that an eco-friendly product might compromise on taste. The capsules are filled with carefully selected 100% Arabica organic coffee, including Fairtrade-certified beans, to deliver a premium taste experience. Our research showed that while sustainability is crucial, taste and quality remain non-negotiable for consumers. Messaging will reinforce that consumers get the same coffee, but in a greener format.

Finally, the last key point of the message will highlight the affordability and accessibility of our value proposition. It will be clear that Cápsula Zero™ is competitively priced in line with regular capsules, meaning consumers don’t have to pay a luxury price for an eco-friendly option. This speaks to Continente’s brand identity of value-for-money.

Communication Channels

To effectively reach and engage the target audience in Portugal, a multi-channel communication approach will be employed, blending digital media with on-the-ground retail activation. Continente is in a lucky position of having a robust marketing infrastructure (both online and in over 200 physical stores across the country), which this plan will fully utilize. The channel strategy is designed to meet consumers where they are – whether scrolling on their phones, shopping in a Continente aisle, or reading the news – with a consistent message about Cápsula Zero™. Key channels and tactics include Digital and Social Media Campaign (Facebook, Instagram and YouTube). The content will be visually engaging and educational – for example, a short, animated video might show a regular capsule turning into coffee grounds to illustrate "no capsule needed", or a comparison of a pile of used pods versus nothing left with Cápsula Zero™. Each post will highlight the key benefits (zero waste, easy use, great taste) and use the campaign hashtags (e.g. #CápsulaZero) to drive the message home. Social media is also ideal for leveraging shareable content: we plan to include quick facts (e.g. "Did you know capsule coffee creates 100,000 tons of waste annually and Cápsula Zero = 0 waste?") to encourage likes and shares, positioning Continente as part of the solution. Paid social media advertising will target users who have shown interest in sustainability and coffee – for instance, Facebook's targeting can identify people interested in eco-friendly living, recycling or organic products within Portugal, and show them Cápsula Zero™ ads. Instagram, popular among younger adults, will be used for more lifestyle-oriented content (images of enjoying coffee guilt-free, etc.). Additionally, Continente will feature Cápsula Zero™ prominently on its official website and online store. Continente's email newsletters and app notifications will be leveraged: the debut of Cápsula Zero™ will be announced to all loyalty program members, and targeted emails will be sent to customers who have purchased coffee capsules or eco-friendly products before (taking advantage of Continente's loyalty card data).

Furthermore, as a supermarket brand, Continente's physical stores are a natural and crucial channel to capture customers' attention at the point of purchase. When customers walk down the coffee aisle, we want Cápsula Zero™ to stand out and invite trial. To do so, we will deploy dedicated in-store displays, along with a brief explanation. In-store tasting stands will be organized during the launch period, especially in high-traffic stores and on weekends. At these stands, a promoter can invite shoppers to sample an espresso made with Cápsula Zero™. Not only this allows consumers experience the taste and quality, but it also provides an opportunity to show the after-use: the promoter can open the machine to demonstrate that nothing needs to be discarded except biodegradable coffee grounds. Such live demonstrations are powerful in converting curiosity into belief and purchase. Additionally, all standard shelf placements of Cápsula Zero™ will include an “eco-friendly choice” shelf tag or logo to catch the eye.

Finally, as part of the promotional mix, we will consider loyalty program incentives. Continente can use its “Continente Card” program to offer a small initial discount or extra loyalty points for purchasing Cápsula Zero™ during the launch month. This leverages direct marketing and encourages existing customers to give the new product a try, reducing any price hesitation and rewarding early adopters. Such tactics, combined with the above channels, ensure an integrated approach of the Cápsula Zero™ launch.

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Appendices

Appendix 1 - Consumer Perceptions

Appendix 1.1 - Survey Design

<u>Section 1: Screening Questions</u>

1. **Have you been living in Portugal for at least 3 years?**
   - Yes
   - No → respondents can't go ahead with the survey

2. **How often do you consume coffee capsules?**
   - Daily
   - Weekly
   - Occasionally
   - Never → respondents can't go ahead with the survey

3. **If you own a coffee capsule machine, which one do you own?**
   - I don't have one
   - Nespresso
   - Delta
   - Dolce Gusto
   - Others

<u>Section 2: Perception and attributes</u>

Please rate each brand based on the following attributes. For each attribute, select a rating from 1 (Very Poor) to 5 (Very Good).

1. **Perceived Value for Money** (Price and Effectiveness)
2. **Brand Reputation** (General opinion and Perception)
3. **Coffee Quality** (Quality of Ingredients)
4. **Variety of Options** (Flavors, Intensity)
5. **Reliability and Sincerity** (Trustworthiness and Authenticity)
6. **Sustainability** (Recyclable Packaging and Production)
7. **Availability** (Ease of Finding in Stores)
8. **Coolness** (Brand Image)

Section 3: Demographic Questions

Please answer the following questions about yourself:

1. **Age:**
- 18-24
- 25-34
- 35-44
- 45-54
- 55+

2. **Gender:**
- Male
- Female
- Other

3. **Income Level:**
- Less than €1,000
- €1,000 - €2,000
- €2,000 - €3,000
- More than €3,000

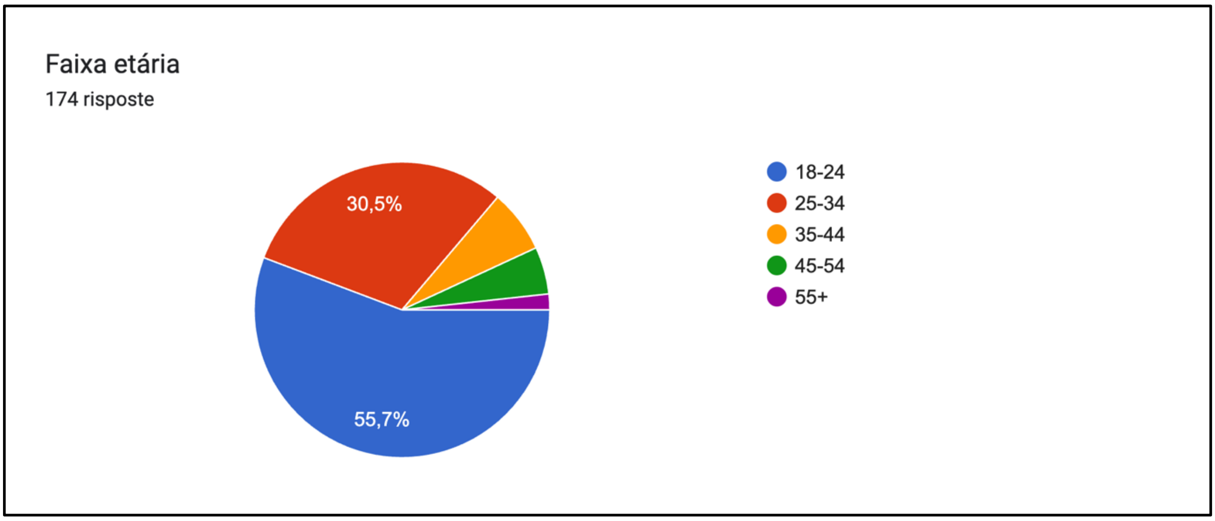
4. **Level of Education:**
- High School
- Undergraduate Degree
- Postgraduate Degree
- Other

Appendix 1.2 - Introductory Text

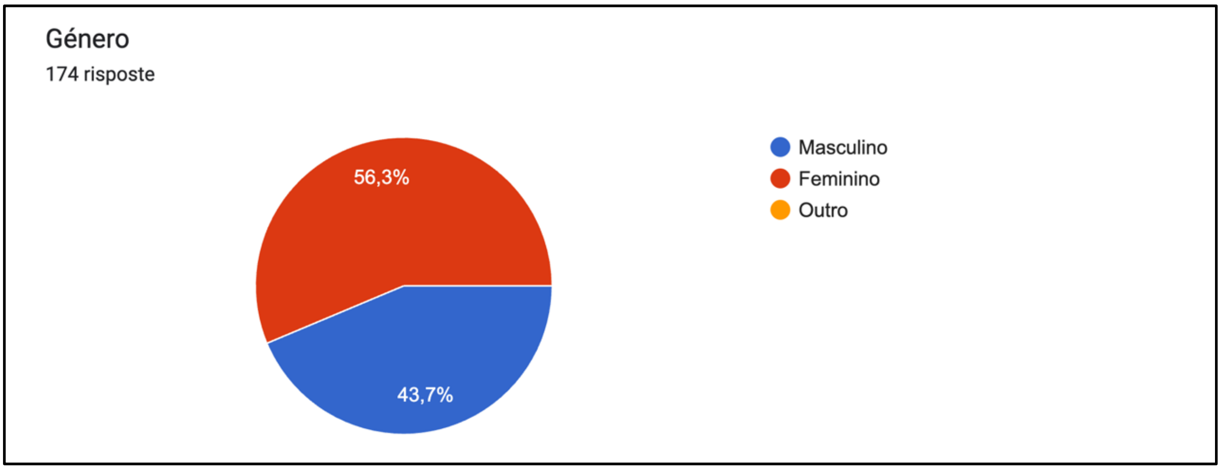
"Hello, we are a group of students from NOVA SBE and we are collecting data for our master's thesis in Marketing Management, in which we intend to analyze consumer perceptions of the main coffee capsule brands on the Portuguese market. This questionnaire lasts a maximum of 5 minutes. Your answers will be treated anonymously and used exclusively for academic purposes. Thank you for your participation!

Note: if you have not lived permanently in Portugal in the last 3 years, please do not answer the questionnaire."

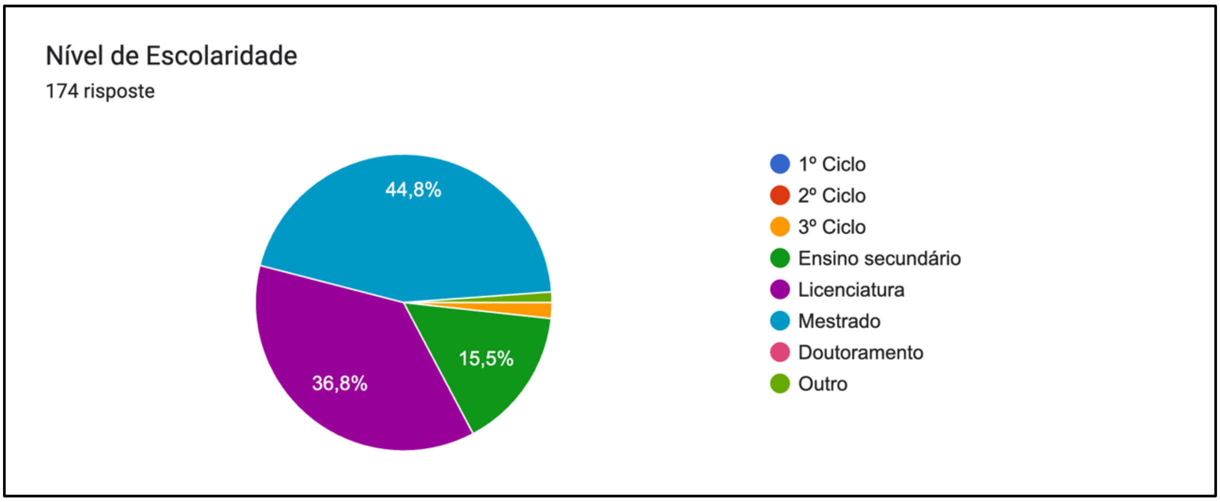
Appendix 1.3 - Results: Age



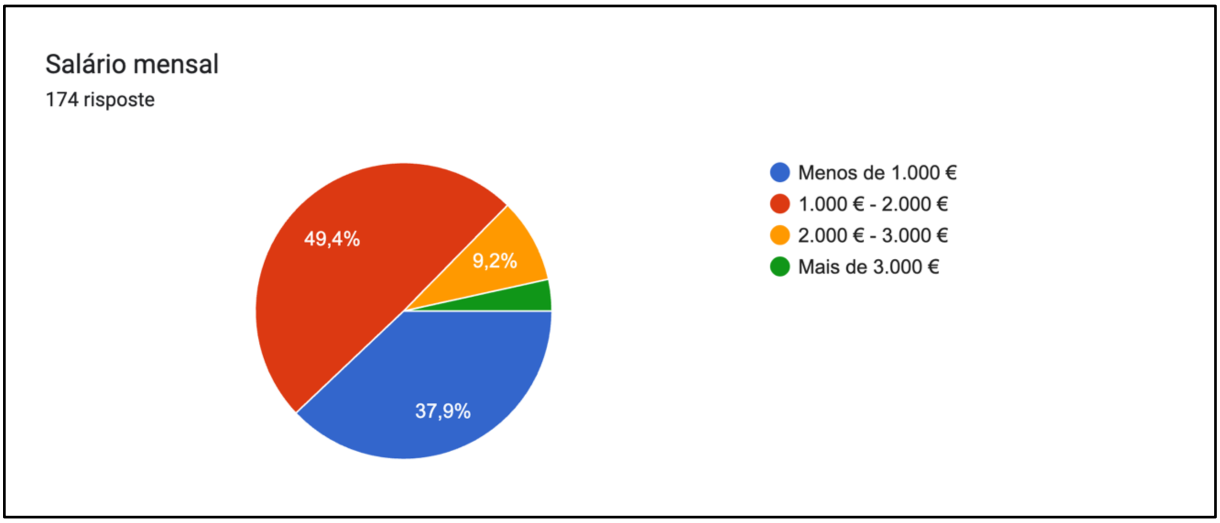
Appendix 1.4 - Results: Gender



Appendix 1.5 - Results: Education Level



Appendix 1.6 - Results: Monthly Income

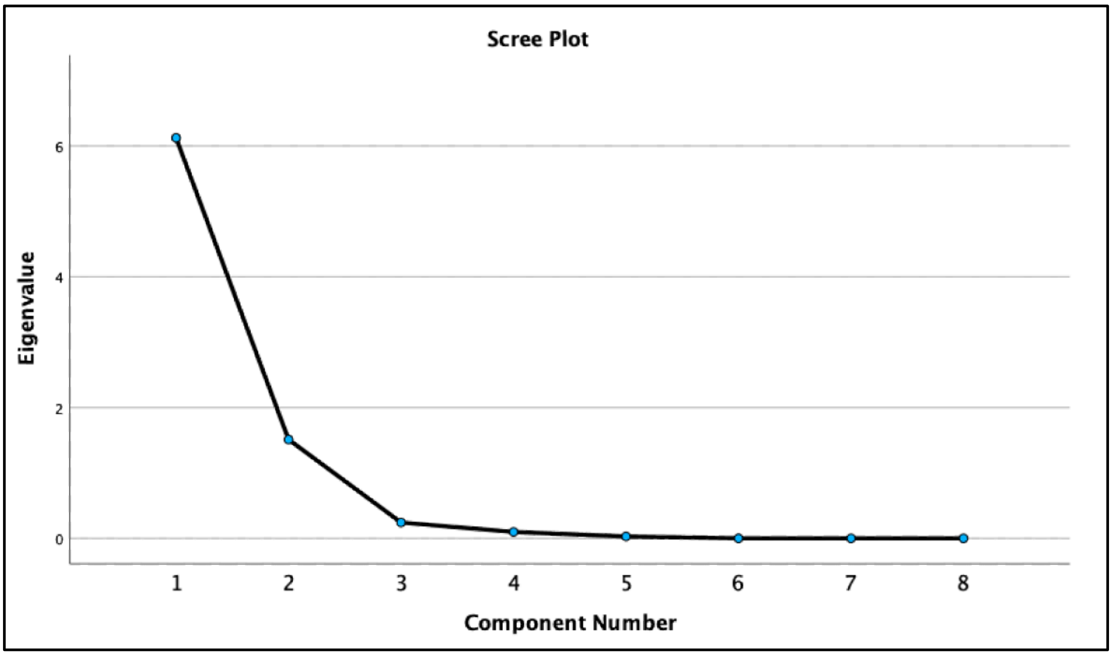


Appendix 1.7 - Correlation Matrix

Correlation Matrix[a]

		Perceived_Value_Money	Brand_Reputation	Coffee_Quality	Variety_Options	Reliability_Sincerity	Sustainability	Availability	Coolness
Correlation	Perceived_Value_Money	1.000	-.309	-.452	-.487	-.519	-.544	.778	-.451
	Brand_Reputation	-.309	1.000	.985	.931	.916	.909	-.129	.935
	Coffee_Quality	-.452	.985	1.000	.948	.953	.943	-.200	.958
	Variety_Options	-.487	.931	.948	1.000	.953	.980	-.272	.985
	Reliability_Sincerity	-.519	.916	.953	.953	1.000	.990	-.186	.983
	Sustainability	-.544	.909	.943	.980	.990	1.000	-.268	.987
	Availability	.778	-.129	-.200	-.272	-.186	-.268	1.000	-.147
	Coolness	-.451	.935	.958	.985	.983	.987	-.147	1.000

Appendix 1.8 - Scree Plot Test



Appendix 1.9 - Component Matrix

Component Matrix[a]

	Component 1	Component 2
Sustainability	.989	.038
Variety_Options	.982	.067
Reliability_Sincerity	.980	.101
Coolness	.980	.164
Coffee_Quality	.973	.134
Brand_Reputation	.938	.243
Availability	-.317	.903
Perceived_Value_Money	-.575	.759

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Appendix 2 - Conjoint Analysis Survey Layout

Dos produtos a seguir apresentados, qual o pack de cápsulas de café que escolheria comprar?

	Produto A	Produto B	Produto C
Preço de um pack de 10 cápsulas	€2,50	€5,50	€6,50
Brand	CONTINENTE	Bellarom	NESPRESSO
Qualidade percebida	Inconsistente	Boa qualidade	Aceitável
Sustentabilidade ambiental e comércio justo	Produção neutra em carbono	Apoia os agricultores de forma justa (Certificado de Comércio Justo)	Sem reivindicações de sustentabilidade
Reciclabilidade da cápsula	Plástico reciclável	Não reciclável	Alumínio (reciclável)
	✓ ESCOLHER	ESCOLHER	ESCOLHER

Voltar atrás

✕ NENHUMA DAS OPÇÕES ACIMA