Consumer Perceptions and Preferences of Beverage Products in Malang City

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Abstract

This research aims to investigate the consumer perceptions and preferences of beverage products in Malang City, East Java. This study uses a Mixing theory approach, which analyzes research data quantitatively by using descriptive analysis, and qualitatively. The population is all consumers of beverage products in Malang city, where 220 consumers were selected as research samples through purposive random sampling. Primary data were collected using a questionnaire. Types of drinks that are commonly consumed by the local community include soft drinks, tea, milk, coffee, health drinks, and beverages included in "other" category. Furthermore, the most consumed beverage is coffee. The results demonstrate that the choice of beverage products is greater based on the health and refreshing benefits. In terms of purchasing methods, most consumers prefer buying directly at the nearest store. This finding is a strong signal for beverage producers to market the products widely to reach small stores in residential areas. Producers of beverages other than coffee are suggested to emphasize the refreshing or health benefits of the beverage products to gain consumers' preference.

Keywords

Drinks; perceptions; preferences; consumers; Malang



I. Introduction

Nowadays, the beverage industry is getting more competitive (Badri et al., 2003; Anojan & Subaskaran, 2015). The beverage industry is one of the largest industries in the world (Shih et al., 2015), where every producer competes with each other to win the marketing for the sake of their business sustainability (Albayrak & Aslan, 2009). Every beverage company wants to attract consumers in different ways, but at the same time, consumer attitudes change every time (Thomas & Rajendran, 2011). Therefore, companies must have strategic marketing and also a thorough understanding of consumer behavior in choosing products. This process is important so that producers can identify what consumers want, or need (Wikartika, 2015).

The development of urban life causes lifestyle modernization (Koc et al., 2014). The lifestyle of the urban community can be seen from their daily activities, interests, needs, fashion, and so forth, which are continuously changing (Manggala, 2010; Marviandy, 2019; Sumarsono, 2017). Meeting customer satisfaction and expectations has always been a challenging task for business players (Adewumi et al., 2014). Strategies are constructed by beverage producers to maintain their position in tight market competition. Beverage brands compete not only by marketing one type of drink but also by presenting other drink choices, where this approach is also carried out by competitors. This makes consumers

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have many choices for every type of drink (Alamsyah et al., 2010). To keep up with the development of customers' tastes and need, the beverage market in Indonesia has continued to develop over the last ten years. Each beverage product is offered with a variety of uniqueness, terms of taste, packaging, benefits, and product availability in the nearby stores. Consumers can choose various types of products with various benefits.

Beverage companies construct various strategies to optimize sales, one of which is by analyzing consumer behavior (Setioningtyas & Wisnu, 2017). Consumer behavior represents the entire process in purchasing activities, starting from obtaining information, selecting the products, purchasing, and every stage that happens in the planning, purchasing, and using the products (Santos et al., 2018). Consumer behavior is the core of the marketing function (Nisar, 2014). A concept that is difficult to understand but crucial and determines the effectiveness of all marketing activities (Njoroge, 2017). Consumers' behavior regarding beverage consumption is reflected in their preferences. Preference is a choice decision among the available options. Consumer preferences are the result of the behavior expressed while searching, buying, and using/enjoying the products (Ubeja & Patel, 2014). In choosing a product, consumers have various considerations that can be different from one another. Regarding beverage products, the common considerations are the type of beverage, the benefits, and the ease of getting the products.

Product sales will not be successful without an adequate survey of market characteristics. In other words, the product being marketed could be ineffective. The important keyword in this matter is "consumer behavior", which describes how people perceive certain types of products, what types of products are most wanted/needed, and what are the reasons behind product choices. By identifying these aspects, producers will understand what types of products should be presented, how to market them, and what must be emphasized in marketing activities so that people are interested in buying. An understanding of the factors that influence consumers' preference of beverages will be greatly beneficial for companies to develop effective marketing strategies.

Marketing is a process of planning and execution, starting from the conception stage, pricing, promotion, to the distribution of goods, ideas and services, to make exchanges that satisfy the individual and his institutions (Dianto in Asmuni et al, 2020). According to Tjiptono in Marlizar (2020) marketing performance is a function that has the greatest contact with the external environment, even though the company only has limited control over the company's environment. In the world of marketing, consumers are assets that must be maintained and maintained their existence in order to remain consistent with the products we produce (Romdonny and Rosmadi, 2019).

Studies have demonstrated a broad picture of consumers' preferences in choosing beverage products. Some consumers like beverage products that are easy to get at the nearest shops, some like drinks that have certain benefits for health, while others like drinks with a refreshing taste. Consumers' behavior is crucial information for beverage companies so that they can determine the effective marketing strategy to achieve sales success by selling the most desired type of beverage to be marketed in a particular area. This study provides an in-depth discussion about consumer perceptions and preferences of beverage products. The findings can be considered as a recommendation for business players in the beverage industry to develop good products and construct effective marketing strategies following market characteristics.

II. Research Method

This study implements a mixed theory approach to analyze a phenomenon quantitatively and qualitatively. This analysis will produce comprehensive information regarding consumers' perceptions and preferences for beverage products. The population in this study was the entire residents in Malang City, East Java with a total of 862,890 people. Furthermore, 220 people were selected as respondents through purposive sampling. Data collection was carried out in two stages; the Forum Group Discussion (FGD) with 10 respondents to obtain initial information needed (Irwanto, 2006), and data collection. The method of data analysis was descriptive statistics to determine respondents' preferences for beverage products, as well as qualitative methods to analyze consumers' perceptions.

III. Results and Discussion

3.1 Preferences on Types of Drinks

The types of beverage products identified on the market that are consumed by consumers are soft drinks, tea, milk, coffee, health drinks, and others. The results of the descriptive analysis regarding consumers preferences are explained as follows:

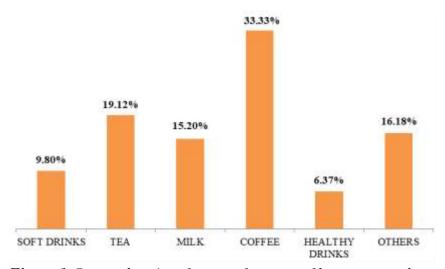


Figure 1. Respondents' preferences for types of beverage products

Figure 1 demonstrates a finding that the most favored beverage product is beverages included in "others" category, with 33.5 of percentage. This category includes all types of beverages other than soft drinks, tea, milk, coffee, and health drinks. The next most popular beverage product is coffee, with a 27.09% vote. In addition, beverages with consecutive percentages are tea, milk, health drinks, and soft drinks. The high interest in coffee beverages is strongly suspected as an effect of the rapid coffee shop business (Pramelani, 2020), as seen in Malang City. The younger generation nowadays has a trend that coffee shops are the first place to go when they need space to gather with friends, do assignments, or just to relax (Rohmah and Subari, 2021; Pratomo et al., 2010). The coffee drink is preferred because respondents feel the refreshing and wakening effect of the coffee, thus they are more enthusiastic in doing their activities. Tea is the next most popular drink due to the idea that drinking tea -hot or cold- after eating has become a habit. In addition, the community has also been familiar with the custom of brewing tea for generations (Dewi, 2010; Amelia, 2018). These reasons are proven to affect customers'

preferences toward beverage products. Instant coffee drinks are now widely available at nearby stores, where they are commonly available in cups. Meanwhile, tea drinks come with numerous variants and almost always become the most dominating type of beverage in the refrigerator in retail stores and small shops (Rusniati, 2014). Other types of beverage products are still preferred by consumers, but with a lower percentage.

Further important analysis is a preference for beverage products based on consumers' age. As people get older, they tend to experience changes in preferences and needs toward certain products, especially beverages. This makes age an important variable to be discussed further regarding product selection. Figure 2 displays the results of the analysis.

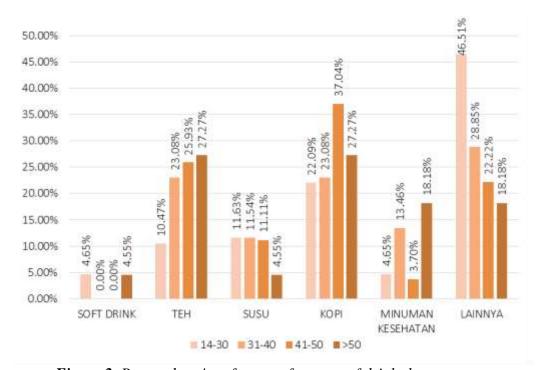


Figure 2. Respondents' preferences for types of drinks by age group

It can be identified that beverages in "others" category are more dominantly consumed by respondents aged 14 to 30 years. This category represents various types of beverage products such as mineral water and flavored drinks. Generally, this type of beverage has a refreshing taste with many choices, thus it is widely consumed by teenagers and early adults (Darianto, 2008). The second most popular drink is coffee (Figure 1), with the highest percentage of consumers being in the 41 to 50 year age group. At this age, people tend to have a busy schedule; working and taking care of the family, while their physical condition is getting easily exhausted. Therefore, coffee drinks are considered to be the right choice for respondents this age as they can provide a refreshing and awakening effect so they feel more enthusiastic in carrying out activities. On the other hand, tea is most consumed by respondents aged 50 years and above, milk drinks are most consumed by respondents aged 14 to 30 years, but with a thin difference with the age group 31 to 40, and 41 to 50. Meanwhile, health drinks are commonly preferred by respondents aged over 50 years, while soft drinks were mostly consumed by respondents aged 14 to 30 years and respondents aged more than 50 years. It can be concluded that consumers are 14 to 30 and 31 to 40 prefer beverages included in "other" category, which is mostly mineral water. Respondents in the age group of 41 to 50 years prefer coffee drinks, while respondents in the age group over 50 years prefer tea and coffee.

The idea of age grouping into consumer segments is important information for beverage companies as each age group has different needs and preferences. This difference in characteristics is a challenge for business players to present the right product for all groups or only focus on targeting a certain age group (Andriyanty & Wahab, 2019). Young generation is a group of consumers who greatly determine the market climate. Apart from the high population of the young generation, it is also due to a more active and consumptive lifestyle (Yuhanis et al., 2018).

3.2 Considerations of Beverage Selection

Descriptive analysis was done to identify consumer considerations in choosing beverage products. In addition to knowing the general considerations, the analysis emphasizes the aspects of price and place or purchasing method. Figure 3 displays the results of the analysis.



Figure 3. Considerations in buying drinks

The majority of beverage consumers in Malang city choose certain products due to their taste. This is stated by 40.55% of total respondents. This finding is in line with a study from Alamsyah et al. (2010), that taste is one of the main consideration factors. Consumers rely heavily on the sense of taste in deciding preferences for food or beverage products (Byrne, 2021). The next consideration is the health benefits of the drink, then the price. Prices have an economic and psychological impact. The economic impact is related to purchasing power as the price is a cost that must be incurred by the buyer. The higher the price, the fewer products consumers can buy (Schmitt & Leclerc, 1999). Other things that are also taken into consideration by consumers are the ease of obtaining (availability), the preservation, and brand popularity. Therefore, three main considerations; taste, benefits, and price, are the main aspects that need to be considered by beverage companies. If the product is presented with a good taste and affordable price and has health benefits, then the product will have the potential to be successful in selling. Furthermore, the price considerations in the selection of beverage products are explained as follows:

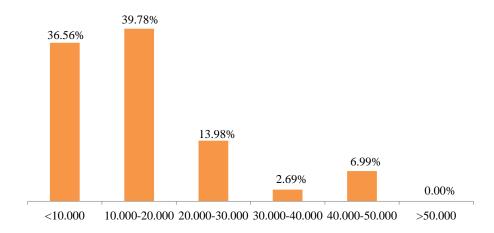


Figure 5. Price considerations in the selection of beverage products

Figure 5 shows the characteristics of respondents in choosing drinks based on price ranges, where the majority of respondents (39.78%) choose drinks with prices between IDR 10,000 to 20,000. The second rank is beverages with prices below IDR 10,000, and sequentially followed by drinks with a price range of IDR 20,000 to 30,000, IDR 40,000 to 50,000, IDR 30,000 to 40,000, and more than IDR 50,000. This research shows that the most ideal price for consumers in Malang City is IDR 20,000 and below. Respondents stated that it is the most reasonable price for beverage products following their purchasing power. This is also in line with the situation in the beverage market, where the common beverage products are sold between IDR 2000 to 20,000. If a broad conclusion is drawn, the findings of this study also imply that the higher the price of a drink, the lower the consumers' interest in purchasing the product. Furthermore, the analysis regarding beverage purchasing method is explained as follows:



Figure 6. The consideration of beverage purchasing method

Nowadays, buying and selling activities can be carried out directly or indirectly through the online system. Despite the fast-paced culture of online buying, this study found that 92.89% of respondents prefer purchasing drinks directly to nearby stores. This means that only 7.11% of consumers buy drinks online. Online purchases can be made through various marketplaces or social media. Buyers simply select the product and make a virtual payment (or cash on delivery method), and wait for the product to be delivered to their address. This convenience does not apply to the purchase of beverage products. The reason

is that drinks are products that are needed when the desire or need emerges at the moment, while online purchases require delivery time. Consumers are unlikely to wait just to quench their thirst. According to Widyaswara (2016), most people are already accustomed to buying products directly to the nearest store, thus a nearby store is the best choice for buying beverage products directly.

3.3 Qualitative Approach to Consumer Perception

In general, consumers have the perception that coffee and tea are the most desirable beverage choices, and also the easiest to find in the market. However, based on observations on daily basis, respondents are more likely to choose other beverage products, including the crucial one for their health; mineral water. Mineral water is available in various packages; bottles of various sizes, and cup packaging. Mineral water is the most preferred not only because it is easy to obtain, but also because of its health benefits. This shows that the health impact of a beverage product is a major consideration. Consumers are aware that if common drinks -such as tea, coffee, and soft drinks- are consumed excessively, they will affect consumers' health. Mineral water is considered the best beverage product that must be consumed by consumers every day.

Consumers' perception regarding the consideration of beverage selection was greatly determined by the taste of the beverage itself, followed by benefits. This is in line with the first finding elaborated in the previous paragraph, that health benefits are one of the major considerations in the selection of beverage products. Consumers do not choose a beverage only because it tastes good as they are mostly aware that an unhealthy amount of consumption can harm the body health. Consumers greatly consider the importance of the health benefits of beverage products. One example of a beverage product with good health benefits is mineral water. In addition to these benefits, mineral water is widely available and is sold at a low price, thus explaining why beverages in "other" categories have the highest level of preference, and why the consideration of the benefits also has a high percentage. Consumers have a perception that preferred beverage products are not just ones with good taste and refreshing sensation, but also with health benefits.

Finally, consumers have a perception that drinking is one particular need that must be fulfilled directly. Therefore, most respondents prefer to buy beverage products directly from the nearest store rather than online. In addition, consumers can choose beverage products directly in the local stores, and get the product without any delivery cost. Price is proven to be one of the considerations in choosing beverage products. If consumers still have to add delivery costs, then the total cost will be higher. Beverage products of all types are widely available in small stores, which further increases the ease with which consumers can get the beverage following the preference.

IV. Conclusion

Based on the results, the main consideration of beverage product selection is the "benefits". This indicates that beverage consumers in Malang City care about the health impacts caused by the beverage. The greater the benefits of a beverage product, the higher the public's buying interest will be. Beverage companies can consider determining the right type of beverage product to be sold in Malang City. Marketing strategies can be applied by prioritizing the benefits of beverage products; health effects, or refreshing and energizing sensation. Another finding is that consumers are still very dependent on offline stores. This means that a beverage product will be preferred if it is widely available in every small store. This is a strong signal that business players must expand their marketing reach to

small shops in community settlements. Drinks that are then easily found, have a reasonable price, and offer healthy and refreshing effects will be preferred by the consumers. In addition, beverage companies are suggested to consider the coffee flavor variant in each type of beverage product. Beverage producers must consider the dynamics of consumers' preferences and perceptions to achieve success selling in beverage marketing.

Future studies are suggested to investigate the characteristics of beverage consumers in other cities to complete the findings of this study. Research can be developed by studying wider scope, such as the province of East Java. In addition, the statistical approach can be deepened by using regression analysis to obtain deeper information regarding consumers' preferences and perceptions toward beverage products.

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