Primary and Secondary Research

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Primary and Secondary Research

**Secondary Research**

**Trends in the Coffee Shop Industry**

A recent trend in the coffee shop industry according to a NAICS report is that consumers tend to prefer coffee locations with aesthetically pleasing locations (Le, 2023). This has the potential to negatively influence the sales of The French Press if their competition has a more aesthetically pleasing location. Another trend has been the shift to more companies having their employees work from home. This means that the demand from businesses buying pastries and coffee for the office has decreased(Le, 2023). The employees themselves are also less likely to go to a coffee shop if they work from home since they can just make their coffee at home. A third trend according to the NAICS report is that consumers have been becoming more health conscious, leading to a reduction in sales for sweets like cookies and sweet puff pastries. Finally, there has been a trend of consumers focusing on the quality of the coffee beans (Le, 2023). This could negatively impact the sales of The French Press if the competition has higher-quality beans.

**Competitors in the Coffee Shop Industry**

Starbucks has the highest market share of any coffee shop at 38.33% (Le, 2023). Starbucks recently came to Honeysuckle which could be greatly influencing the sales of The French Press. Since Starbucks is the market leader they also determine industry trends. This means that The French Press will always be a step behind Starbucks in terms of adopting new market trends. The next two largest coffee shops are Krispy Kreme and Dunkin’ Donuts’ according to the NAICS report. These two competitors offer donuts which The French Press does not. This could be influencing some customers to pick them over the French Press. While there are some large companies in the coffee shop industry, a majority of the market share is still controlled by small businesses at 58.2% of the market share. This is a good sign for The French Press as it is unlikely that they will get run out of business by these large companies.

**Product Lines in the Coffee Shop Industry**

A recent popular service in the coffee shop industry has been drive-throughs, which are now about 25% of coffee shop sales (Le, 2023). So, The French Press not offering this service option could be negatively impacting their sales. Another popular product line for the industry has been serving specialty cold beverages during the warm seasons and specialty hot beverages during the cold seasons. The cold drinks include things like iced coffee and tea, milkshakes, and smoothies. The French press does not serve these products according to the scenario which could be lowering their sales during the summer. Some of the hot products that The French Press doesn’t offer that are popular in the winter include tea, hot chocolate, and chai lattes. These missing items from The French Press’ menu could be influencing customers to go to the competitors instead.

**Qualitative Primary Research – Focus Group**

**Characteristics**

The first characteristic that would be a requirement for participants is that their household income is more than $25,000 per year. This is because it would make up 91% of the population in Honeysuckle according to the scenario. This is also important because the NASCI report found that 91.2% of the coffee shop market is households that are over $30,000 in income. The second requirement would be that they are over 20 years old. This is because it makes up 76.4% of Honeysuckle’s population, and they would be the population that would make a majority of the purchases.

**Incentives**

The first incentive I would offer is a $150 gift card to The French Press. This is within the budget of $5,000 and would attract customers of The French Press or people that enjoy coffee. The second incentive I would offer is $100 cash. This is going to be more attractive to people since they can spend it wherever they please. Giving each person effectively $250 would still be well below the limit of $5,000 assuming a focus group size of ten.

**Ground Rules**

The first ground rule is for participants to actively participate and answer all the questions. This ensures we get answers to the questions we want and that the participants will engage with the focus group. The second ground rule would be that participants speak one at a time. This ensures that we can clearly record all participants’ answers to the questions. The third ground rule would be that participants stay focused on the topic or question. This will minimize the amount of time spent off-topic and will ensure that The French Press learns what they need to do to increase sales and attract customers.

**Moderator Questions**

The first moderator question is: Do you think The French Press has high-quality coffee for a reasonable price? I would use this question because it directly addresses the research objective by trying to learn if pricing is affecting the decline in sales. The second question is: Why do you think it is that cookies, sweet puff pastries, sweet scones, and cheesecake sales are decreasing? This question is informative for the research objective because it gets deeper into the root cause of the decreasing sales. The third question is: How is the experience interacting with The French Press’ staff? This question attempts to discover if there is another cause for the decrease in sales besides the menu items and pricing. Perhaps it is the customer service side that is pushing customers away from The French Press. The fourth question is: Why do you think the bran muffins, mochas, and cappuccinos sales are rising so quickly? This question attempts to discover what The French Press is doing well so that they can expand on the things that are improving sales. The fifth question is: What influences your choice of what coffee shop to go to? This gives the participants a chance to answer freely as to why they do or don’t buy from The French Press. This may give us an answer that we were not expecting to be affecting sales. The final question is: Are there any products you think need to be added to The French Press’ menu? This question digs deeper into the menu of The French Press and will determine if crucial items are missing from the menu causing customers to pick the competition as their preferred coffee shop.

**Quantitative Primary Research – Survey**

**Screener Questions**

The first screener question is: What is your household income? The second screener question is: How old are you? These questions ensure that the participants are making over $25,000 per year and are over 20 years old, which we determined to be most of The French Press Customers.

**Closed-Ended Questions**

The first close-ended question is: How is the quality of the coffee at The French Press? The answer options are excellent, good, neutral, bad, and terrible. The second close-ended question is: How is the staff at The French Press? The answer options are excellent, good, neutral, bad, and terrible. The third close-ended question is: How is the quality of the food at The French Press? The answer options are excellent, good, neutral, bad, and terrible. These questions will give us a sliding scale of how good the products and services of The French Press are and will help determine what needs to be improved.

**Open-Ended Questions**

The first open-ended question is: What influences your choice of what coffee shop to go to? This question will help determine if there is a factor that we missed that could be affecting customer choice of purchasing from The French Press. The second open-ended question is: Are there any products you think need to be added to The French Press’ menu? This determines if important items are missing from the menu that could be affecting customers’ choice of coffee shop. The third open-ended question is: What does the competition do better than The French Press? This helps determine what The French Press can improve upon without constraining the participant to only answer about a specific part of the business.

**Demographics Questions**

The first demographic question is: What city do you live in? This tells us which French Press location the participant is using to base their opinions on. It also allows us to see if there are differences in answers between locals or someone that just passes through for work or a road trip. The second demographic question is: What is your education level? This question will allow us to determine if the education level of the customers affects what they think about the French Press. This could help determine whom to target with ads or what new locations could perform better.

**References**

Le, T. (2023, January). Coffee & Snack Shops in the US. *IBISworld*, Retrieved from: <https://my.ibisworld.com/us/en/industry/72221b/segment-benchmarking#section-0-4-employees-segment>