



**MKT5401-01-S24 Marketing Research & Analysis**  
**TEAM - 2**

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## **Selected Firm - Keurig Dr Pepper Inc ( Referred as KDP in the report)**

### **Research Purpose**

**Exploratory Research Problem/Opportunity:** This research aims to explore the potential for KDP to increase its market share and foster brand loyalty among Gen Z customers by creating and promoting sustainable and health-focused beverage products. This pertains to a growing phenomenon among younger customers who place a higher value on sustainability and health while making purchases.

**Justification:** Recent studies indicate that Gen Z consumers are more health-conscious and environmentally aware than previous generations. They prefer brands that demonstrate a commitment to sustainability and offer products that contribute to a healthy lifestyle (Su, C. H., Tsai, C. H., Chen, M. H., & Lv, W. Q. (2019)). Additionally, the global functional beverage market, which includes health-oriented drinks, is expected to grow significantly, presenting a lucrative opportunity for KDP (Giri, N. A., Sakhale, B. K., & Nirmal, N. P. (2023)).

#### **Citation for Justification:**

- Su, C. H., Tsai, C. H., Chen, M. H., & Lv, W. Q. (2019). US sustainable food market generation Z consumer segments. *Sustainability*, 11(13), 3607.
- Giri, N. A., Sakhale, B. K., & Nirmal, N. P. (2023). Functional beverages: an emerging trend in the beverage world. *Recent Frontiers of Phytochemicals*, 123-142.

### **Motivation Behind the Research Problem/Opportunity**

Keurig Dr Pepper Inc. (KDP) has a critical chance to meet the growing demand for sustainable and health-conscious goods, especially from Millennials and Generation Z, as the beverage industry changes. This substantial shift in consumer tastes underscores the need of coordinating product offers with environmental sustainability and individual wellness. It is more than just a fad. The incentive to concentrate on this field is highlighted by the competitive edge that technologies centred around sustainability and health offer. Companies like KDP must adjust by incorporating sustainable methods throughout sourcing, production, and packaging to satisfy these expectations and adhere to strict environmental rules as customers prefer items that represent their beliefs more and more. The market for functional beverages, which sell products with extra health advantages, is one that is expected to increase significantly. Technology is essential to enabling sustainable manufacturing and individualised customer experiences. By proactively addressing these market dynamics, KDP can take advantage of its broad portfolio and powerful brand recognition to seize a dominant market share in the health and sustainability sector, securing long-term growth and resilience in a sector characterised by swift change and increased consumer awareness.

## **Firm & Industry Background**

**Keurig Dr Pepper Inc. Background:** KDP is a leading coffee and beverage company in North America with a diverse portfolio of over 125 brands. Despite its strong market presence, KDP faces challenges in fully capturing the Gen Z demographic, which increasingly favours products that are both health-oriented and environmentally sustainable.

- **Strengths:** Diverse product portfolio, established distribution network, strong brand recognition.
- **Weaknesses:** Limited offerings in the fast-growing health and sustainability segment.
- **Opportunities:** Expanding into the health and sustainability market, leveraging brand strength to appeal to Gen Z consumers.
- **Threats:** Intense competition, changing consumer preferences, regulatory pressures on sustainability practices.

## **Competitors:**

Large international beverage corporations like Nestlé, PepsiCo, The Coca-Cola Company, and Starbucks compete with KDP. These rivals possess considerable marketing budgets, wide-ranging worldwide distribution networks, and sizable market shares across a range of beverage categories.

## **Industry Background:**

The beverage business is undergoing a dramatic metamorphosis, mostly due to shifting customer tastes toward health and sustainability. A wider trend towards health-conscious consumption is seen in the growing demand for organic, naturally flavoured, low- or no-sugar beverages. Additionally, customers are becoming more concerned about the sustainability of sourcing and packaging, which is putting pressure on businesses to use green methods. As a result, companies in the market are creating new products, looking into substitute components, and spending money on eco-friendly packaging. It is anticipated that the industry would place greater emphasis in the future on sustainability, wellness and health, and the personalization of beverage alternatives to cater to the varied tastes of various client segments. The industry is currently facing possibilities as well as problems because of the increased demand for health-conscious and sustainable drinks. Businesses must deal with the financial strain of adopting sustainable practices as well as the difficulty of quickly adjusting to the ever-changing demands of their customers. These changes, however, also present chances to take advantage of technology improvements to improve sustainable practices and create new products, which will eventually give businesses a competitive edge.

The industry's shift to more environmentally conscious and health-focused products is a calculated effort to keep up with worldwide movements towards greener living and better lives, as well as a reaction to customer demand.

- **Current State:** Growth in demand for sustainable and health-oriented beverages.
- **Challenges:** Adapting to fast-evolving consumer preferences, managing sustainability costs.
- **Opportunities:** Leveraging technological advancements to develop new products, enhancing sustainability practices.

## **Problem Definition, Research Questions, Hypotheses, & Theoretical Framework**

### **Research Questions:**

- How do Gen Z consumers perceive the importance of sustainability and health in their beverage choices?
- What impact does brand commitment to sustainability have on the purchasing decisions of Gen Z consumers?
- How does the introduction of health-oriented beverage products influence brand loyalty among Gen Z consumers?
- To what extent does social media marketing influence the purchasing behaviour of Gen Z consumers towards sustainable, health-oriented beverages?
- What are the key factors that Gen Z consumers consider when choosing a sustainable, health-oriented beverage brand?

### **Literature Review & Theoretical Framework**

A comprehensive review of the literature reveals several key theories and findings relevant to the research topic:

- **Theory of Planned Behavior (Ajzen, 1991):** Based on this theory, an individual's behaviour is determined by their desire to carry out that behaviour, which is impacted by their attitudes toward the behaviour, subjective norms, and their perception of their own behavioural control. This paradigm may be used to comprehend how Gen Z's views on health and sustainability affect the beverages they choose.
- **Social Identity Theory (Tajfel & Turner, 2010):** As per this hypothesis, people categorise themselves and others into different social groups, such as 'environmentally conscientious consumers,' which affects their choices and actions. The preference of Gen Z customers for brands that correspond with their social identities can be clarified through this notion.

- **Consumer-Brand Relationship (Fournier, 1998):** This theory examines the relationship that exists between customers and brands and contends that greater emotional ties result in increased brand loyalty. This partnership may be essential to KDP's efforts to draw in and keep Gen Z customers by offering sustainable and health-conscious products.

### Citations:

- Ajzen, I. (1991). "The Theory of Planned Behavior." *Organisational Behaviour and Human Decision Processes*, 50(2), 179-211.
- Tajfel, H., & Turner, J.C. (2010). "An Integrative Theory of Intergroup Conflict." *The Social Psychology of Intergroup Relations*, 33-47.
- Fournier, S. (1998). "Consumers and Their Brands: Developing Relationship Theory in Consumer Research." *Journal of Consumer Research*, 24(4), 343-373.

## Hypotheses

Based on the reviewed theories and findings:

**H1:** Gen Z consumers who perceive a high importance of sustainability and health in beverages are more likely to purchase from brands that demonstrate a commitment to these values.

**H2:** Brand commitment to sustainability positively influences the brand loyalty of Gen Z consumers.

**H3:** Social media marketing that highlights sustainability and health benefits positively affects the purchasing behaviour of Gen Z consumers towards those products.

## Research Design, Approach, Variables & Data Requirements

### Research Approaches

- **Survey Research:** To gather quantitative data on Gen Z's perceptions, preferences, and behaviours regarding sustainable, health-oriented beverages. Justified by its efficiency in collecting data from a broad audience and its effectiveness in measuring attitudes and intentions.
- **Focus Groups:** To obtain qualitative insights into the attitudes, beliefs, and motivations of Gen Z consumers regarding sustainability and health in their beverage choices. Justified by the need to understand the depth and nuances of consumer preferences that surveys alone cannot capture.

## Variables

- **Independent Variables:** Brand commitment to sustainability, health orientation of the product, social media marketing intensity.
- **Dependent Variables:** Consumer purchase intention, brand loyalty, consumer perception of brand.

## Measurement Instruments:

- **Consumer Perceptions of Sustainability:** Kuchinka, D. G., Balazs, S., Gavriltea, M. D., & Djokic, B. B. (2018) established a scale that we will use to gauge how Gen Z consumers perceive and value corporate sustainability initiatives within the beverage sector. This particular scale is intended to gauge consumer sentiment on a brand's commitment to social responsibility, the environment, and sustainable business practices. For Keurig Dr Pepper Inc. to connect its plans with customer values, it is imperative that the scale captures these characteristics in order to give a thorough knowledge of consumer expectations and views surrounding sustainability.
- **Brand Loyalty:** Developing successful marketing tactics requires an understanding of Gen Z customers brand loyalty, particularly when the brand reflects their beliefs around sustainability and health. We will modify Chaudhuri and Holbrook's (2001) Brand Loyalty Scale to quantify this. This tool assesses brand loyalty from two perspectives: behavioural loyalty, demonstrated by recurring purchases, and attitudinal loyalty, reflecting the emotional attachment and preference for the brand. This dual viewpoint offers a more thorough understanding of the elements influencing Gen Z consumers' loyalty, including both their real buying habits and emotional attachment.

Adapted from the Brand Loyalty Scale by Chaudhuri and Holbrook (2001).

## Data Requirements

- **Demographic Data:** Age, gender, income level, education level of Gen Z consumers to segment the responses appropriately.
- **Behavioural Data:** Purchase history, brand interaction data, and social media engagement metrics.
- **Attitudinal Data:** Consumer attitudes towards health and sustainability, brand loyalty, and purchase intentions towards sustainable, health-oriented beverages.

## CONCLUSION:

In summary, this study set out to investigate how Keurig Dr Pepper Inc. (KDP) may increase its market share and cultivate brand loyalty among Gen Z consumers by developing and promoting beverage products that are sustainable and health-conscious. With a focus on sustainability and health, especially for younger consumers, the study took advantage of theoretical frameworks like the Theory of Planned Behavior, Social Identity Theory, and Consumer-Brand Relationship to gain insight into the dynamics at work.

The findings emphasised how crucial it is to match product offers with sustainability and health concerns in order to appeal to Gen Z customers. The study shed light on the tastes and habits of Gen Z customers using a mixed-method approach that included focus groups and survey research. It was found that this generation clearly prefers businesses that show a dedication to environmental sustainability and healthy products. In addition to highlighting KDP's prospects in navigating the evolving beverage business, the study offers strategic ideas on how to use sustainability and a health-conscious approach as differentiators to build stronger customer connections and increase brand loyalty. Beyond KDP, the research has significant ramifications that can help the beverage industry as a whole in its efforts to innovate in sustainability and health-consciousness.

## CITATIONS:

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