Brewing Success:
Discovering Fresh Consumer Perspectives in the Nespresso Experience

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Executive Summary

Nespresso is a vertically integrated coffee company dedicated to revolutionizing the coffee industry with its sustainable practices. Focused on providing exceptional coffee experiences, Nespresso specializes in crafting premium coffee blends and innovative brewing technologies. In 2023, Nespresso achieved a successful milestone by earning 5.7 million GBP in sales, marking another prosperous year of serving coffee enthusiasts worldwide. The company envisions further expanding its market presence through strategic customer acquisition and retention initiatives.

This study aims to contribute to Nespresso's objectives by addressing three primary research aims outlined in the client brief:

RA1: To understand customers' preferences for new coffee blends and new brewing technologies.

RA2: To understand any customer pain points to identify areas for improvements in product quality, packaging, and customer service.

RA3: To evaluate the effectiveness of Nespresso's sustainability initiatives and identify opportunities for further improvement.

Once the research aims have been identified, we put forth a set of research questions and objectives to delve deeper into these aims. The methodology of this study will be elucidated, outlining the structure of our research designs, the proposed sampling method, the requisite data collection, and the methodologies employed for data collection. Furthermore, we outline the statistical techniques utilized for data analysis, elucidating the insights garnered from each analysis. Additionally, we delve into the approach for focus group discussions, including the sample questions to be posed.

Additionally, we offer essential supplementary details, including an overview of the proposed questionnaire and interest form, the project timeline, budget considerations, and further recommendations for the entire project.

At NurInsights Research and Analytics, we take pride in delivering prompt and accurate results to our clients. Through this research proposal, our goal is to offer Nespresso fresh insights that will assist in reaching its objectives. Our overall aim is to furnish Nespresso with appropriate recommendations derived from the analysis, facilitating the attainment of its goal to increase market share in the Brewing Technology and Capsules industry. We firmly believe that comprehending customers' perspectives and delivering products aligned with their interests is pivotal for Nespresso's sustained success in the competitive market.

Table of Contents

1 Introduction

1.1 Background

Founded in 1986, Nespresso has solidified its position as a leading force in the coffee sector. The company's vision pivots on revolutionizing the coffee experience by offering high-quality coffee through its innovative coffee machines and premium coffee capsules, while maintaining its commitment to sustainability. The global Nespresso Capsules market size was valued at roughly 10,031 million GBP in 2023.

1.2 Problem Definition

The client brief highlighted Nespresso's desire to remain a frontrunner in the premium coffee market. To accomplish this, Nespresso plans to focus on innovating its products and improving customer experience. Furthermore, the company aims to boost positive perceptions of the sustainability of its coffee pods. This study will address these concerns over a six-month period and provide recommendations for strategies to help Nespresso achieve its goals.

1.3 Research Aims

This study aims to contribute to Nespresso's objectives by addressing three primary research aims outlined in the client brief:

- RA1: To understand customers' preferences for new coffee blends and new brewing technologies.
- RA2: To understand any customer pain points to identify areas for improvements in product quality, packaging, and customer service.
- RA3: To evaluate the effectiveness of Nespresso's sustainability initiatives and identify opportunities for further improvement.

1.4 Research Questions and Research Objectives

To attend to each RA, we present a series of Research Questions (RQs) along with their associated Research Objectives (ROs).

To accomplish RA1:

RQ1.1: To what extent is customers' willingness to try out new coffee blends influenced by the following variables: Age, Annual Household Income, Importance of brand, Weekly caffeine intake?

RQ1.2: Is there a significant difference in customers' loyalty score before and after trying the new brewing technology?

RQ1.3: How do customer preferences for new coffee blends (Regular, Seasonal, Limited Edition) and new brewing technologies (Original, VertuoLine) affect their monthly expenditure on Nespresso products?

With these questions, we aim to acquire a deeper understanding of the factors that shape customers' preferences and current demands. This knowledge will enable us to effectively segment the market and align our products with the identified trends.

ROs proposed:

RO1.1: Examine the relationship between customers' willingness to try new coffee blends and the following variables: Age, Annual Household Income, Importance of brand, Weekly frequency of coffee drinking.

RO1.2: Determine if the new brewing technology is effective in improving customers' loyalty.

RO1.3: Examine the extent to which customers' monthly expenditure on Nespresso products are related to their preference for new coffee blends and brewing techniques.

To accomplish RA2:

RQ2.1: What are customers' pain points and their suggested improvements?

RQ2.2: How does the quarterly expenditure spent on improving product quality, packaging, and customer service contribute to the overall yearly profit?

RQ2.3: Which brand (Nespresso or Keurig[1]) performed better in terms of brand preference for product quality, packaging, and customer service?

These questions are focused on understanding and improving various aspects related to customer satisfaction. The gathered information is intended to empower Nespresso in refining its customer satisfaction, making informed decisions regarding resource allocation, and gaining insights to optimize brand preference strategies based on the specific facets.

ROs proposed:

RO2.1: Examine customers' pain points and their suggested improvements.

RO2.2: Examine the relationship between the overall profit earned and the amount spent on product quality, packaging, and customer service.

RO2.3: To determine if the proportion of consumers who prefers Nespresso over its direct competitor differ across the mentioned variables.

To accomplish RA3:

RQ3.1: How does the customers' level of education affect their perception/awareness score on the sustainability initiatives?

RQ3.2: Is there a significant association between the marketing strategies employed by the company (e.g., Online, Offline, Both) and the perceived effectiveness of sustainability initiatives (e.g., Effective, Neutral, Ineffective)?

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[1] Keurig was identified as the primary competitor of Nespresso, quoted from Full Coffee Roast (O'Connor, 2023)

Our purpose with these questions is to achieve a more profound comprehension of how education levels and marketing strategies shape customers' perceptions of sustainability initiatives. Through this exploration, we aspire to develop targeted communication strategies and make informed decisions to enhance the perceived effectiveness of sustainability initiatives.

ROs proposed:

RO3.1: Investigate the relationship between the education level of a customer and their perception score on the sustainability initiatives.

RO3.2: Examine the relationship between the marketing strategies employed by the company and the perceived effectiveness of sustainability initiatives.

2 Methodology

2.1 Research and Design Approach

The objectives of this market research were designed to incorporate exploratory, descriptive, and causal research designs. The exploratory approach allows us to discover customer considerations in buying Nespresso's products. The descriptive approach is used to understand the market characteristics and further develop insights on segmentation, targeting, and positioning. The causal approach uses a pre-experimental method to measure the shift in (1) customer's level of perception due to a promotional campaign, and (2) their brand loyalty due to a change in brewing technology.

2.2 Timeline

To meet the tight three-month timeline, we suggest employing a cross-sectional design. This design enables the collection of data from participants at a singular moment, offering a snapshot of their characteristics, behaviours, and attitudes. Additionally, we recommend incorporating an experimental design to explore the causal connection among specific variables. This experimental approach aims to evaluate the influence of a promotional campaign on customers' perception scores. Furthermore, we will provide substantial incentives to reduce the likelihood of non-response or inaccurate responses.

2.3 Types of Data

For the market research, the primary data are collected via the online surveys and focus-group studies. We will be reclassifying some of the primary data collected into categories or groups to simplify analysis procedures and for better understanding. We will also be referencing secondary data sources from Nespresso's database and other statistical data centre to get a more accurate representation of the variables we will be using.

2.4 Data Analysis

We intend to employ statistical techniques using SPSS to analyse the collected data. The following are the statistical methods we recommend for each research objective.

RO1.1: 2-Group Discriminant Analysis

RO1.2: Paired Samples T-Test

RO1.3: 2-Way ANOVA

RO2.1: Focus Group

RO2.2: Multiple Linear Regression

RO2.3: Chi Squared test of homogeneity of proportions

RO3.1: 1-Way ANOVA

RO3.2: Chi squared test of association

3 Data Collection

3.1 Primary Data

Variables	Data
Age	Continuous
Annual Household Income	
Weekly Frequency Of Coffee Drinking	
Monthly Expenditure On Nespresso Products	
Preference For Coffee Blends	Categorical Nominal
Preference For Brewing Technology	
Preference Between Nespresso And Keurig On Packaging	
Preference Between Nespresso And Keurig On Product Quality	
Pain Points And Their Suggested Improvements	
Preference Between Nespresso And Keurig On Customer Service	
Education Level	Categorical Ordinal
Importance Of Brand	Categorical Ordinal, Likert Scale (1-5)
Willingness To Try New Coffee Blends	
Perception Score On Sustainability Initiatives	
Effectiveness Score Of Sustainability Initiatives	
Loyalty Score On Coffee Brand	

3.2 Secondary Data

Variables	Data
Quarterly Amount Spent On Product Quality	Continuous
Quarterly Amount Spent On Product Quality	
Quarterly Amount Spent On Product Quality	
Yearly Profit	
Marketing Strategies For The Sustainability Initiatives	Categorical Nominal

3.3 Sampling Data

The average response rate is 33%[2]. From client brief, we have a population size (Nespresso consumers) of at least 5000. With 95% confidence interval, a conservative proportion of 0.5, a margin of error of ± 5% and the following formula:

$$n \geq \frac{\left(Z_{\frac{\alpha}{2}}\right)^2 * \pi(1-\pi)}{e^2}$$

we can generate a robust result by using 385 respondents as the minimum sample size who completes the survey. After taking in consideration of the average response rate, would suggest a minimum sample size of 1160. Since the population size for avid coffee drinkers is unknown, it is sufficient to assume that the minimum sample size is also 1160 as the population size is large enough.

3.3.1 Nespresso Consumers

Stratified random sampling is employed for the selection of respondents from the Nespresso database. We will categorize customers into strata based on demographic groups to ensure a representative sample. From each identified group or subset, a simple random sample of respondents will be independently chosen, enhancing precision, and guarding against the risk of an unrepresentative sample.

3.3.2 Avid Coffee Drinkers

Convenience sampling is used to select respondents which allow us to obtain large numbers of questionnaires quickly and economically. The questionnaire for avid coffee drinkers will be posted on social media platforms. By publicly sharing the post on their social media platform, the user becomes eligible for a chance to win the Creatista Plus, Nespresso's most advanced coffee machine.

3.3.3 Focus Group

Focus groups allow group members to share ideas that the moderator may not have considered. Online focus groups enhance the ease of conducting discussions, which may help increase confidence among participants. This approach facilitates the collection of a broad range of information, and logistical challenges of gathering all respondents at one location can be avoided. Furthermore, respondents can set their own comfortable conditions for the discussion location.

Data suggest recommended size of the focus group should not exceed 10 as large groups will be difficult to control, and more than 6 focus groups are more likely to tell us what we already know[3]. Thus, we would choose 50 respondents who had indicated their interest to participate in the focus group study. We will employ 2 moderators to ensure a balanced facilitation. The 90-minutes long discussion will be recorded by the moderators for future reference.

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[2] Quoted from Questionnaire anyplace (Lindemann, 2021)
[3] Quoted from CCSU (Krueger, R.A. & Casey, M.A. (2008))

3.4 Sampling Techniques

As previously stated, we will conduct both focus-group studies and online surveys. Online questionnaires offer convenience, allowing for high geographic flexibility and nearly instantaneous data collection. Questions involving respondent ratings will employ 5-point Likert scales for straightforward comprehension and response analysis. A neutral option is provided to mitigate uniformed responses without impacting the overall response rate.

A pilot test will be administered to a small sample of 35 respondents selected from the sampling frame. This process aims to identify and address potential issues that might be overlooked during questionnaire development.

This study targets individuals aged 18 and above as they would not need parental consent. Adults, being more informed, offer clearer perspectives, providing functional insights. Both the online questionnaire and focus groups demand competent computer literacy, making email users more capable of participating effectively.

3.5 Flow Chart

Flow chart to illustrate the start and end of the study for the respondents

4 Data Analysis

4.1 Quantitative

All tests will be conducted using 95% confidence interval (5% significance level) using SPSS.

4.1.1: Research Objective 1.1

To address this objective, we will use 2-group Discriminant Analysis. Let the predictor variables be the age, annual household income, importance of brand score, and weekly frequency of coffee drinking. The dependent variable is the willingness to try new coffee blends. The discriminant function is:

$$\widehat{D} = \widehat{\alpha_0} + \widehat{\alpha_1}Age + \widehat{\alpha_2}AHI + \widehat{\alpha_3}BI + \widehat{\alpha_4}WCD$$

$\widehat{D}$: Discriminant Score

$\widehat{\alpha_0}$: Intercept (value of Discriminant score when the predictor variables are 0)

$\widehat{\alpha_k}$: Discriminant Coefficient for variable k, where k = 1,2,3,4

Age: Age

AHI: Annual Household Income

BI: Importance of Brand score

WCD: Weekly Frequency of Coffee Drinking

Canonical Discriminant Function Coefficients

	Function 1
Age	
Annual household income	
Importance of brand score	
Weekly frequency of coffee drinking	
Constant	

Table 1: Canonical Discriminant Function Coefficients from SPSS

The coefficients of the discriminant function is obtained using table 1 and the significance of each predictor will be assessed using a series of univariate ANOVAs using Wilks' Lambda and p-value (shown in table 2).

Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Age					
Annual household income					
Importance of brand score					
Weekly frequency of coffee drinking					
Constant					

Table 2: Tests of Equality of Group Means from SPSS

A predictor is considered statistically significant if the p-value < 0.05. Smaller Wilks' Lambda (or higher F value) values closer to 0 indicate better discriminatory ability. The "Structure Matrix" table reveals the correlation between each predictor and the discriminant function, with higher correlation being preferred.

To assess the discriminant function's fitness, the "Eigenvalues" and "Wilks' Lambda" table is consulted. Larger Eigenvalues signify better discrimination, indicating a high discriminating power between two groups. The "Classification Results" table, generated using the discrimination function, calculates the improvement over chance by determining the hit ratio and subtracting 50% (the expected hit ratio for two groups of equal sizes). The results will give us insight of which variables would increase the willingness to try new coffee blends.

4.1.2: Research Objective 1.2

This objective will be addressed using a paired T-test to explore whether Nespresso's new brewing technology, the Vertuoline, changes a consumer's loyalty score on Nespresso. As this addresses the causal research design, we will use a one-group pre-test post-test experimental design to measure the loyalty score before and after the product testing.

Pre-experimental Design

One Group Pre-Test Post-Test Design
O1   X   O2

The loyalty score on Coffee Brand is measured twice.
O_1: Pre-test measurement is taken before consumption
O_2: Post-test measurement is taken after consumption
X: Exposure to new brewing technology

Table 3: Experimental Design

Once the loyalty score "before" and "after" the product testing has been measured, SPSS will compute the mean of the difference, denoted by μ_d, to test:

$$H_0: \mu_d = 0 \quad vs. \quad H_1: \mu_d \neq 0$$

Output from SPSS:

Paired Samples Test

		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	BEFORE - AFTER								

Table 4: Paired Samples Test from SPSS

If the large sample size satisfies the normality assumption, the null hypothesis will be rejected if the Sig.(2-tailed) result is < 0.05. The rejection implies a significant improvement post-product testing, especially considering the absence of the value 0 within the 95% confidence interval. This enables us to determine if Vertuoline enhances commitment towards Nespresso.

4.1.3: Research Objective 1.3

To address this objective, we will use two-way ANOVA. The independent variables are coffee blend and brewing technology. The dependent variable is the monthly expenditure on Nespresso products. We would like to find out the extent to which customers' monthly expenditure on Nespresso products are related to their preference for coffee blends and brewing techniques.

Coffee Blend	Brewing Technology
Regular	Original
Seasonal	VertuoLine
Limited Edition	

Table 5: Classification of variables

Tests of Between-Subjects Effects

Source	Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model						
Intercept						
Coffee Blend						
Brewing Technology						
Coffee Blend * Brewing Technology						
Error						
Total						
Corrected Total						

Table 6: Tests of Between-Subjects Effects from SPSS

We will be focusing on the highlighted box to interpret the result.

We'll conduct an interaction effect test to assess whether the impact of independent variables varies across categories for the dependent variables. The Partial ETA squared will measure the variability in monthly expenditure attributed to the coffee blend/brewing technology.

	Main Effect		
	Coffee Blend	Brewing Technology	Interaction Variable
H_0	There is no difference in the population mean of customers' monthly expenditure on Nespresso products between the coffee blends	There is no difference in the population mean of customers' monthly expenditure on Nespresso products between the brewing technologies	There is no interaction between the coffee blends and brewing technologies
H_1	Not all means are equal	Not all means are equal	There is an interaction between the coffee blends and brewing technologies

Table 7: Summary of the hypotheses for the 2-way ANOVA

Reject H_0 if p-values in the green box are less than 0.05. Eta-squared values quantifies the portion of variability in the customers' monthly expenditure on Nespresso products that is accounted for by the effects of the independent variables.

4.1.4: Research Objective 2.2

Multiple Linear Regression (MLR) is suitable in addressing RO2.2. Let the predictor variables be the quarters of the year, and Nespresso's quarterly amount spent on product quality, packaging, and customer service. The dependent variable will be the Nespresso's year profit. The MLR function is:

$$\widehat{Yearly\ Profit} = \widehat{\beta_0} + \widehat{\beta_1}PQ + \widehat{\beta_2}PG + \widehat{\beta_3}CS + \widehat{\beta_4}Q_i$$

$\widehat{Yearly\ Profit}$: Value of yearly profit earned

$\widehat{\beta_0}$: Intercept (value of $\widehat{Yearly\ Profit}$ when all Xs are 0)

$\widehat{\beta_k}$: Coefficient for variable k, where k = 1,2,3,4

PQ: Product Quality

PG: Packaging

CS: Customer Service

Q_i: Quarters of the year, where i = 1,2,3,4

From the $Coefficents^\alpha$ table:

- "Unstandardized B" indicates the variation in the dependent variable with an independent variable while keeping all other independent variables constant.
- In the "Model Summary," the adjusted R^2 assesses the strength of association and determines the marginal effect of each significant variable on the yearly profit.

From the ANOVA table:

- A global F-test is conducted to check if all independent variables have regression coefficients of 0 ($\beta i's$ = 0).
- If "F" > 3.24 or "Sig" < 0.05, rejecting H_0 implies not all βs are 0, indicating some variables explain variation in the dependent variable, contributing to the model's predictive power.
- Partial T-test individually tests variables with a regression coefficient of 0 (βi = 0) from the "Coefficients" table.
- If "Sig" < 0.05 for an independent variable, rejecting H_0 suggests the predictor variables significantly contribute to the model's predictive power in the presence of other variables.

4.1.5: Research Objective 2.3

The Chi Squared test for homogeneity of proportions is useful in addressing RO1.2. Let the independent variables be the following product aspects: product quality, packaging, and customer service. The proportion of consumers who prefers Nespresso over Keurig is the dependent variable.

$$proportion\ (\pi) = \frac{count\ for\ (do\ not)\ prefer}{total\ count},\ \pi_{prefer} + \pi_{do\ not\ prefer} = 1\ , \text{for each product aspect.}$$

Prefers Nespresso over Keurig * Product Aspect Crosstabulation

		Product Aspect			
		Product Quality	Packaging	Customer Service	Total
Prefers Nespresso over Keurig	Yes				
	No				
Total					

*Table 7: Prefers Nespresso over Keurig * Product Aspect Crosstabulation from SPSS*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square			
Likelihood Ratio			
Linear-by-Linear Association			
N of Valid Cases			

Table 12: Chi-Square Tests from SPSS

From the "Chi-Square Tests" table, "Asymptotic Significance (2-sided)" column and the "Pearson Chi-Square" row, obtain the p-value. If p-value < 0.05, reject H_0, conclude that the proportion of consumers who prefers Nespresso over Keurig is different across different product aspects.

4.1.6: Research Objective 3.1

One way ANOVA can be used to address RO3.1. Let the independent variable be education level and the dependent variable be customers' perception score on the sustainability initiatives. We assume that the data is normally distributed for each education level.

The hypotheses are as follows:

H_0: $Mean\ perception\ score\ on\ the\ sustainability\ initiatives\ is\ the\ same\ across\ education\ level$

H_1: $Mean\ perception\ score\ on\ the\ sustainability\ initiatives\ is\ different\ across\ education\ level$

Levene's test is performed first to test for homogeneity of variances in the dependent variable. If p-value > 0.05, we conclude that the variances of customers' perception score on the sustainability initiatives are not significantly different across the education level.

Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
'N' Level								
'O' Level								
'A' Level								
Polytechnic Diploma								
Bachelor's Degree								
Master's Degree								
Doctoral Degree								
Total								

Table 9: Descriptives from SPSS

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups					
Within Groups					
Total					

Table 10: ANOVA table from SPSS

The ANOVA table gives use the information to determine whether there is a difference in population mean perception score across the education level. Reject H_0 if p-value < 0.05 and conclude that, at 5% significance level, not all means are equal.

4.1.7: Research Objective 3.2

The Chi Squared test for association is useful in addressing RO3.2. The independent variables are the marketing strategies employed by Nespresso, and the dependent variables are the level of effectiveness of the sustainable initiatives.

Data Tabulated

		Marketing Strategies			Total
		Reuse	Reduce	Recycle	
Level of effectiveness	Effective				
	Neutral				
	Ineffective				
Total					

Table 11: Data tabulated from survey

The hypotheses are as follows:

H_0: There is no association between the level of effectiveness and the marketing strategies

H_1: There is an association between the level of effectiveness and the marketing strategies

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square			
Likelihood Ratio			
Linear-by-Linear Association			
N of Valid Cases			

Table 12: Chi-Square Tests from SPSS

Symmetric Measures

		Value	Asymptotic Standard Error	Approximate T	Approximate Significance
Ordinal by Ordinal	Kendall's tau-b				
	Kendall's tau-c				
	Gamma				
N of Valid Cases					

Table 13: Symmetric Measures from SPSS

We refer to the value highlighted in blue. We reject H_0 if the value is less than 0.05. This indicates that there is association between the level of effectiveness of the sustainability initiatives and the marketing strategies employed by Nespresso.

From the "Symmetric Measures" table:

1. In the "Kendall's tau-b" row, the magnitude and sign indicate the strength and direction of the relationship, respectively.
2. "Gamma" is utilized as a Proportion Reduction in Error (PRE) measure to assess the percentage improvement in predicting the dependent variable with the independent variable.

4.2 Qualitative

4.2.1: Research Objective 2.1

To delve into the challenges faced by Nespresso customers and to uncover potential enhancements, we will conduct a qualitative focus group study. This approach allows us to directly gather insights from our customers regarding their pain points and areas they believe need improvement. The evolving landscape, influenced by various factors, may have shifted priorities for our customers. Therefore, it is crucial to collect first-hand feedback on the specific factors influencing their experiences. The details are mentioned previously in section 3.3.3.

The moderator could ask open-ended questions such as "What do you think of Nespresso's coffee machine features?" or "Can you share a specific instance where you faced challenges or frustrations while using Nespresso products?". We would also allow participants to ask questions related to the topic. This valuable information will empower Nespresso to leverage insights, adapting to customer expectations effectively as we navigate the future.

5 Questionnaire

5.1 Nespresso consumers

Nespresso Market Research

Founded in 1986, Nespresso's vision pivots on revolutionising the coffee experience by offering high-quality coffee through its innovative coffee machines and premium coffee capsules, while maintaining its commitment to sustainability.

We invite you to partake in our survey tailored for Nespresso drinkers like yourself. Your insights are crucial in enhancing our comprehension of the dynamic coffee market. The questionnaire will take approximately 15 minutes to complete. Upon finishing, you will receive a £15 PayPal voucher via email as a token of our appreciation.

Please answer the following questions to the best of your ability.

<u>Section 1:</u>

What is your full name?

_____

What is your email?

_____

What is your age? Round up to the nearest whole number.

_____

What is your highest qualification?

◯ GCE 'N' Level   ◯ GCE 'O' Level   ◯ GCE 'A' Level

◯ Polytechnic Diploma   ◯ Bachelor's Degree   ◯ Master's Degree   ◯ Doctoral Degree

What is your Annual Household Income? Answer in GBP.

_____

What is your average monthly expenditure on Nespresso products? Answer in GBP.

_____

How often do you drink coffee weekly? Round up to the nearest whole number.

_____

How important is the brand of coffee to you?

Not important
at all   ◯   ◯   ◯   ◯   ◯   very
             1   2   3   4   5   important

Nespresso puts out a variety of new coffee blends from time to time (such as seasonal
varieties). How willing are you to try new coffee blends?

I prefer to stick to
my usual coffee   ◯   ◯   ◯   ◯   ◯   I love trying new
blend   1   2   3   4   5   coffee blends

Which is your most preferred type of coffee blends?

◯ Regular coffee blends   ◯ Seasonal coffee blends   ◯ Limited edition coffee blends

Nespresso's Vertuo and Original range employ distinct brewing technologies: the Vertuo
line innovatively extracts coffee for larger cup sizes, while the Original line uses a
traditional high-pressure pump system for espresso and lungo varieties.
Do you prefer the Vertuo range over the Original Range?

◯   Yes   ◯   No

How well do you believe Nespresso integrates sustainability into its daily operations?

◯   ◯   ◯   ◯   ◯

Ineffective   Neutral   Effective

Section 2:

Nespresso has actively undertaken sustainability measures in its operations, focusing on
three key initiatives: reusing, reducing, and recycling. In the upcoming questions, we will
present these efforts and welcome your sincere opinions.

Nespresso's **Reuse** Initiatives

In your opinion, how effective is the sustainability measure above in contributing to environmental conservation?

Not effective at all	◯	◯	◯	◯	◯	Very effective
	1	2	3	4	5	

Nespresso's **Reduce** Initiatives

In your opinion, how effective is the sustainability measure above in contributing to environmental conservation?

Not effective at all	◯	◯	◯	◯	◯	Very effective
	1	2	3	4	5	

Nespresso's **Recycle** Initiatives

In your opinion, how effective is the sustainability measure above in contributing to environmental conservation?

Not effective at all	◯	◯	◯	◯	◯	Very effective
	1	2	3	4	5	

Lastly, would you like to take part in a 90-minutes **online** focus group discussion regarding coffee quality and brand preference? A £50 Paypal voucher will be given as an additional incentive.

◯ Yes   ◯ No

We have come to the end of the survey. Thank you for completing our survey. Your contribution and cooperation are greatly appreciated. Please allow us 4-5 working days to process your responses and email you the voucher.

SUBMIT

Coffee Machine and Capsule Market Research

Coffee is a universally cherished beverage known for its rich aroma and invigorating flavour, serving as a morning ritual that fosters social connections and provides a comforting start to the day due to its stimulating caffeine content.

We invite you to partake in our survey tailored for avid coffee drinkers like yourself. Your insights are crucial in enhancing our comprehension of the dynamic coffee market. The questionnaire will take approximately 15 minutes to complete. Upon finishing, you will receive a £15 PayPal voucher via email as a token of our appreciation.

Kindly share your thoughts and experiences by answering the following questions to the best of your ability.

What is your full name?

_____

What is your email?

_____

What is your age? Round up to the nearest whole number.

_____

How often do you drink coffee weekly? Round up to the nearest whole number.

_____

What is your favourite brand of coffee?

_____

Now, we would like to hear your thoughts on the two prominent coffee machine and capsule providers, Keurig and Nespresso. Please respond to the following questions based on your personal experience to the best of your ability.

Which brand do you prefer, in terms of **overall packaging**?

This includes material, design, and functionality, among other factors.

◯ Keurig   ◯ Nespresso

Which brand do you prefer, in terms of **overall product quality**?

This includes brewing performance, features, and flavour consistency, among other factors.

◯ Keurig   ◯ Nespresso

Which brand do you prefer, in terms of **overall customer service**?

This includes warranty and guarantees, ease of contact, and in-store services, among other factors.

◯ Keurig   ◯ Nespresso

Lastly, would you like to take part in a 90-minutes **online** focus group discussion regarding coffee quality and brand preference? A £50 Paypal voucher will be given as an additional incentive.

◯ Yes   ◯ No

We have come to the end of the survey. Thank you for completing our survey. Your contribution and cooperation are greatly appreciated. Please allow us 4-5 working days to process your responses and email you the voucher.

SUBMIT

Focus Group Interest Form

We are from NurInsights Research and Analytics acting on behalf of our client, Nespresso and are looking for respondents to provide some insights for one of the projects. Respondents would be involved in an online focus group which would take 90-minutes. Respondents would be scheduled to take part in the study via email and the study will be conducted in early April 2024.

What is your full name?

_____

What is your gender?

○ Male   ○ Female

Are you currently a customer with Nespresso?

○ Yes   ○ No

What is your email?

_____

We have come to the end of the form. Your contribution and cooperation are greatly appreciated. Please allow us 4-5 working days to process your responses. We will contact you once again on the details of the focus group discussion.

SUBMIT

6 Proposed Timeline Schedule and Budget Allocation Details

6.1 Timeline

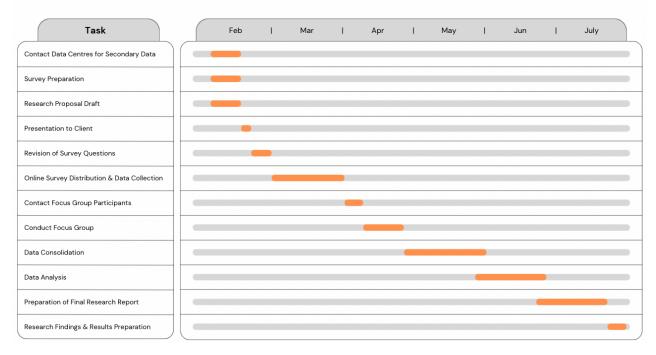## Project Timeline: February 2024 - July 2024

Task	Feb	Mar	Apr	May	Jun	July
Contact Data Centres for Secondary Data						
Survey Preparation						
Research Proposal Draft						
Presentation to Client						
Revision of Survey Questions						
Online Survey Distribution & Data Collection						
Contact Focus Group Participants						
Conduct Focus Group						
Data Consolidation						
Data Analysis						
Preparation of Final Research Report						
Research Findings & Results Preparation						

Table 14: Gantt Chart (Across 6 Months)

6.2 Budget Allocation

Description	Cost (£)	Reasoning
Online Survey Incentives	36,000	£15 per survey for roughly 2,400 pax
Focus Group Delivery & Incentives	2,500	£50 per participant for 50 pax
Data gathering and preparation	40,000	Preparation and outsourcing of data
Data Analysis	80,000	Charges of analytical work
Operations and Administrative	80,000	Inclusive of all expedited paperwork, regular proceedings and administrative work cost
Miscellaneous expenses	11,700	5% estimated miscellaneous cost that may arise
20% Value Added Tax (VAT)	50,000	Additional Taxes in UK
Total	296,950	

7 Further Recommendations

To further support business objectives, additional research can be proposed in several key areas.

(1) Competitor Benchmarking study

This would involve a comprehensive analysis of competitors within the premium coffee market, with a focus on identifying successful strategies in product innovation, customer experience, and sustainability practices.

(2) Market Expansion Feasibility Study

This study explores the potential of expanding Nespresso's market presence into regions with untapped opportunities for premium coffee. It would delve into cultural nuances and preferences, providing insights to tailor marketing and product strategies accordingly for successful market entry and growth.

8 Appendix

The official word count that exclude executive summary, table of contents, footnotes, labels, equations, tables, table labels, figures and questionnaire is <u>2989</u>.

(O'Connor, 2023): *7 Strong Nespresso Competitors*

https://fullcoffeeroast.com/nespresso-competitors/

(Lindemann, 2021): *What's the average survey response rate? [2021 benchmark]*

https://pointerpro.com/blog/average-survey-response-rate/

Krueger, R.A. & Casey, M.A. (2008) *Focus groups: A practical guide for applied research*. 4th edition. New York: SAGE.

Requirements	Section
Provide a full summary of the research brief, including the aims of the research.	Executive Summary
Demonstrate an understanding of the market or business context as well as any other publicly available research done in this area.	1, 2, 3, 5
Detail how the fieldwork would be conducted, i.e. face-to-face, telephone, online, focus groups, mixed-mode etc.	2, 5
Explain the proposed sampling method as well as other sampling methods considered, including details on any sampling frame to be used.	3
Detail the information that would be gathered and collected by the research.	3
Explain how you would use any customer or operational data supplied to you by the client.	2, 3, 4
Describe what multivariate analysis techniques you propose and how these would help the client's research aims.	4
Detail the proposed sample size necessary to construct confidence intervals around the survey estimates.	3
An appropriate questionnaire which would capture suitable data to perform the proposed multivariate analysis.	5
Proposed further research, i.e. include ideas for how some business or organisational objectives might be helped by further and different research.	7