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Research Article

**CONSUMER RESPONSE AND THEIR LEVEL OF SATISFACTION TOWARDS
NEPALESE COFFEE**

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Abstract

Coffee is important beverages of Nepalese farming society having export potentiality for its unique characteristics as majority of coffee are grown in different microclimates with organic in nature. Production of coffee and its plantation area is in increasing trend every year. In the same situation individuals taste is changing towards coffee than other beverages and are forced to buy from different countries to meet the demand of coffee neglecting quality of Nepalese coffee. There is important role of different actors in coffee value chain and consumers play important role as they decide on the value of coffee serving after various step of processing. This study was done in Kathmandu and Lalitpur districts of Nepal to know the preferences and satisfaction level of coffee consumers. Majority of the consumers were satisfied with foreign coffee and they prefer foreign coffee mostly due to high price of Nepalese coffee and also due to lack of awareness on Nepalese coffee. Foreign peoples were found to prefer foreign coffee in comparison to Nepalese coffee ($\chi^2= 23.02^{***}$) and generally drink three cup per day ($\chi^2= 13.67^{***}$) while Nepalese consumer drink two cup of coffee per day on an average. The survey showed that high market price for Nepalese coffee is major reason for less consumption of Nepalese coffee.

Key words: Coffee; Consumer; Preferences; Satisfaction.

Introduction

Coffee is one of the most popular beverages consumed by majority of the people in world. Over 2.25 billion of cups of coffee are consumed in the world every day. Coffee is one of the new comers in the list of high value crops and 27 thousand farmers grow coffee in Nepal (PACT, 2012). It is being cultivated in 40 mid-hill districts and also slowly expanding to other mid-hill districts recently. Latest available data shows that 1,750 ha of land was planted with coffee, producing 366 mt of green beans in 2012/13 (MoAD, 2013). With the existence of favorable climatic condition together with characteristics of coffee plants that grow well on rainfed uplands less suitable to other crops, the smallholder farmers are being positively attracted toward coffee farming in Nepal. Coffee provides 5 times more income than that of maize and millets and 2-3 times more yield than that of any other cash crop (Kattel, 2009). The ecological settings in the Himalayan hills provide Nepalese coffee a unique opportunity to enter international specialty markets. Nepali coffee has been exported as high altitude grown coffee produced by resource poor smallholders under organic conditions.

In case of Nepal, consumers are changing their preferences from tea to coffee. So there is need to access consumer preferences towards coffee and also to identify roles of consumers in value chain of coffee through identifying gaps from producers to consumers. So this study was done to identify consumers' behaviours and problems associated with coffee consumption, focusing on consumers' response and their level of satisfaction on Nepalese coffee.

Materials and Methods

This study was conducted during 2016 with 30 respondents each from individual consumers and restaurant owners from each Lalitpur and Kathmandu districts of Nepal. All together 120 random samples were taken for this study. Kathmandu and Lalitpur districts of Nepal were chosen for this study as majority of the peoples are reside in these two districts. Semi-structure questionnaire was applied to generate data and data were entered into MS Excel. SPSS software was used for analysis of frequency and chi square test was applied to test the hypothesis. It was assumed that there is no differences among the Nepalese and Foreign people for the consumption of Coffee found in Nepal (Nepalese coffee and Imported coffee). Similarly, it was

also assumed that there are no differences in number of cup taken by consumers. Secondary data were collected from Statistical Information Book available by Ministry of Agricultural Development, Nepal. Similarly, import export data were taken from Trade and Export Promotion Center (TEPC) Nepal and some secondary data were taken from publication and journal published by Project for Agriculture Commercialization and Trade (PACT) Nepal and also from other various agencies.

Result and Discussion

Characteristics of Respondents

Majority of the respondents were male (90%). In case of restaurant the numbers of male respondents were 57 out of 60 and in case of individual consumers survey number of

male were 51 out of 60 (Table 1). Restaurants respondents were engaged in sole business but in case of individual consumers, 63 percent were businessman and 32 percent were students (Table 2). More than half of the respondents have higher secondary education and above (Table 3) and only 8 percent of the respondents were found to have lower secondary education.

Purchase of Coffee

Small shops are major source to purchase coffee to restaurants while some of the restaurants prefer supermarkets and cooperatives to buy coffee to serve among consumers. This situation arises as there are lesser supermarkets in Kathmandu and vicinity and majority of the coffee are sold through small retail shops (Table 4).

Table 1: Gender status of respondents

Gender	Individual Consumers		Restaurants		Total	
	Number	Percent	Number	Percent	Number	Percent
Female	9	15	3	5	12	10
Male	51	85	57	95	108	90
Total	60	100	60	100	120	100

Table 2: Occupation Status of Respondents

Occupation	Individual Consumers		Restaurants		Total	
	Number	Percent	Number	Percent	Number	Percent
Business	38	63	60	100	98	81.67
Farmer	3	5	0	0	3	2.50
Student	19	32	0	0	19	15.83
Total	60	100	60	100	120	100

Table 3: Education level of Respondents

Education Level	Individual Consumers		Restaurants		Total	
	Number	Percent	Number	Percent	Number	Percent
Lower Secondary	7	11.67	3	5.00	10	8.33
Secondary	6	10.00	16	26.67	22	18.33
Higher Secondary	32	53.33	27	45.00	59	49.17
Graduate and above	15	25.00	14	23.33	29	24.17
Total	60	100	60	100	120	100

Table 4: Source of Purchase of Coffee by Restaurants

Source	Restaurants	
	Number	Percent
Small/Retail shop	53	88.33
Cooperatives	3	5.00
Supermarket	4	6.67
Total	60	100

Taste Preferences of consumers towards coffee

The study revealed that there is significantly greater consumption of foreign coffee by foreign people compare to Nepalese coffee. Furthermore, 72 consumers were foreign and out of that 54 mostly prefer foreign coffee (Table 5).

The study also found that, there are several issues regarding less consumption of Nepalese coffee. Among them high price of the Nepalese coffee is major issue. Similarly, less awareness on Nepalese coffee since production of coffee in Nepal is new and number of consumers are unaware about Nepalese coffee followed by lack of marketing of Nepalese coffee, unavailability of Nepalese coffee in market and tendency of export oriented market of Nepalese coffee.

Coffee consumption per day by individuals

Majority (48.33 %) of the individuals found to consume two cup of coffee at home daily. Similarly, in restaurant 43.33

percent of consumers were found to prefer one cup of coffee and only few consumers were found to prefer three or more cup of coffee per day (Table 6).

Preferences of Coffee by different respondents

Majority consumers (58.67%) were found to prefer foreign coffee. They generally prefer three cup of coffee per day which is significantly different with other. Likewise 41.33 percent of consumers were found to prefer Nepalese coffee (Table 7).

Consumers satisfaction on Nepalese Coffee

Mix type of result was found on satisfaction level of consumers on consumption of Nepalese coffee. Forty percent of the consumers were found satisfied with Nepalese coffee and 16.67 percent were highly satisfied. Whereas 26.67 percent consumers were found unsatisfied with Nepalese coffee consumption.

Table 5: Taste Preferences by Nepalese and Foreign Consumers

Type of Consumer	Nepalese Coffee	Foreign Coffee	Total
Nepalese People	18	4	22
Foreign People	18	54	72
Total	36	58	94

Chi-square value 23.0212*** (p-value is <0.000)

Table 6: Consumption pattern of Coffee by Consumers at different places

Places		Number of glass per day					Total
		1	2	3	4	5	
Home	Number	24	29	3	3	1	60
	Percent	40.00	48.33	5.00	5.00	1.67	100.00
Restaurant	Number	26	21	13	0	0	60
	Percent	43.33	35.00	21.67	0.00	0.00	100.00
Others	Number	25	13	5	3	0	46
	Percent	54.35	28.26	10.87	6.52	0.00	100.00

Table 7: Type of Coffee consumed per day by consumers

Type of coffee consumed per day	Number of glass per day					Total	Percent
	1	2	3	4	5		
Nepalese	6	13	9	3	0	31	41.33
Foreign	6	6	16	6	10	44	58.67
Total	12	19	25	9	10	75	100

Chi-square statistics is 13.6971*** (p-value=0.008)

Table 8: Satisfaction level of Consumer towards Nepalese coffee consumption

Satisfaction level	Frequency	Percent
Highly satisfied	10	16.67
Satisfied	24	40.00
Indifferent	10	16.67
Dissatisfied	13	21.67
Highly dissatisfied	3	5.00
Total	60	100.00

Conclusion

Coffee, being one of the high value and major export crop, most of the farmers are attracted to its farming in Nepal. Consumers are changing their taste towards coffee and the study revealed that forty percent of consumers found satisfied with Nepalese coffee consumption. However, markets of Nepalese coffee are found dominated by foreign coffee due to low price. Retail shops are major source to buy consumable coffee by majority of consumers. Nepalese coffee are found expensive and less awareness among consumers followed by export oriented therefore it is not easily available to local market and consumers were forced to buy foreign coffee. Consumers were found habitual to drink two cup of coffee at home and one cup of coffee at restaurants regularly.

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