

# **A Study to Determine the Consumer Demand for Coffee Attributes in Region XII, Mindanao, Philippines**

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# Background of the Study

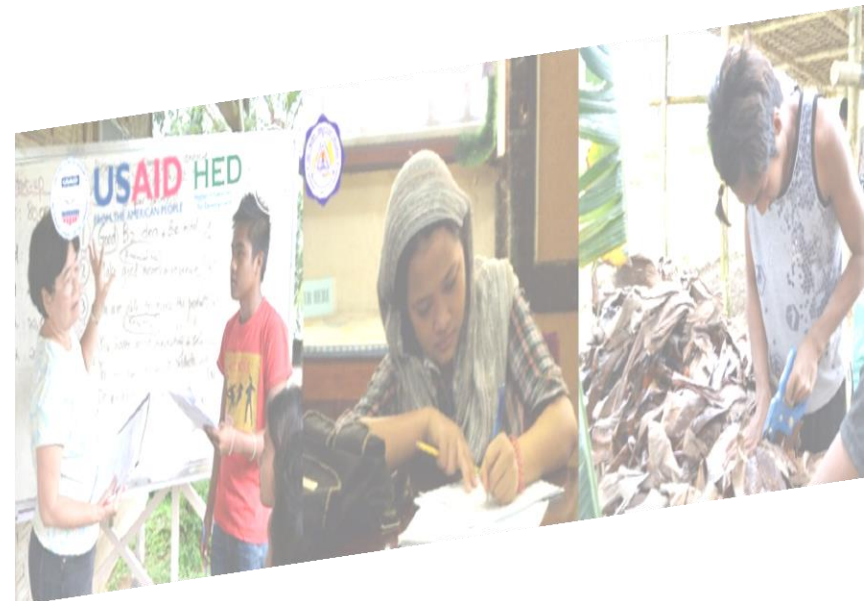
- ✓ Mindanao is abundant of natural resources
- ✓ High rate of poverty caused by unemployment and underemployment
- ✓ Youth ages 15-24 suffer unemployment



# Background of the Study

✓ Government and Non-Government Organizations work together to address the economic disequilibria

✓ Agri-Entrepreneurship training was conducted where OSY developed a competitive business plan and made the initiative to produce locally grown coffee.



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# Problem Statement and Objectives

Producers  
are OSY

lacks  
consumer  
demand

No product  
attribute  
preferences  
determined

The goal of this study is to assist the coffee producers particularly the Out of School Youth to produce product preferred by consumers of coffee that would eventually further their interest as entrepreneurs by earning high revenue and profitability.

1. To evaluate the customers needs and their satisfaction criteria

2. To determine the best attributes of coffee product.

3. To calculate willingness to pay coffee



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# Methodology

## Conjoint Choice Analysis

*Selecting  
Attributes  
and  
Levels*

*Creating  
Surveys*

*Collecting  
Data*

*Data  
Analysis*



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# Results

## Socio- Demographic

- Respondents are evenly divided by male and female.
- Primary consumers of coffee belong to ages 26 to 55 verified by 65.6% of the total respondents.
- 54.62% of the respondents' household earn monthly income below 5,000 and 36.13% earned between 5,001php to 15,000php



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# Results

## Utility Levels

Class Sizes	22.60%	8.50%	30.30%	28.80%	9.70%
Granule					_*_*
Fine Ground					+**
Light	+*	_*_*	+**	+**	
Medium		_*_*	_*	+**	
Strong		+**	_*_*	_*_*	
Local			_*_*	+**	
Abroad			+**	_*_*	
Price (4 ounces)	_*_*			_*_*	



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# Willingness to Pay

$$CV = -\frac{1}{\beta_m} (V^1 - V^0)$$

- ✓ To determine the price consumers willing to pay
- ✓ In Class 2, a consumer will pay 1.23 pesos more for light over strong. These estimations can be given to producers and, for example, if a producer can adjust the product to create the taste light at less than 1.23 pesos, the producer will make a profit. If the producer is not able to produce for that price, it is not feasible for them to make the product.



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# Discussion

- ✓ the taste and the price carries major weight in buyer's purchasing decision. In that case, in order for coffee to be price competitive, production has to consider taste.
- ✓ consumers prefer light coffee over medium and strong coffee.
- ✓ willingness to pay is about 1.23 pesos substituting light over strong.
- ✓ There are consumers who are not affected with price and these are buyers of imported coffee
- ✓ producer need to pay attention with its taste
- ✓ selling the coffee at different sizes such as 25 grams and different prices at different market outlets



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# Thank you!

## Any Questions?

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