A Study On Impact Of Various Factors On Customer Preference Towards Soft Drinks

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ABSTRACT: The study was entitled under a “Customer preference towards Soft Drinks” which focused on finding the impact of various independent factors such as Brand, Price, Quality, Taste, Aesthetics, Variety, Availability, Discount & Offers, Brand Ambassador, Advertisement, Eco-Friendliness and Ingredients on overall customer preference towards soft drinks. It is examined with Multiple Regressions statistical tool together with examination of various demographical factors that affect the customer preference was also studied using simple frequency table & chi square. From this study we conclude that all the factors such as Brand, Taste, Aesthetics, Variety, Availability, Discount & Offers, Brand Ambassador, Advertisement, Eco-Friendliness and Ingredients except Price, Quality, and Quantity has significant impact on overall Customer Preference.

Keywords: Customer Preference, Soft drinks, consumer behavior, customer satisfaction.

I. Research Background

Preference defined as the power or ability to choose one thing over another with the anticipation that the choice will result in greater satisfaction, greater capability or improved performance. With the Changing Trend and fashion of current Soft drink industry it is of primal importance for the organization to adopt the changes in accordance with the expectations of the consumer. This paper gives a bird’s eye view on various factors that plays a vital role in Choice of selection of soft drinks and the preference that customer has when they buy a soft drink.

II. Research Objective

The Primal objective of this paper is to dig out the factors that make the customer to prefer one soft drink over the other also to find out the impact of each factor on the overall Preference of the consumer towards soft drink.

III. Hypothesis Framed

H1: Brand has significant impact on Overall Preference
H2: Taste has significant impact on Overall Preference
H3: Aesthetics has significant impact on Overall Preference
H4: Flavor has significant impact on Overall Preference
H5: Availability has significant impact on Overall Preference
H6: Discount & Offer has significant impact on Overall Preference H7: Brand Ambassador has significant impact on Overall Preference H8: Advertisement has significant impact on Overall Preference
H9: Eco-friendliness has significant impact on Overall Preference
H10: Ingredients has significant impact on Overall Preference
H11: There is a relationship Between Gender and Overall Preference
H12: There is a relationship Between Education and Overall Preference

IV. Literature Review

The study entitled “Impact of Consumer Preference Formation on Marketing Objectives and Competitive Second Mover Strategies” published in Society for Consumer Psychology by Gregory S. Carpenter and Kent Nakamoto Journal of Consumer Psychology state that In this article, we consider the impact of the dynamics of consumer preference formation on the optimal competitive strategy for a second brand entering a market dominated by a pioneer. In particular, our analysis explicitly incorporates the perceptual dominance and prototypicality of a successful pioneer into models of consumer and managerial...
decision making. Based on these models, we derive optimal entry strategies for a second mover that competes with the pioneer in brand positioning, advertising, and price. Analyses using classical models of decision making, which exclude proto typicality, show that optimal second mover strategies engage a process of competition that leads to falling prices and profits until further entry is unprofitable. However, the empirical evidence shows that pioneers enjoy persistent competitive advantages. Our analysis, incorporating the proto typicality of the pioneer, shows that it is optimal for the second mover to adopt a niche strategy (with a maximally differentiated position, high price, low advertising outlay) that is consistent with the persistent pioneering advantage. Our results suggest an important role for brand proto typicality in the design of competitive strategies and for the process of competition between brands Source: http://www.jstor.org/stable/1480573

V. Research Methodology

Sampling Design

- **Sampling Method**
  Convenience sampling technique is adopted.

- **Sample Size**
  The study of our study is 100.

- **Statistical tool Used**
  Reliability Test, Percentage Analysis, Chi-square, Multiple Regression

- **Method of Data Collection**
  Questionnaire method is used for data collection. The questions are structured with combination of both Conceptual and demographical factors.

VI. Data Analysis

Reliability Analysis

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>No of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.737</td>
<td>25</td>
</tr>
</tbody>
</table>

Inference: The consistency rate of 25 items in the questionnaire is 73.7% while the recommended level is 60%.

Multiple Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients (B)</th>
<th>Std. Error</th>
<th>Standardized Coefficients (Beta)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant) Preference Based on Brand</td>
<td>.011</td>
<td>.143</td>
<td>.078</td>
<td>.938</td>
</tr>
<tr>
<td>Preference Based on Price</td>
<td>.092</td>
<td>.021</td>
<td>1.40</td>
<td>.000</td>
</tr>
<tr>
<td>Quality Preference Based on Quality</td>
<td>.028</td>
<td>.022</td>
<td>1.052</td>
<td>.210</td>
</tr>
<tr>
<td>Quantity Preference Based on Taste</td>
<td>.032</td>
<td>.024</td>
<td>1.039</td>
<td>.195</td>
</tr>
<tr>
<td>Preference Based on Aesthetics (Color, Bottle Shape &amp; Outlook)</td>
<td>.001</td>
<td>.020</td>
<td>1.003</td>
<td>.941</td>
</tr>
<tr>
<td>Preference Based on Variety/Flavor</td>
<td>.081</td>
<td>.017</td>
<td>1.153</td>
<td>.000</td>
</tr>
<tr>
<td>Preference Based on Availability</td>
<td>.085</td>
<td>.020</td>
<td>1.173</td>
<td>.000</td>
</tr>
<tr>
<td>Preference Based on Discount &amp; Offers</td>
<td>.073</td>
<td>.021</td>
<td>1.130</td>
<td>.001</td>
</tr>
</tbody>
</table>
Regression Equation: \( Y = A + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + b_7x_7 + b_8x_8 + b_9x_9 + b_10 \)

Where
- \( A \) is Beta coefficient (Constant)
- \( X \) denotes the Independent Variables which has an effect on The Dependent Variable
- \( Y \) is the dependent variable (Over all Preference of Youth)

Inference: It is inferred that 1% increase in Brand (.092), Taste (.081), Aesthetics (.085), Variety/ Flavor (.084), Availability (.073), Discount & Offers (.086), Brand Ambassador (.086), Advertisement (.077), Eco-Friendly (.108), Ingredients (.090) have an impact on 1% increase in overall satisfaction.

### Multiple Regression R Square Value

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Sig. Change</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.966(^a)</td>
<td>.933</td>
<td>.923</td>
<td>.17847</td>
<td>.933</td>
<td>91.730</td>
<td>13</td>
</tr>
</tbody>
</table>

Inference: From the above table it is inferred that r square value is 93.3% which is the variance.

**Gender and Overall Preference**

<table>
<thead>
<tr>
<th></th>
<th>Gender</th>
<th>overallPref</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>4.000(^a)</td>
<td>227.240(^b)</td>
</tr>
<tr>
<td>Df</td>
<td>1</td>
<td>26</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.046</td>
<td>.000</td>
</tr>
<tr>
<td>Monte</td>
<td>.080(^c)</td>
<td>.000(^c)</td>
</tr>
<tr>
<td>Car Sig.</td>
<td>.027</td>
<td>.000</td>
</tr>
<tr>
<td>Sig. 95%</td>
<td>.133</td>
<td>.030</td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.

b. 27 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.7.

c. Based on 100 sampled tables with starting seed 2000000.
HO: - There is No significant Relationship between Gender and Overall Preference.
HA: There is a significant Relationship between Gender and Overall Preference.

Inference:
From this table it is inferred that the value is < 0.05 we reject the null hypothesis and accept the alternate hypothesis which signifies there is a significant relationship between Gender and Overall Customer Preference.

<table>
<thead>
<tr>
<th>Education and Overall Customer Preference</th>
<th>overallPref</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>227.240^a</td>
<td>38.200^b</td>
</tr>
<tr>
<td>Df</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Monte Carlo Sig.</td>
<td>.000^c</td>
<td>.000^c</td>
</tr>
<tr>
<td>95% Confidence Lower Interval Bound</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Upper Bound</td>
<td>.030</td>
<td>.030</td>
</tr>
</tbody>
</table>

a. 27 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.7.
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.0.
c. Based on 100 sampled tables with starting seed 926214481.

HO: - There is No significant Relationship between Education and Overall Preference.
HA: - There is a significant Relationship between Education and Overall Preference.

Inference:
From this table it is inferred that the value is < 0.05 we reject the null hypothesis and accept the alternate hypothesis which signifies there is a significant relationship between Education and Overall Customer Preferences.

VII. Findings

1. CHI-SQUARE

□ The value is < 0.05 we reject the null hypothesis and accept the alternate hypothesis which signifies there is a significant relationship between Education and Overall Preference.
□ The value is < 0.05 we reject the null hypothesis and accept the alternate hypothesis which signifies there is a significant relationship between Gender and Overall Preference.

2. MULTIPLE REGRESSION

□ The R square value is 93.3% which implies the variance.
□ Beta coefficient value is 0.011,
□ All the factors except price, quality and quantity all other factors has

Positive Effect on the Overall Preference towards soft drinks@ significance <0.5 which implies that the Equation
□ Overall customer preference = A (.011) + Brand (.092) + Taste (.081) + Aesthetics (.085) + Variety/Flavors (.084) + Availability (.073) + Discount

- Which states that one Unit increase in any of the independent value has an significant impact on the Overall Customer Preference towards soft drinks.

VIII. Recommendation / Suggestion
- The Soft drink companies should concentrate on factors such as Brand, Price, Quality, Taste, Aesthetics, Variety, Availability, Discount & Offers, Brand Ambassador, Advertisement, Eco-Friendliness and Ingredients. In order to satisfy the preference of the customer.

IX. Conclusion
- From this study we have explored certain demographical factors that affect the overall preference of the consumer towards soft drinks. Also we found that the factor such as Brand, Taste, Aesthetics, Variety, Availability, Discount & Offers, Brand Ambassador, Advertisement, Eco-Friendliness and Ingredients has a significant impact on the overall preference of the consumer towards soft drinks. This analysis was done using statistical tools like simple frequency table, chi-Square and multiple regressions.

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