

# *Gouda Coffee – Café Canadiana Evaluation Study*



VANCOUVER ISLAND  
UNIVERSITY

An amalgamation of two separate university studies by:

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- 2- Noura Abusman.

Both have completed the project studies and their surveys separately and as part of the MBA program. Both conclusions were independently supportive of each other.

**Vancouver Island University**

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## 1- Acknowledgements

### a) By Noura Abusman

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My most sincere gratitude goes to my husband, without his support and love; this work would not have been possible. I would also like to thank my children, parents, and siblings for believing in me, for their support, patience, and prayers. Specially, for making me the person I am now.

### b) By John Breez

It is with gratitude and a thankful spirit that I feel obliged to acknowledge the encouragement of Dr. Benson to complete this study. I would also like to thank all the 120 participants at the college campus who provided their time and survey participation to produce this study.

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## 2- The Concept

Enhancement of the health value of coffee, thus introducing coffee for the first time as a health food product.

The producer's motto "***we made coffee good for you,***" is their window to marketing it.

The commercialization approach is based on their thesis: "***We answered the question: how to get the benefits of a dozen cups of coffee, without suffering the negative side effects of consuming that much coffee?***"

The concept offers a revolutionary and unique approach: "***a cup of coffee would offer the benefits of a dozen cups of coffee, yet it would still have the negative side effects of only one cup.***"

This is achieved by extracting the same good properties of coffee from other plants and inserting them in coffee.

Marketing coffee as a health food product, is a promising new concept.

### 3- Coffee's health value:

**The heart of the concept is based in maximizing the good of coffee.**

The following facts are supported by the citations listed at the end:

Medical journal reports have concluded that 1 cup =

Riboflavin (Vitamin B2): 11% of the RDA.

Pantothenic Acid (Vitamin B5): 6% of the RDA.

Manganese and Potassium: 3% of the RDA.

Magnesium and Niacin (B3): 2% of the RDA.

Several medical reports (see citations) concluded that people who drink the most coffee have a 23-50% lower risk of getting type II diabetes, and a study showed a reduction as high as 67%

Coffee drinkers have a much lower risk of getting Alzheimer's disease, which is a leading cause of dementia worldwide.

Coffee drinkers have up to a 60% lower risk of getting Parkinson's disease, the second most common neurodegenerative disorder.

Coffee drinkers have a much lower risk of developing cirrhosis, which can be caused by several diseases that affect the liver.

Several medical report (see references) have concluded that coffee properties reduce your risk of diabetes by 13% with just one cup a day. But, if you drank twelve cups a day, you could reduce the risk of diabetes by 67%. Six cups of coffee a day had an 18% reduction on prostate cancer and a 40% reduction of aggressive lethal cancer, and reduced the risk of liver cirrhosis by 84%. Five cups a day for five weeks began to reverse Alzheimer's damage in the brain by reducing levels of amyloid-beta, both in the blood and the brain; and reduced the risk of Parkinson's and other dementia cases, including Alzheimer's – even prevention of certain cancers, heart rhythm problems and stroke by 47%, And five cups a day reduced it by 60%. Women who drank 1-3 cups of coffee a day had a 24% lower risk of dying from cardiovascular disease. Dr. John Douillard stated in the medical documentary video cited at the end.

Coffee appears to lower the risk of developing depression and may dramatically reduce the risk of suicide. Several studies show that coffee drinkers live longer and have a lower risk of premature death.

So what's the problem? As Dr. Douillard also stated, there are negative side effects to coffee, especially if you wanted to consume enough to get a positively effective dose. This balance dilemma is the centre of this product. The product's whole concept is based on offering the answer.

#### **4- Scientific justification summary:**

Coffee has several positive health properties, and some negative properties. The inventor's site cited several medical facts confirmed by published medical reports, all of which support the existence of significant health properties in coffee. (see citations at the end.) However, for one to get an effective dose of such health value, one would need to consume about a dozen cups of coffee a day. The report argues, If you do, you'll also then be exposed to the negative properties of coffee. The answer? Utilizing the same good properties sought in coffee, that exist separately and individually in other natural plants; seeds and herb leaves and flowers. The scientists at Optimum Green [www.optimumgreen.com](http://www.optimumgreen.com) have separated each of these properties from these herbs and inserted them in coffee. By doing so, we increased the level of the good properties in coffee significantly, while maintain all other properties at their natural level. The product claims a scientifically health-enhanced and a taste-enriched coffee.

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#### **5- Legal:**

##### **1- The business registration:**

A product by Optimum Green Laboratories, [www.optimumgreen.com](http://www.optimumgreen.com)

Sole proprietorship / patent - copyright holder: Dr. Paul Gouda, Optimum Green Laboratories.

[og@optimumgreen.com](mailto:og@optimumgreen.com)

##### **2- Product name(s):**

In North America: the product shall be marketed under "Café Canadiana and/or Gouda Coffee." The association of the familiar Gouda and Goudas food products "salt, sugar, beans, rice, oil, sauces, and cheese ... etc." – with no coffee carrying the name "Gouda" is a significant market advantage. The legality of the use of the name "Gouda" is secured under the family name use of the inventor.

[www.goudacoffee.com](http://www.goudacoffee.com)

Overseas, mainly in the Middle East, the product is to be marketed as "Café Canadiana."

[www.cafecanadiana.com](http://www.cafecanadiana.com) Market agents – upon advice of experts, may use either name in either market.

## 6- Introduction

Optimum Green Laboratories Ltd. is an environmental analytical chemical laboratories with branches located in Washington, USA and British Columbia, Canada. It was first founded in Toronto, Ontario in 1994 by two Canadian scientists, Dr. Paul Gouda, an analytical chemist – pharmacology research scientist, and Dr. Samuel H. Saleeb, an organic chemist. In 1995, Dr. Basha, C.Ch. joined the company. The company's core business is to provide analytical laboratory chemical analysis services and consultation to serve the industrial, environmental and health arenas (optimum green, 2013).

After conducting pharmacological and analytical research combined with his science background, Dr. Paul Gouda came up with a coffee recipe in his B.C. laboratory, to offer revolutionary health values, he develop unique and favourable coffee called Gouda Coffee (Gouda coffee, 2013). Gouda Coffee is a unique product, utilizing plant hormones and other plant extracts. It is only coffee that offers true health benefits. The company invented a formula to enhance the good properties of coffee by the effective use of natural, organic, medicinally proven herbs that have been successfully utilized for thousands of years in Egypt, India, China, and other ancient African & Asian countries (Optimum green, 2013). Moreover, Gouda Coffee is made of 100 percent quality organic coffee beans and herbs and it has been analytically proven to treat many health issues such as high blood pressure (Gouda coffee, 2013).

Canadian Intellectual property office in Ottawa registered Gouda Coffee recipe as patent right for Dr. Paul Gouda under the copyright registration number 1100916 (Gouda coffee, 2013). Optimum Green aims to market this product by targeting the shelves of every health store, major supermarket and chain coffee shops in the Middle East.

## 7- Initial taste tests

In order to test consumer perceptions preferences for different brands of coffee, two consumer coffee preferences surveys were conducted on September 14<sup>th</sup>, 2013 and January 21<sup>st</sup>, 2014 among Vancouver Island University's students. One group consisted of Middle Eastern foreign students, and the other was made of Canadian students. The studies were conducted with the objective of identifying the existing consumption and purchasing behaviour with respect to four different brands of coffee. These brands were Tim Horton coffee, Arabic Coffee, Gouda Coffee, and Starbucks Coffee.

These were blind-fold, unmarked samples.

Focusing on Gouda Coffee attributes:

The smell was mostly described as flavorful. Some of the other descriptions of the smell that respondents mentioned were great, exotic, good, nice, and different.

The taste was mostly described by 85% as rich, spicy, herbal and 12% described it as foreign but good, while 3% described it as weird.

One group is made of the Middle Eastern student: Arabic Coffee was ranked first, Gouda Coffee was ranked second, and Starbucks was ranked third.

The other group is made of Canadian students: Gouda coffee was ranked first, Arabia coffee second, Tim Horton third, and Star Bucks fourth.

## **8- Methodology**

The methodology employed is that of a case study. A "case study," is best defined as an intensive study to capture the complexity of a single unit (e.g. a category of university students) with an aim to generalize across a larger set of units using mix of quantitative and qualitative approaches (CAPAM, 2010). Case study as a research strategy is considered to be as an obvious option to undertake a modest scale research project based on the company's current situation by gathering data within the context being studied. Usually case study uses multiple data sources that involve direct observation, interviews, and documents (Rowley, 2002). Rowley (2002, p.16) argued that "Case studies have often been viewed as a useful tool for the preliminary, exploratory stage of a research project, as a basis for the development of the 'more structured' tools that are necessary in surveys and experiments".

Case studies are conducted for different purposes and it is applied as a research method in order to explore relevant findings similar to the individual cases. It is considered to be the appropriate method to investigate a phenomenon in three cases. First, many different factors and relationships exist. Second, the significant factors and relationships within this phenomenon cannot be determined. Finally, direct observation of these factors and relationships can be attained (Yin, 2012).

Researchers use case studies for the purpose of developing a comprehensive model to describe patterns of behaviour. In order to conduct case study research, there are four steps to follow which include: case study design, study's data collection, data analysis, and results and findings reporting and presentation (Gerring, 2004). Finally Rowley (2002, p.17) described Case studies as "beneficial approach that supports deeper and more detailed investigation of the type that is normally necessary to answer how and why questions".



## **9- Data sources**

Data and information for the purpose of evaluating the feasibility of entering a specific market were gathered primarily from secondary sources of information including internet based sources, those available in the business literature, as well as from books, journals, and compendiums. First of all, the company's information was gathered from its official website giving insight about Optimum Green's organizational information as well as Gouda Coffee "or Café Canadiana, the alternative marketing name" brand characteristics. Moreover, research about the coffee market trends and environmental analysis to the proposed destination was conducted. In addition, primary data were collected in order to get the most current and accurate information about coffee.

### **9.1 The Bargaining Power of Buyers**

The demand for a new and a unique coffee in particular supports the potential of this product. The bargaining power of the buyers is very strong as coffee sales is constantly within the elite top five food products. (Euromonitor International, 2013).

#### **9.1.1 The Bargaining Power of Suppliers**

In the coffee industry there are many coffee bean suppliers that can supply the volume of the coffee beans needed. In general power of suppliers is very limited. Since the suppliers come from the developing countries, they do not always have adequate funds to have their own chain of coffee shops and are not in the position of raising the prices. In addition to that, the similar nature of the raw materials (coffee beans, herbs, and spices) is another factor, with big companies also involved in the lives of the suppliers like fair trade – yet leaving many smaller farmers looking for available markets. (Euromonitor International, 2013). Considering these factors, bargaining power of suppliers is relatively low, in favour of Gouda Coffee project potentials.

## **9.2 Blind Taste Test**

### **9.2.1 Background**

A brand can be defined as a name, symbol, design, or mark that improves the value of a product besides its functional value. Subsequently, a brand adds value to the investor, manufacturer, retailer, and consumer (Madhavaram, Badrinarayanan, & McDonald, 2005).

Firms aiming to target potential and existing markets use blind taste test results to measure consumer feelings about the tastes of different brands. In addition to that, blind taste tests are used to develop new products and test their potential market acceptance (Ghose & Lowengart, 2001).

Consumer coffee preferences were evaluated September 14, 2013 among Vancouver Island University's Saudi students. The survey emphasized the relationship between coffee taste and smell with consumer's preferences. The study was conducted with the objective of identifying the existing consumption and purchasing behavior of two groups, foreign students and local students, with respect to coffee taste and smell.

## **9.3 Methodology**

### **9.3.1 Participants**

Participants were recruited mainly at Vancouver Island University (VIU). Participants include ESL, undergraduate, and MBA students. The students were stopped in a hall at building 255 and the purpose of the study was explained to them. Participants were asked to participate voluntarily in a study to test consumer perceptions for different brands of coffee and to fill in some surveys. The participants were unaware that the focus was on Gouda Coffee, thus eliminating biased judgment. In the blind condition, samples were marked as A, B, C & D whereas Gouda Coffee was "C". A bottle of water and crackers were provided to participants between the samples.

Starbucks Coffee, Gouda Coffee, Tim Horton coffee and an imported traditional Arabic Coffee were used in the studies. In the blind condition, four cups, one for each brand, labeled A, B, C "and D" were used to hold the samples. Also, participants were given a survey to record their taste preferences.

## **9.4 Material**

### **9.4.1 Coffee preparation**

Each coffee was prepared separately using:

1. Three tablespoons of coffee
2. Two cups of water in study-1 and 3 cups of water in study-2.

The four coffee brands were prepared the same way and served to the students in small opaque plastic cups.

## **9.5 Procedure**

### **9.5.1 Data collection**

Primary data were collected and the personal interview approach was selected to ensure that respondents could be individually approached and data could be collected speedily. Moreover, the nature of information being sought required a one to one approach.

The survey sought responses from students to determine their existing consumption behavior for coffee, preferable brands, and the factors influencing their coffee choices. A copy of the survey instrument is attached in Appendix A-1.

### **9.5.2 Sample selection and size**

It was decided to include respondents from two VIU groups as they were educated, exposed to foreign brands and/or familiar with North American coffee taste, and were expected to be familiar with the issues related to coffee consumption such as health benefits and harms caused by drinking coffee. The survey was conducted over seven hours in building 255 at VIU. The questionnaires generated a lot of interest among students. Test-1 consisted of 35 foreign students, while test-2 included 111 Canadian students.

### **9.5.3 Blind taste test**

The blind taste tests took place between 11 AM and 4.30 PM. The students were asked to read and sign the consent form to ensure that he/she was aware of the fact that the different coffee brands contained caffeine and to avoid any potential dietary limitations (Breneiser & Allen, 2011). Copy of the consent form is attached in Appendix A-2.

The four samples were served randomly to eliminate bias in the form of order in which the cups were served. The participants were asked to taste each sample and make notes. They were encouraged to ask questions to clarify any misunderstandings. In order to eliminate any cross-contamination of samples within the mouth, participants were advised that they should drink water and/or eat crackers between tastings. In addition to that, they were encouraged to re-taste the sample if that would be helpful to rank

their order taste preferences. Once the participants were done with all of the samples they were asked to consult their notes and rank the samples first favorite, second favorite, least favorite. At the very end, they were thanked for their participation.

#### 9.5.4 Data Analysis

i) The data were tabulated and analyzed. The analysis focused only on obtaining frequencies and descriptive statistics.

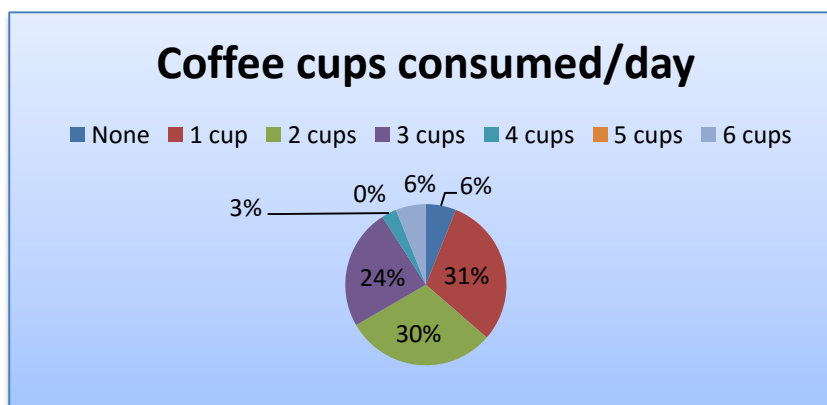
ii) Gender: Group-1 was 55% males, 45% females. Group-2 was 64% males, 36% females.

iii) Age: Students responded to the survey were belonged to the 20 to 30 years age group. The sample description figures are provided in Appendix B-1.

##### iv) Frequency of consuming coffee

The students were asked to specify the quantity of coffee consumed by them each day. The survey revealed that 6 percent of respondents were not coffee drinkers, 31 percent were drinking only one cup of coffee in a day, 30 percent were drinking two cups, 24 percent were drinking three cups, and 3 percent were drinking four cups. Only 6 percent were heavy drinkers and consumed six cups each day as shown in Figure 3.2.

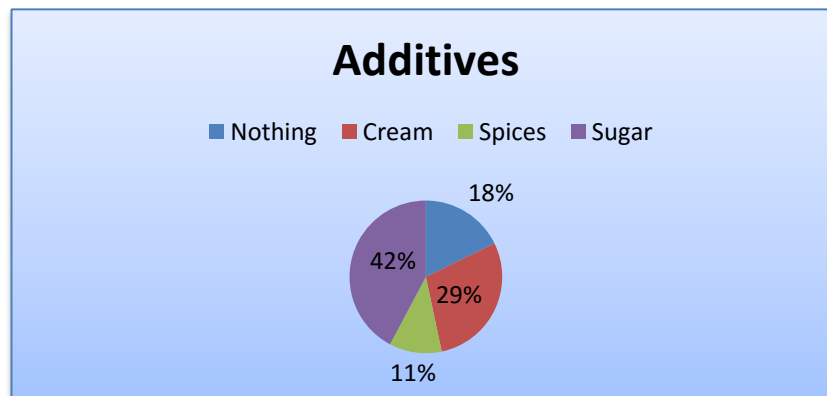
**Figure, Frequency of consuming coffee**



##### v) Additives that are put on the coffee

The students were asked to specify what additives they used when they drink coffee. The survey revealed that 29 percent of respondents like to add cream to their coffee, 11 percent of respondents like to add spices to their coffee, and 42 percent of respondents like to add Sugar to their coffee. 18 percent of respondents like to drink coffee without any additives as shown in Figure 3.3.

**Figure, Additives that are put on the coffee**



The respondents mentioned cinnamon, cardamom, and saffron as some of their preferred spices to add to their flavored coffee.

## **10- Combined over-all result:**

The blind taste tests revealed that 88% of the larger Canadian group and 47% of the smaller foreign students group respondents ranked Gouda coffee their favourite. On average, 17 percent preferred Starbuck Coffee, and 21 percent Tim Horton.

Regarding the second favourite, 71% and 33% of two groups of the respondents ranked Gouda coffee their second favourite. On average, 29 percent preferred Starbuck Coffee, and 21 percent Tim Horton. While in Foreign student groups 41% Arabic Coffee. These are combined average figures.

### **10.1 Factors influencing students' preference for coffee brands**

#### **Gouda Coffee's smell:**

The average score of the two blind taste tests revealed the respondents opinion about Gouda Coffee smell as the following: 41 percent said it was delectable, 26 percent said it was flavorful, 13 percent said it was agreeable, 10 percent said it was familiar, , and 10 percent said other descriptions.

#### **Gouda Coffee's taste:**

The blind taste test revealed the respondents opinion about Gouda Coffee taste as the following: 31 percent said it was exotic, 11 percent said it was strong, 10 percent said it was light, 22 percent said it was

spicy, and 20 percent said other descriptions. On the other hand, 6 percent of the respondents said that they did not like its taste. Figures are provided in Appendix B-1.

#### **Starbucks Coffee's smell:**

The blind taste tests revealed the respondents opinion about Starbucks Coffee taste as the following: 19 percent said it was delectable, 21 percent said it was agreeable, 14 percent said it was familiar, and 11 percent said it was flavorful. There were no other descriptions. Figures are provided in Appendix B-1.

#### **Starbucks Coffee's taste:**

The blind taste test revealed the respondents opinion about Starbucks Coffee taste as the following: 8 percent said it was exotic, 32 percent said it was strong, 20 percent said it was light, and 5 percent said it was spicy. There were no other descriptions. In the other hand, 35 percent of the respondents said that they did not like its taste. Figures are provided in Appendix B-1.

#### **Tim Horton Coffee's smell:**

The blind taste test revealed the respondents opinion about Tim Horton Coffee smell as the following: 17 percent said it was delectable, 27 percent said it was agreeable, 10 percent said it was exotic, 18 percent said it was familiar, and 9 percent said it was flavorful. There were no other descriptions. In the other hand, 19 percent of the respondents said that they did not like its smell. Figures are provided in Appendix B-1.

#### **Tim Horton Coffee's taste:**

The blind taste test revealed the respondents opinion about Tim Horton Coffee taste as the following: 8 percent said it was exotic, 42 percent said it was strong, 20 percent said it was light, and 6 percent said it was spicy. There were no other descriptions. In the other hand, 24 percent of the respondents said that they did not like its taste. Figures are provided in Appendix B-1.

#### **Arabic Coffee's smell:**

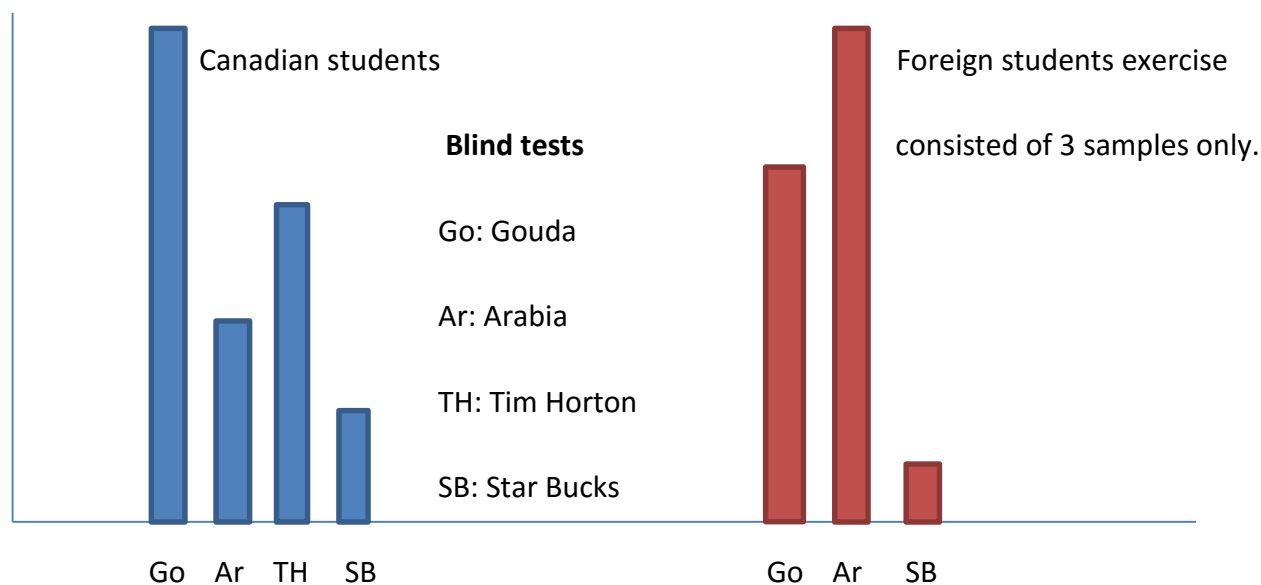
The blind taste test revealed the respondents opinion about Arabic Coffee smell as the following: 23 percent said it was delectable, 21 percent said it was agreeable, 17 percent said it was exotic, 8 percent said it was familiar, and 17 percent said it was flavorful. There were no other descriptions. In the other hand, 14 percent of the respondents said that they did not like its smell. Figures are provided in Appendix B-1.

## Arabic Coffee's taste:

The blind taste test revealed the respondents opinion about Arabic Coffee taste as the following: 15 percent said it was exotic, 47 percent said it was strong, 20 percent said it was light, and 6 percent said it was spicy. There were no other descriptions. In the other hand, 14 percent of the respondents said that they did not like its taste. Figures are provided in Appendix B-1.

## 11- Summary of the findings

The results from the blind taste test revealed that most respondents drink coffee. When the data were analyzed, the consumption was generally between one to two cups per day and rarely exceeded three cups per day. It was also observed that the use of additives was limited to sugar and cream, while the use of spices was very rare. Moreover, **Gouda coffee ranked first as the most favoured coffee by both genders in North American group**, while Arabic coffee ranked first and **Gouda Coffee was ranked second by the foreign students group**, and finally Starbucks was ranked last by both groups.



Regarding Gouda Coffee attributes, the smell was mostly described as flavorful; while some of other descriptions of Gouda Coffee smell that respondents mentioned were great, foreign, smell like cookies, good, nice, and new. The taste was mostly described as spicy, while some of other descriptions of Gouda

Coffee taste that respondents mentioned were herbal, new, delicious, and 2% said it didn't taste like it smells.

## 12.0 Options, Generation

Based on the previous analysis, Optimum Green Laboratories has three options to consider. These options are illustrated as the following:

**12.1 The specific and smaller market of Arabian Gulf commercial approach needs further studies. Optimum Green laboratories should not lose the opportunity to take its Gouda Coffee to the Markets of the Gulf region in general.** This option allows the company to gain market share, increase its sales internationally, and achieve profits. Emphasis on it being a Canadian health coffee is the key.

### **12.2 Forming alliance with Middle east coffee companies:**

Example: El Farouki Coffee Center. It has been the leading player for the past several years, maintaining its 15 percent retail volume share (S. A. Food & Drink Report, 2013). The company's continuous expansion of its outlets helped it retain its leading position. Furthermore, within supermarkets and hypermarkets, the company's coffee also enjoyed attractive shelf positioning and benefited from the ongoing retail expansion. The company offers a variety of coffee, including Arabica and Turkish, which are widely popular. Furthermore, El Farouki Coffee Center, introduce new types of fresh ground coffee to the region (Euromonitor International, 2013).

By forming a strategic alliance with El Farouki Coffee Center, Optimum Green Laboratories can integrate and share core competencies which include significant market share, innovative products, and integrated distribution channels. The company can access El Farouki Coffee Center customers and strengthen the relationships with them and with its key suppliers.

However, this option can create many challenges to Optimum Green Laboratories. First, the company faces the challenge of being successful in getting El Farouki Coffee Center agreement on specific goals and objectives. Furthermore, the company may face future conflicts in objectives, business plans, and management style as the company has not gone international before, so it lacks the multinational experience, especially, the Middle Eastern cultural differences and foreign business environment.

### **12.3 Optimum Green Laboratories stays in North America**

The company Should focus its operation in North America, the Canadian and American markets. Moreover, Optimum Green Laboratories can target different ethnic groups in Canada as the country become cosmopolitan and Immigrants from all around the world are building a multicultural population. Also,



Canadians are considered as promising target option as Canadian food patterns are influenced much by the food preferences brought by immigrants from their home countries. Canadians are more and more exposed to different cultures through work, school, friendships, mixed marriage, and travel to other countries (Agriculture and Agri-food Canada, 2010). Therefore the attitudes toward trying new foods are increasing and becoming open. The unique factor of this coffee being a health food product places it in an elite category by itself. The commercial focus must remain on it being a new health food product.

### **13.0 Literature Review**

The main focus of reviewing the literature is to explore consumer's preferences for coffee around the world. How consumers decide to buy a product is based on the importance of its attributes. This also applies to the case of coffee. Different coffee studies have been done to explore consumer behaviour, coffee consumption, preference characteristics, the effect of prices and packaging, branding on coffee choices.

Coffee has existed for more than one thousand years and it is one of the most traded commodities in the world. It's very popular in many countries and it is considered the most well known hot drink by most of the people in the world. Moreover, this hot drink has become wide spread as a result of introducing varieties of coffee to the market, especially between young generations (Ukessays, 2013).

What makes a consumer prefer one brand of coffee to another can be justified by the way consumers perceive the available brands. Consumer preference is defined as how the consumers will behave when they offered different options of brands (Ukessays, 2013). Consumers' coffee preferences vary from place to another in the world. The consumers' decision to choose any of coffee options depends on the greatest value perceived according to their mindset, knowledge, and the external factors (Ukessays, 2013).

In a study conducted to examine the consumers' coffee preferences towards the local and international coffee in Malaysia, brand trust, brand awareness, packaging, labeling, and health drinks factors were considered (Ukessays, 2013). The scope of the study was limited to the local consumers aged 18 years old and above. Most of the earlier studies indicated that consumers' coffee preferences in Malaysia are affected by brand association, brand awareness, brand loyalty, and brand trust. On the other hand, a few researchers concluded that quality and price are the drivers when buying coffee brands (Ukessays, 2013). Recently, the trend among the Malaysian consumers has shifted towards health as consumers are concerned about their health when they choose coffee brands. Therefore, health drink was found to be the most important factor in influencing consumers' preferences toward choosing coffee brands (Ukessays, 2013).

Coffee is considered as an important part of everyday life in United States. About 60 percent of American households use either whole or ground coffee beans to prepare coffee at home. Among those households, 89 percent buy regular coffee and 46 percent buy decaffeinated. Moreover, over 27 percent buy instant coffee with different flavors such as Vanilla, Hazelnut, and Swiss Mocha/Mocha (Fetto, 2013). In addition to that, a study by Mintal (2012) argued that price, roast, brand, and flavor are the most important factors influencing coffee preferences. Older consumers tended to prefer name-brand ground coffee, and the more consumers become experienced in drinking coffee, the more they look for darker roasts and bolder flavors (Agriculture and Agri-Food Canada, 2013). American women choice of coffee was influenced by price, brand, and the usual roast type factors; they were more interested in convenience and lighter, flavored coffees. Thus, they preferred instant coffee mixes and "Ready-to-Drink" products. On other hand, men strongly preferred heavy brewed coffee such as espresso (Agriculture and Agri-Food Canada, 2013).

Flavor and taste were the most important factors that affected Indian consumers' preferences for coffee. Coffee taste as mild or strong is considered to be important factors in drinking coffee. However, coffee flavor was less important than the taste in affecting consumers' preferences as coffee was less consumed than tea and most of the time was consumed outside home. Moreover, impact on health is an important factor that affects the selection of coffee brand for consumption (Hanspal, 2010).

In the other hand, a study (Meng, et al., 2008) to explore consumer preferences for canned coffee attributes in Taiwan. Instant coffee attributes such as brands, taste, packages, content volumes, and prices were compared to determine the factors that affect the consumers' coffee preferences. The study revealed that coffee price was the most critical factor, followed by brand name, content volumes, and packaging. Variety, flavour, and taste of the coffee were the least important factors (Meng, et al., 2008). The study was conducted using conjoint analysis which has a number of limitations. First, the number of attributes investigated should be limited in order to avoid participants' exhaustion and less suitable response patterns. Second, conjoint analysis indicates relatively the importance of attributes in all possible situations (Meng, et al., 2008).

In a study conducted by Monirul and Hui Han (2012) to determine the consumers' perception and attitude toward tea and coffee in South Korea, flavor, verities, color, and serving style were considered to be the most important factors in determining the south Korean consumers' preferences towards coffee (Monirul & Hui Han, 2012). Moreover, the study revealed that the consumers in South Korea believed that the freshness of the coffee is an important attribute and for many of them drinking coffee is considered to be a regular matter (Monirul & Hui Han, 2012).

The limitation of this study lie in the scope of the sample as the study conducted in a particular country (South Korea) and the findings are only related to South Korean consumers. Therefore, findings cannot be

generalized to other nationalities in South Korea or other countries. Furthermore, another limitation is attributes, it is varied in other countries either developing or underdeveloped country as other attributes such as cost may determine the coffee preferences in these counties (Monirul & Hui Han, 2012).

The previous studies clearly show that consumer preferences for coffee are a function of coffee attributes rather than a function of the coffee alone. The key attributes were identified as price, taste and flavor, quality, health preferences.

## **14- Recommendation**

It was recommended that staying in North America, expanding into the Canadian and American market could be the viable option for the company base on its resources and capabilities at this stage.

Also, it was recommended that Optimum Green Laboratories target Arab communities in the major cities of Canada such as Vancouver, Toronto, and Montréal. In these three cities are located the largest Arab Chain stores that serve the Arab communities in Canada. The company can target the shelves of every major supermarket and introduce Gouda Coffee as a new taste and healthy option of Arabic Coffee.

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## **Part-2**

### **Specific Market Evaluation.**

#### **15- The business assessment basis utilized here are a combination of:**

- Relative comparison of value at the initial setup, pre-production point and the correlation coefficient graph of setup expenses-to-sales ratio and time-to-profitability graph point.
- Relative comparison of initial setup point and potential market demand.
- Profitability history – record major coffee companies within 1, 3 and 5 years from their setup point.
- Sales value of companies that changed hands recently.
- Progression ratio pattern of major companies from initial commencement point to current status.
- The unique edge of this coffee product's nature and potential on two united fronts: coffee and a health food product fronts.
- The mere concept / formula value.

This involved several integrated elements:

## **16- Market demand – comparative business assessment:**

i) Coffee is the largest food business. The average value of a major coffee company is between \$300 million to a Billion dollar a year. Not surprising since 400 Billion cups of coffee are sold annually. A single major North American chain coffee shop business generates an average annual sale of \$15 Billion, with coffee being its major revenue item. The chain coffee shop average sale last year was 10 million cups a day. One of the major coffee brands sells 7 million cups a day just in Canada only, which is a much smaller North American market than the USA's. Coffee sales increase by near 20% annually.

ii) More than one coffee companies sold in past 3 years, show an company average price tag of over \$3 Billion. Smaller coffee companies sold in the past year were in the range of \$400 million to \$700 million, with a smaller annual sales revenue of average \$100 million to \$400 million. The latest Canadian coffee business sold "Quebec" had a price tag over \$900 million. "Coffee index, 2011-2014"

Conclusion: There is a solid potential market to accommodate a new a different coffee product.

## **17- The absolute and the sole concept value:**

This factor was included in the initial "present" pre-production evaluation. Many products were sold at the initial "product concept" stage. While sales records can be a major factor in determining a company value that is presently in operation, a pre-operation company with a solid product meeting the elements of full business analysis can also be evaluated based on its own merits, the product's nature, uniqueness and potential.

### **17.1 Group discussion / class analogy "pre-sales argument":**

- If a company is introduced today with a mere prototype engineering design for a flying- floating car prior to the establishment of a production facility and with no actual sales, this company would still be worth billions of dollars at the pre-sales stage.
- An example is the placement of cheese stuffed into the dough of the pizza crust, a recipe idea Practiced by a small family business for years by Anthony Mongiello who sued the famous chain restaurant for \$1 Billion. The sales of a business project at the concept stage of pre-sales is not uncommon.

This product concept involves delicate scientific research in the field of plant hormones manipulation, herbal extract compounds balancing and pharmacology research, introducing a popular food product as a health food product. This balances the graph variation factor of investor fear.

The formula value, the value of research level behind it and its market potential, are the main factors behind this assessment.

The special market experimentation and trial at the local level for near a decade is also a factor.

## 18- The relative market value

- a) The documented revenue and the recorded price tag of sold companies at the 3 levels: moderate, large and giant operations, are guidelines. In this case, the relative value is placed on the graph of *moderate coffee companies at their early stage of operation, in favor of the investor*. Further more, the evaluation of this business is placed under a *limited graph point not exceeding a modest mere 1% only of the price tag of the indicated and recorded average value of a major coffee company*. These are designed to provide safe investment factor.
- b) The “Gouda coffee – Café Canadiana” value at the commencement stage, supported by a special market demand for a unique, new health coffee product, translates to \$5 million estimated value in stage year-2 and \$12M in stage year-4. This value escalates as indicated below.
- c) A second phase operation projects a jump to a 10% mark of the average price of major competitors’ value, an estimate value of \$18 million dollar company assessment in phase-2.
- d) A third phase or a minimum 5 years operation has the potential to introduce a company value past 40% of the current low-average value of a giant coffee company, A young Canadian coffee company was sold recently for near a Billion dollar “see reference.” 10% (suppressing average expectation graph correlation of 40% comparative evaluation) at post successful sales operation, at stage-3 means a safe minimum evaluation of \$100 million on a low graph point.

This is especially an acceptable calculation considering the unique health nature of the product, and being the only product of its kind. As well, the credentials of the doctor-chemist and the research laboratory company behind it are positive elements.

- e) For the sake of a modest and convincingly safe market presentation, this project is presented based on current “product-concept-plan” status, valued at half of the 1% evaluation of values indicated by CSR-1012 and as such, the company value, solely using this format, would mean:
  - i) \$4 million present status – possibly conditional, possibly with partial security conditions.
  - ii) \$7 million present status, non-conditional, absolute.

## 19- The business advantage

The market study done has projected a promising public appeal. The analysis reflects on:

- a) A new product with a special flavor, a rich taste and an attractive health value appeal that has been proven successful for over 10 years of a local hospitality business operation and a positive agents’ market study.

- b) A unique and a solid health value by a leading medical research and health products company, Optimum Green Laboratories. The product campaign raises the question: can coffee really be good for you? “gouda for you” is the motto for Gouda coffee; and the brand slogans are: “The taste of nature. The aroma of good health,” and “we made coffee. Good for you.” Emphases on the beauty of the Canadian wilderness is also utilized.

The appealing image of “nature” in association with natural herbs use, and the web presentation’s visual association with pure and comforting nature is seen as positive marketing approach. Café Canadiana & Gouda coffee associate the product with nature in an appealing, poetic imagery: “the charisma of the Canadian wilderness.”

The factor of health value, enriched, inserted and emphasized is a major advantage. The product web campaign slogan is: “We answered the question: how to get the benefits of a dozen cups of coffee without the negative side effect of consuming that much coffee?”

- c) A direct recipe - formula formation by a renowned scientist, chemist Dr. Paul Gouda, whose pharmacological and medical research papers, books & projects are well respected globally. Reference: [www.goudabooks.com](http://www.goudabooks.com)
- d) It is the only coffee product to offer a complete and effective health value, and a unique rich taste, thus promising a great sales potential in an already solid market. We believe it will steal the thunder away from the big names, and will quickly surpass them.
- e) It presents a coffee product in a league of its own, with no other commercial brand in a position to compete or to be compared to. Chain health food stores, elite specialty stores and businesses such as cruise ships, and elite restaurants are the first potential host.
- f) A potential recipe sale to a major coffee company to introduce as a new line; a unique health coffee product; under such agreement as royalties or conditional or exclusive sale.
- g) The ability to use a familiar, established commercial name that has been successfully utilized by a variety of food products from sauces, table salt, cheese, rice, juices, and more (Gouda & Mr. Gouda’s) with no legal problem due to:
  - i) Copyright & intellectual recipe protection rights in Canada under the name “gouda coffee” as part of the patent process. CRCIPO 19122012. CIPO Ottawa CRN 1100916.
  - ii) Gouda being a family name of the inventor. In fact, Dr. Gouda stated, it was this family’s ancestors who founded Gouda town, now city, after which gouda cheese is named.
  - iii) Both domain names of “Gouda Coffee” & “Café Canadiana” .com have been purchased, and related websites have been launched.

It was strongly concluded that all the elements of this study project this product has the potential to become a major coffee company with an edge over current giant players. It has the potential of being perused by giant coffee operations interested in purchasing it. The indicated 'edge' being:

- i- Being a health food product.
- ii- Being produced by a chemist –doctor and a research laboratory.
- iii- The enhanced taste factor

The business has a good potential of making the shelves of health food stores first, and from there to supermarkets and chain coffee shops. The project visions "Gouda coffee" and/or "Café Canadiana" being quickly accepted as the elite health – gourmet coffee.

The information submitted also states the company's intention to target cruise ships, airline companies and airport cafés.

With the right marketing & distribution, and with the promotional efforts and funds it will need, this project can be in a position of national and continental distribution very soon, and global distribution within two years.

## **20- Estimated partnership value based on low-average graph:**

An independent appendix. A project paper by a class participant.

Factors: year 1-5 records of established coffee companies "USA coffee index," and study on the introduction of health food element. Investor-safe factor = acceptance of no higher than 20% of previous recorded data.

Year-1, phase-1 setup stage: A value of \$85,000 per 1% project share is a realistic evaluation.

Year-2: established operation: \$250,000 per 1% ownership,

With a potential \$.85 million for 1% ownership share in 3-5 years.

Ideal POPP statistics pattern:

10% of the company ownership for public share holders ownership.

200,000 shares at this stage.

\$35 share value. With projected share value increase to \$165/share in 3 years.

This market study and business analysis and assessment were conducted via two separate class studies – projects at the Masters of Business Administration degree program at VIU, and based on the presented facts and factors.

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## Appendices

### ***Appendix A-1 (Survey)***

Your participation in this taste test is voluntary, the results of which are being used for an MBA Applied Business Project. You may skip any of the questions and/or sample tastings and you may withdraw at any time.

1. **Gender:** \_\_\_Male/\_\_\_\_Female **Age:** \_\_\_\_\_

2. How long have you been in Canada? \_\_\_\_\_

3. *How many cups of coffee do you drink per day?* \_\_\_\_\_

4. *What is your favourite coffee brand?* \_\_\_\_\_

5. *What do you usually add to your coffee?*

\_\_\_\_\_Nothing \_\_\_\_\_Cream \_\_\_\_\_Spices \_\_\_\_\_Sugar \_\_\_\_\_

*Other (Please specify)* \_\_\_\_\_

*If you add spices to your coffee, please specify what kind of spice?*

\_\_\_\_\_

#### **Instructions for taste test:**

**There are three samples for you to taste. Please taste each of the prepared coffee samples and record your impressions on the survey form. After each tasting, please take a drink of water or eat a cracker before moving on to the next sample.**

#### **Sample A.**

1. The smell is

\_\_\_\_\_Delectable \_\_\_\_\_Agreeable \_\_\_\_\_Familiar \_\_\_\_\_Flavorful \_\_\_\_\_Other \_\_\_\_\_.

If Other, please specify \_\_\_\_\_

\_\_\_\_\_I don't like the smell. **Please specify**

\_\_\_\_\_

2. The taste is

31

\_\_\_\_\_ Exotic\_\_\_\_\_ Strong\_\_\_\_\_ Light\_\_\_\_\_ Spicy\_\_\_\_\_ Other \_\_\_\_\_

If Other, please specify \_\_\_\_\_

\_\_\_\_\_ I don't like the taste. **Please specify** \_\_\_\_\_

**Sample B.**

1. The smell is

\_\_\_\_\_ Delectable \_\_\_\_\_ Agreeable \_\_\_\_\_ Familiar \_\_\_\_\_ Flavorful \_\_\_\_\_ Other \_\_\_\_\_

If Other, please specify \_\_\_\_\_

\_\_\_\_\_ I don't like the smell. **Please specify** \_\_\_\_\_  
\_\_\_\_\_

2. The taste is

\_\_\_\_\_ Exotic\_\_\_\_\_ Strong\_\_\_\_\_ Light\_\_\_\_\_ Spicy\_\_\_\_\_ Other \_\_\_\_\_

If Other, please specify \_\_\_\_\_

\_\_\_\_\_ I don't like the taste. **Please specify** \_\_\_\_\_

**Sample C.**

1. The smell is

\_\_\_\_\_ Delectable \_\_\_\_\_ Agreeable \_\_\_\_\_ Familiar \_\_\_\_\_ Flavorful \_\_\_\_\_ Other \_\_\_\_\_

If Other, please specify \_\_\_\_\_

\_\_\_\_\_ I don't like the smell. **Please specify** \_\_\_\_\_  
\_\_\_\_\_

2. The taste is

\_\_\_\_\_ Exotic\_\_\_\_\_ Strong\_\_\_\_\_ Light\_\_\_\_\_ Spicy\_\_\_\_\_ Other \_\_\_\_\_

If Other, please specify \_\_\_\_\_

\_\_\_\_\_ I don't like the taste. **Please specify** \_\_\_\_\_



**Please rank the samples**

32

Favorite \_\_\_\_\_

Second Favorite \_\_\_\_\_

Least Favorite \_\_\_\_\_

Thank you for participating in this taste test. Should you have any questions or concerns about this taste test, please contact Dr. [\[redacted\]](#)ca

**Appendix A-2 (Consent Form)**

Your participation in this taste test is voluntary, the results of which are being used for an MBA Applied Business Project. Your signature indicates that you understand and accept the risks of tasting three caffeinated coffee samples. You may skip any of the samples and you may withdraw at any time. Your responses will be combined with those of other students and presented in aggregate form only. Should you have any questions or concerns about this taste test, please contact Dr. [REDACTED] at (256) 755-5245 or [REDACTED] at [REDACTED].

Date \_\_\_\_\_

Name	Signature

