



CHAPTER III

THE EMERGENCE OF NEW COFFEE HOUSES IN THAILAND

In this chapter, I will explore the various types of the coffee houses that are operated in Thailand such as Starbucks-like coffee house chain companies, small coffee-stands, independent coffee houses and some new business style of coffee houses. I will also explain how each of these types of coffee houses distinguishes themselves from each other in order to survive the competitive industry that has developed due to the emergence of coffee culture in Thailand.

According to Kasikorn Bank Research Centre, the coffee sales volume in Thailand from the year 2002 to 2005 favourably increases. Interestingly, all three categories, the instant coffee, the ready-to-go (bottled or canned) coffee, and fresh brewed coffee, increase (Table 3-1).

Table3-1: Coffee sales volume (million baht)

	Instant (%)	Ready-to-go (%)	Fresh-brewed (%)	Total
2002	5,600 (38.4)	6,000 (41.1)	3,000 (20.5)	14,600
2003	7,800 (44.3)	6,300 (35.8)	3,500 (19.9)	17,600
2004	8,500 (44.5)	6,600 (34.6)	4,000 (20.9)	19,100
2005*	9,300 (44.3)	7,000 (33.3)	4,700 (22.4)	21,000

Source: Kasikorn Bank Research Centre

* Estimated amount.

In terms of the number of coffee houses, as shown in Table 3-2, both local and international coffee house chain companies have expanded their business in Thailand. The leading local coffee house chain companies, such as Black Canyon and Ban Rie, have been expanding by selling franchises. On the other hand, Starbucks has expanded by opening its own outlets, all of which are owned by Starbucks Coffee (Thailand) Company, established by

Starbucks Coffee Company in the U.S. The Starbucks Coffee Company does not sell franchise in any countries outside of the U.S.

Table 3-2: Coffee house chain companies in Thailand¹

	Company's origin country	The Year established in Thailand	Number of outlets*	Fresh-brewed coffee*	Traditional style coffee* (cloth bag)
au bon pain ²	U.S.	1997	25	√	N/A
Starbucks	U.S.	1998	68	√	N/A
Ea Sae	Thailand	1926	30	√	√
Black Canyon	Thailand	1993	150 +	√	N/A
Ban Rie	Thailand	1997	104+	√	√
Coffee World	Thailand	1998	65	√	N/A
94°C	Thailand	2001	42	√	N/A
Doi Tung	Thailand	2003	9	√	√

* Number of outlets and availability of fresh-brewed & traditional style coffee are as of January 2006.

Some small-scale coffee house companies, which run coffee-stands and coffee-carts, also sell franchises. These small-scale coffee houses often operate in the corner of food-courts at supermarkets and malls. While individual entrepreneurs have started coffee businesses, local restaurant chain companies have also started coffee businesses establishing

¹ Source: Starbucks <http://www.starbucks.com>, 94°C <http://www.94coffee.com>, au bon pain <http://www.aubonpain.com>, Coffee World <http://www.coffeeworld.com>, Ban Rie <http://www.banriecoffee.com> and TIME magazine, Europe edition, 2005. "Temple of tradition, A Thai coffee chain takes on Starbucks by sticking to its roots", October 24, vol.166, No.17

² au bon pain calls itself 'The Bakery Café', and their operation rather focuses on food dishes such as sandwiches, soup, salad and bakery

their own coffee house brand at the same time. Moreover, new business style coffee houses can be seen in the coffee market in Thailand, such as ‘Coffee Banking’ and the new coffee houses established by a communication company and an oil company. This establishment of such wide variety of coffee houses in Thailand is perhaps an indicator that selling coffee is recognized as a lucrative business.

3.1 Local coffee house chains

3.1.1 Black Canyon Coffee

Established in 1993, Black Canyon Coffee, (“BCC”), operates the largest chain of coffee houses in Thailand (See table 3-2). Although, detailed financial data is not available as the firm is privately held, it was reported that BCC posted 730 million baht in revenue for 2003, up 8.2% from the 672 million posted in the previous year.³ As of the year 2002, the company had 2000 employees, 500 as direct employees and the remainder working for joint venture partners or franchises.⁴

The founder and Managing Director, Mr. Pravit Pong, had no restaurant expertise, and, in fact, he is not even a coffee drinker. Mr. Pong who used to be involved in the IT business, wanted to run his own business, and also wants to build his own brand name. After carefully considering what business he could do, he thought coffee was the easiest, since, at that time, it was just becoming popular.

BCC, currently operates more than 150 outlets in Thailand and 13 outlets abroad, such as in Singapore, Malaysia, Myanmar, Indonesia and the United Arab Emirates as of January 2006.⁵ BCC operates its own coffee houses, as well as those sold to franchisees.

³ The Nation. April 9, 2004. “*More Black Canyons on way at Jet service stations*”

⁴ Boyd. 2003. “*Black Canyon Coffee: Planning for a second decade of growth*”. USA: W. P. Carey School of Business, Arizona State University

⁵ Ms. Rungkan Uthaisang. 2005, January 27. Marketing Executive. Black Canyon Coffee. Telephone

It also has some outlets operating under the venture business contract placed at petrol stations on the highways and in supermarkets. In addition, BCC has outlets inside of the Bangkok International Airport, Chiang Mai International Airport and other airports in the kingdom, in contrast to Starbucks, which has not placed any outlets in those airport buildings yet.

The food menu at BCC

Although BCC's home-page web site says "welcome to Black Canyon, Thailand's oldest and largest chain of Coffee Houses", some people say that BCC is not a coffee house but a restaurant. The web site also says that the company offers coffee made from 100% fresh coffee beans imported from the best plantations of the world and pure Arabica beans grown by hill tribe people in Northern Thailand under the Royal patronage project.⁶

The reason why BCC is recognized both as a restaurant and as a coffee house is that BCC has changed its business strategy. BCC originally started operation as a coffee house with limited food menu. However, when the economic crisis hit Asia in 1997, BCC realized that Thais did not necessarily like to sit around just drinking coffee.⁷ Accordingly, BCC switched to "country-style food houses" offering high quality coffee, because with rents rising annually by at least 10%, the outlay on a shop specializing in coffee alone was not viable. Supposedly, it is said that most Thais are not concerned with the difference in types of coffee bean or style of brewing, such as Espresso and Cappuccino, as the trend toward coffee drinking is new in Thailand and most are more familiar with cheaper, instant brands.⁸ Despite the economic downturn from 1997, the switch in strategy lifted BCC's sales by 20% in Bangkok in 1997, and the growth in cities such as Pattaya and Phuket was a remarkable 60%.⁹ Today if you look at the BCC's food menu, there are more than 100 items listed, including traditional Thai cuisines, western cuisines, and infusion cuisines, such as Thai green curry spaghetti, along with tips of

interview.

⁶ Black Canyon Coffee <http://www.blackcanyoncoffee.com>

⁷ Bangkok Post, March 30, 1998. "Food menus save coffee shops from a roasting"

⁸ *ibid.*

⁹ *ibid.*

ingredients.

As to the coffee items on the menu of BCC, there are 28 kinds with the prices ranging between 50 to 80 baht. The notable drinks are coffees with liqueur, such as the blended iced coffee with rum syrup and Irish coffee, which contains Irish whiskey with Kahlua syrup. BCC occasionally introduces a seasonal coffee menu as well. For example, in January 2006, “Frutta Coffee”, coffee with fruit syrup, such as the frutta kiwi coffee (hot & iced), frutta banana coffee (iced) and frutta raspberry coffee (hot & iced), all priced 55 baht until the end of February 2006. At the BCC outlets, there is no counter service, customers are seated and served by a staff. All drinks are served in BCC logo printed chinaware, especially hot drinks, which are served in a cup and saucer, not in a mug.



Illustration 3.1.1.1: Black Canyon Coffee, logo mark¹⁰

In the BCC operation, Regionalization can be seen in the seasonal menu. The company used the variety of foods on its menu to advantage, BCC promoted “ be healthy and getting merit in BCC “ during the Chinese Vegetarian Festival in October 2005. This festival has become quite a popular commercial event in Thailand. During this period, BCC introduced special vegetarian dishes included 12 kinds of traditional Thai dishes priced 55 to 65 baht to its food menu, and ‘vegetarian coffee’ using soy milk instead of fresh milk to its coffee menu. The coffee menu included three kinds of vegetarian coffees; iced & hot soy milk cappuccino and iced soy milk banana coffee.

¹⁰ Black Canyon Coffee <http://www.blackcanyoncoffee.com>

Three different types of outlets

Currently BCC is running three types of outlets in Thailand.

- 1) Full-scale restaurant: up to 150 square meters
- 2) Mini-restaurant: between 70 and 100 square meters
- 3) Kiosk

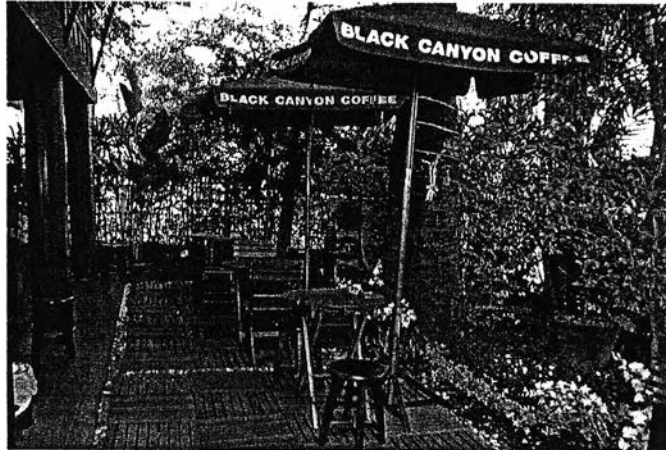
The outlets in Queen Sirikit Convention Centre, Mah Boon Khrong Centre, and Siam Centre are full-scale restaurants. The Siam Society outlet is a mini-restaurant offering a full drink menus and selected foods. The outlets at the BTS sky train stations and Chulalongkorn University book centre in Siam Square are kiosks. Some kiosk outlets are not equipped with a coffee brewer, so they serve only ready-to-go bottled coffee and some baked products. This shows that all BCC outlets operate 'coffee house', but not all operate as a restaurant since only some of outlets have a food menu.

Photo 3.1: Black Canyon Coffee, Siam Society outlet, Bangkok



Source: Photograph taken by author in October 2004

Photo 3.2: Black Canyon Coffee, Siam Society outlet, Bangkok



Source: Photograph taken by author in October 2004

“Superbrand” and “Shell Chuan Chim”

In February 2004, BCC was awarded “Superbrand” status along with nine other top Thai brands including Body Shape, BTS Sky train, Future Park Rangsit, MK Restaurant, Pan Cosmetics Plus, Slumberland, Thailand Yellow Pages and Lam Soon. The Superbrand status is a tribute and recognition conferred by the Superbrands International Organization to brands that have achieved considerable success and acceptance in a particular country. The Superbrands International Organization was founded in London in 1992, and it has featured thousands of brands and their success stories in over 35 countries. It started to cover Asian countries such as Malaysia, Indonesia, the Philippines, Hong Kong, China, India, Singapore, Australia and Thailand in 1997. The Superbrands Council selects Superbrands based on a grading process, which follows strict selection criteria such as Market Dominance, Longevity, Goodwill, Customer Loyalty, and Overall Market Acceptance.

Following the Superbrand award, in January 2005, BCC was awarded the status “Shell Chuan Chim”, which recognized BCC as one of Thailand's top food and beverage establishments. The Shell Chuan Chim program was started in 1961 by Mom Ratchawong Thanadsri Savasti, together with Mom Chao Bhisadej Rajani, who was at the time the

Marketing Director of Shell (Thailand) Company. Their idea is based on the famous *Michelin Guides* to restaurants published for Europe. So, it indicates that BCC was recognized as a coffee house/restaurant serving high quality and good tasting food and beverage.

The “Superbrands” and "Shell Chuan Chim" logo stickers are seen at every BCC outlet today. Due to their good reputation, these two status awards, should serve to support BCC business expansion in the market in Thailand. They certify the quality of BCC coffee. They ostensibly certify the quality of BCC coffee and signify to customers that BCC is something better than other coffee houses which have not been so recognized.



Illustration 3.1.1.3-1
“Superbrands” logo¹¹



Illustration 3.1.1.3-2
"Shell Chuan Chim" logo¹²

In addition to BCC being awarded those prestigious statuses in Thailand, the barista of BCC, Mr. Suphot Leesuwattanagul, was named Thailand’s best barista in the competition of Thailand Barista Championship in March 2005 in which participants were required to make espresso, cappuccino, and signature drink regarding the art of making fine coffee.

After looking at the operation and service of BCC, the company’s flexible business style with its diverse operating plans, such as a coffee houses, full-scale restaurants, and mini-kiosks, along with its success at branding, can be clearly seen. The two statuses awards, “Superbrand” and "Shell Chuan Chim", and Mr. Leesuwattanagul, Barista Champion in Thailand, help BCC to distinguish BCC from other coffee houses in Thailand. Moreover,

¹¹ Black Canyon Coffee <http://www.blackcanyoncoffee.com>

¹² *ibid.*

these status awards can serve to support BCC's expansion not only in Thailand, but also overseas.

3.1.2 Doi Tung Coffee

Doi Tung Coffee, ("DTC"), started running coffee house business in 2003. However, the coffee project of DTC started in 1987 by Mae Fah Luang Foundation under the Royal Patronage.

Mae Fah Luang Foundation, ("MFLF"), was originally founded by the late Princess Srinagarindra, the Princess Mother of the present King of Thailand, King Bhumibol Rama IX, as the Thai Hillcrafts Foundation under the Patronage of Her Royal Highness The Princess Mother, when she donated 100,000 baht of her private funds in 1972.¹³ The aim of the foundation was to improve the livelihood of hill tribe people in the northern part of Thailand who lived with severe disadvantages and often led a precarious life. As the scope of work undertaken by the Thai Hillcrafts Foundation expanded to incorporate development activities in other areas, not only for the hill tribes, the foundation began to assume an increasingly important role as a focal point of state and private sector organizations at both the local and international level. As the result of these developments, the Princess Mother granted permission for the original foundation to be renamed the MFLF under the Royal Patronage of Her Royal Highness the Princess Mother in 1985. The flagship projects of the foundation are;

- ❖ Mae Fah Luang, Art and Cultural Park
- ❖ Doi Tung Development Project Under Royal Initiative (DTDP)
- ❖ Doi Tung International Cooperation Program
- ❖ Hall of Opium, the Golden Triangle Park

¹³ Mae Fah Luang Foundation, not dated

The coffee house business of DTC is run by the Doi Tung Development Project, which is the producer and distributor of Doi Tung Arabica coffee in Thailand. Doi Tung Arabica coffee is a product of the crop substitution program to replace opium growing and slash-and-burn agriculture and was intended to break the cycle of poverty under which many of the hilltribe people were living. DTDP generates income for more than 4,500 local people and is integral to sustainable development of the area. The United Nations Office on Drug and Crime (“UNODC”) has recognized the project’s effort by granting permission for use of the UNODC logo on all Doi Tung products, such as packets of coffee beans and macadamia nuts.

The coffee product of Doi Tung Coffee

According to the interview with Mr. Sirivung Wongsawan, Production Manager Assistant of DTDP,¹⁴ the project owns 1 million of coffee trees, which yield about 100 tons of production per year. DTDP’s coffee beans are distributed to Thai International Airway (20%), franchises (40%), individual customers (20%) and DTC (20%). “Coffee Today”, one of the coffee-stand shop chain, is the franchise of DTC. “Coffee Today” uses coffee beans provided by DTC and serves it named “Doi Tung Coffee”. DTC coffee beans sold in package from not only in DTC’s outlets, but also in department stores and high-end supermarkets in Thailand. Packaged coffee takes 4-5% of the DTC production.

Doi Tung Coffee as the coffee house

DTC currently operates 7 outlets in Bangkok and 1 outlet each in Phuket and Chiang Rai (as of end of January 2006). In the outlets, which are decorated with orange, beige and brown coloured modern style furniture, customers can order some sweets and bakery items along with a drink. The hot coffee is served in the mugs made under DTDP. Some handicrafts of DTDP, including pottery, can be bought in some outlets. For example, at the

¹⁴ Mr. Sirivung Wongsawan. 2005, December 27. Production Manager Assistant of DTDP. Interview.

Suan Lum Night Bazaar outlet, there are two independent buildings in the DTC compound. One is a coffee house and other is a handicrafts shop selling hand woven textiles and carpets, handmade mulberry paper and products, ceramics and ready to wear cloths and accessories.

As to the coffee menu, DTC offers espresso and espresso based drinks such as café late, café mocha, cappuccino and espresso macchiato. Every drink is served in two sizes, regular and large. The price range is 40 to 95 baht; the cheapest is the regular size espresso and the most expensive are the large size iced mocha and espresso slush, which is the coffee based frosty drink. Some DTC outlets also serve traditional Thai style coffees, *O-Yua*, hot coffee with sugar, and *Yok-Lor*, hot coffee with sweetened condensed milk, priced at 50 baht. Both are served with hot Chinese tea or hot black tea. Serving coffee with hot Chinese tea is considered a Thai traditional way of coffee drinking. Although those traditional Thai style coffee; *O-Yua* and *Yok-Lor*, have got out of the menu board because of its few order, some outlets are able to serve on demand.

Photo 3.1.2-1: The farmer in the coffee plantation, Doi Tung



Source: Photographs taken by author in December 2005

Photo 3.1.2-2: The field of natural dried coffee bean, Doi Tung Coffee factory

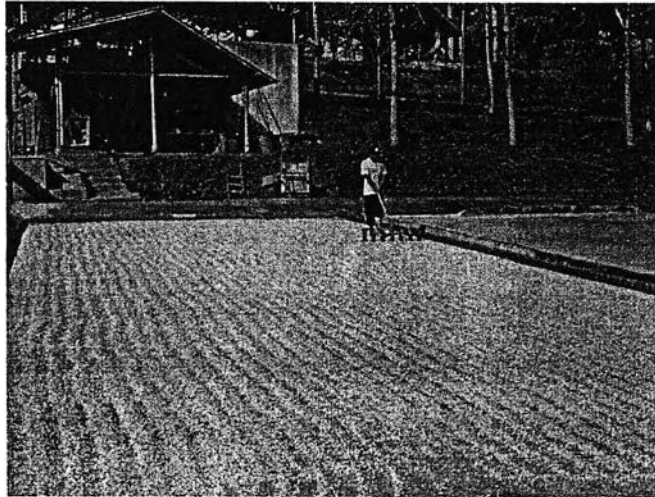
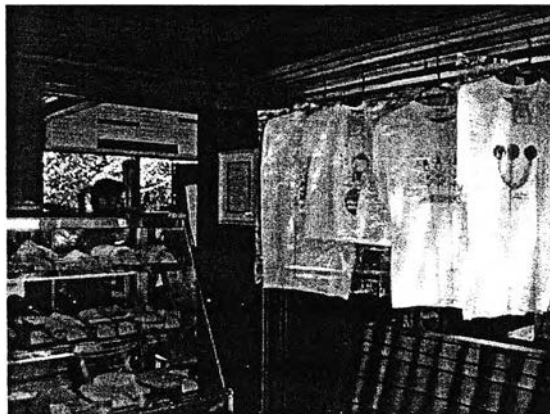


Photo 3.1.2-3: DTC outlet, Chiang Rai



Photo 3.1.2-4: DTC T-shirt hung at the outlet, Chiang Rai



Source: Photographs on this page taken by author in December 2005

Photo 3.1.2-5: Traditional Thai style coffee, Yok-Lor, DTC, Suriwong blanch, Bangkok



Source: Photograph taken by author in January 2006

The outstanding characteristic of DTC is that it is operated by a foundation under the Royal Patronage. It means that buying any products of DTC or DTDP helps hill tribe people and other disadvantaged people in, regardless of whether customers are aware of such assistance. Second, the coffee house business is only part of DTC's operation. DTC has another market to sell their products, which have the UNODC logo. In terms of the number of outlets, DTC is not a large coffee house chain. However, it is supported by the royal project and the people who may sympathize with its mission. This serves as a kind of branding for DTC.

3.1.3 Ban Rie Coffee

In terms of the number of outlets, Ban Rie Coffee, ("BRC"), is the second largest coffee house chain company in Thailand after Black Canyon Coffee. Mr. Saichon Payanoi, who is the president and founder of Plantation and Farm Design, established Ban Rie Coffee in 1997. After Mr. Payanoi quit his job as a landscape architect at Land & House, he opened the first outlet of BRC at Rangsit, in Bangkok's outskirts. With a strong architectural background, Mr. Payanoi designed his own store, a small Thai-style timber house with a cosy interior atmosphere. This is an attempt to identify itself with Thainess. The distinct look was

aimed at attracting passing motorists. Later, he had a chance to cooperate with Jet gas station, one of the leading petrol companies in Thailand, in doing coffee business. Hence, BRC outlets primary located in the compound of Jet gas stations, BRC pays 5 percent of its total profit to Jet.¹⁵

Among the stand alone outlets of BRC, the most outstanding one is located in the Ekkamai area in Bangkok. BRC's Ekkamai outlet has a pleasant garden surrounding with a pond in front of its L-shaped building. There is spacious outdoor seating in front of and on the top of the building. The upstairs section houses a small dessert-café with stadium style seating so that customers can enjoy the garden view from above. Inside, there are books, music CDs and postcards for sale, as well as rows of computers lining along each side.


Here is another example how BRC commoditize "Thainess". Most BRC outlets clearly focus on Thai customers, as the menu and prices are written and prominently displayed in Thai (illustration 3.1.3-1). On the menu board hung at the cashier-counter, customers can find English written for the drinks and Arabic numerals for the prices, but only in small print. However, what is clear, whether one understands Thai or English, is that BRC has many types of coffees, such as strong, medium, light, strong plus light and Thai style, and some special coffee, such as "Thai Pak Tai Boak Blend" which coffee brewed from coffee beans produced in the southern part of Thailand.

The price range of BRC is quite wide; the cheapest is 20 baht for Thai style coffee (*Kafae Boran*), hot and iced Thai Chong Boak with sugar.¹⁶ The most expensive coffee is 80 baht, for three types of coffee; strong, medium and light served by hot or iced with sweetened condensed milk.

¹⁵ The Nation. July 27, 2001. "Coffee Entrepreneur"

¹⁶ At the Ekkamai outlet, *Kafae Boran* is offered at the BRC coffee-stand, located at the entrance of outlet compound. The bottled Thai traditional coffee, *Oliang* (iced black coffee with sugar) 12 baht is offered inside the Ekkamai outlet (as of March 2006).

Illustration 3.1.3: The coffee menus of Ban Rie Coffee

 กาแฟ coffee		70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
ไทยบัสเก็ต เอสเปรสโซ่ บอร์ก THAI PAK TAI BORK BLEND บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๔	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
เอเชีย บอร์ก พันธุ์อาบิโก ASIA BORK BLEND บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๐	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
บ้านไร่ บอร์ก BANRIE BORK BLEND บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๓	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
บางกอก บอร์ก BANGKOK BORK BLEND บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๓	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
กาแฟเพียวลม บอร์ก PAEW LOM BORK FRESHLY BREW บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๓	60 บาท 60 Baht	-	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
กาแฟเพียวลม บอร์ก PAEW LOM BORK INSTANT BREW บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๓	-	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht
กาแฟไทยซอง บอร์ก THAI CHONG BORK บลันด์รสชาติน้ำตาลอ่อน คั่วระดับ ๓	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht	70 บาท 70 Baht

Source: Ban Rie Coffee <http://www.banriecoffee.com>

Interestingly, the pricing of coffee at BRC is distinguished by what type of sweetening you prefer instead of the drink size. The coffee with sweetened condensed milk is more expensive than the coffee with sugar. For example one of the strongest tasting coffees, “Asia Bork Blend”, served hot or iced with sweetened condensed milk costs 80 baht. On the other hand, the same drink, “Asia Bork Blend”, hot or iced served with sugar costs 70 baht. In addition, BRC has unique drinks on its menu that other coffee houses do not have. For example, BRC serves coffee mixed with green tea and coffee mixed with Assam tea as a strong type of drink which is served hot or iced with sweetened condensed milk (80 baht) or with sugar (70 baht). Since, some Thai traditional style coffee shops offer a coffee mixed with tea,¹⁷ it seems likely that the coffee mixed with other drinks, such as green tea and black tea served by BRC intended to emulate this traditional Thai way of serving coffee. These unique drinks also help BRC to distinguish itself from other coffee houses.

BRC uses only Thai coffee beans for brewing, and also operates some projects to develop high standard Thai coffee and to increase the coffee price to coffee farmers for their cultivation. The projects operated by BRC are supported by the Ministry of Agriculture and Co-operatives and Chiang Rai Province.¹⁸

What can be seen from the BRC operation is national sentiment such as Thai-style architecture outlets, Thai coffee beans, Thai letters and numbers written on the menu board and Thai traditional coffees (*Kafae Boraan*) being served. This shows that BRC is trying to emphasize or highlight “Thainess”. On the other hand, inside the outlets are air-conditioned, lined with computers and wireless internet connections all of which show a very modern atmosphere.

¹⁷ In Ea Sae Original, Yaowarat branch, hot coffee mixed with black tea is called “*No-Kao-Yua*”, and hot coffee mixed with black tea and sweetened condensed milk is called “*No-Kao-Ron*”.

¹⁸ Ban Rie Coffee <http://www.banriecoffee.com>

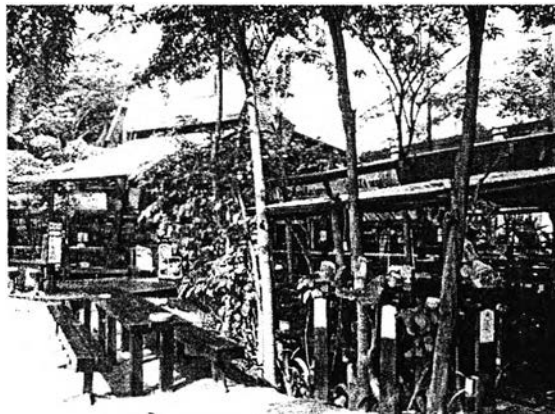
Mr. Payaonoi said in an interview with TIME magazine, *“To fight Superman, you can not send an ordinary ape. You need Hanuman. Ban Rie is Hanuman.”*¹⁹

It is most likely that “Superman” refers to an American coffee super-power, namely Starbucks Coffee. He invoked the name of the monkey god hero in the Ramakien, the Thai version of the Indian epic, Ramayana. Mr. Payanoi explains that BRC, a representative of Thailand, and Starbucks Coffee, are rivals for the coffee market in Thailand. He challenges the “American super-power” to do coffee business using “Thainess”. “Thainess” is the strategy of BRC to not only distinguish itself from other coffee house companies, but also to be a powerful weapon to fight with the American super-power company, such as Starbucks.

Photo 3.1.3-1: Ban Rie Coffee, Ekkamai, Bangkok



Photo 3.1.3-2: Terrace of Ekkamai outlet



¹⁹ TIME magazine, Europe edition. 2005. *“Temple of tradition, A Thai coffee chain takes on Starbucks by sticking to its roots”*. October 24. vol.166, No.17

Photo 3.1.3-3: Rooftop



Source: photos No. 3.1.3-1 to 3.1.3-3 taken by author in January 2006

In conclusion of this section, I have demonstrated the different characteristic coffee houses use as a strategy of their business. Serving many kinds of food dishes along with coffee is one of the BCC's characteristics. By this strategy, BCC can attract many customers for not only tea time, but also breakfast, lunch and dinner times. Operating by Mae Fah Luang Foundation founded by The Princess Mother is one of the biggest charms of DTC. The aim of the foundation, which is to improve the livelihood of hill tribe people in the Northern part of Thailand, is made clearly by the brochures placed in DTC's outlets. DTC also prominently displayed the logo of UNODC as a way of showing their community awareness. Those promotions and associations help to give uniqueness to DTC in the coffee market in Thailand. In the BRC outlets, it is clearly seen they emphasized "Thainess" which can be seen in the traditional style building and the drink menu written in Thai. This appears to be one of the key elements in its strategy. In addition, while many coffee houses promote Arabica beans produced in the Northern part of Thailand, BRC uses not only Arabica beans, but also Robusta beans produced in the Southern part of Thailand.

To survive in the competitive coffee market in Thailand, the characteristics of the coffee house companies which always go with their strategies make coffee houses to create their brands.



3.2 Coffee-stands

The previous section, explored the three leading local coffee house chain companies; Black Canyon Coffee, Doi Tung and Ban Rie in terms of products, services and operation styles. These elements in the three leading local coffee house companies are not the same which shows the unique characteristics of each coffee house company that is the price range of their menu items (see the price list of coffee houses in Appendixes). The price range of drink items at BCC is 50 to 80 baht, at DTC is 35 to 90 baht, and at BRC it is 20 to 80 baht. While the price ranges of three companies are not exactly same, all three companies hold the most expensive drink price at less than 100 baht. In contrast, the price of drink items at Starbucks is more expensive than these three local coffee house chain companies, with a range of 55 to 145 baht. It should be also noted that the price of freshly brewed coffee is obviously more expensive than those of Thai traditional style coffee.

This section will deal with coffee-stands serving fresh brewed coffee and its prices of drink items are cheaper than that of the coffee house chains. The term 'Coffee-stand' will be described in this paper which defines the stand offers fresh machine brewed coffee and some of it has chairs for customers. This type of coffee-stand can currently be found at many places in Bangkok, but for purposes of this study I have picked three to describe as being typical coffee-stands.

Monta²⁰ started running her own coffee-stand at Sukhumvit Road, one of the primary commercial and residential areas in Bangkok, in 2002, as she personally observed that selling freshly brewed coffee was a 'booming' business. She sells three kinds of freshly brewed hot coffee; mocha, espresso and cappuccino. She arranges these three basic drinks to

²⁰ Monta, who is owner of the coffee stand, prefers to be called by her nick name "Monta" rather than her family name.

create other drinks such as iced coffee and adding whipped cream, syrup or steamed milk. The price range of the drink items at her shop is 20 to 30 baht. Her shop, the permanent coffee-stand, is located at the corner of Sukhumvit Road, soi 26, and there is no space to place tables and chairs for customers so that the drinks are only sold ‘to-go’.

Photo 3.2-1: Monta’s coffee-stand, Sukhumvit soi 26, Bangkok



Source: Photograph taken by author in January 2005

On Sukhumvit Road near the corner intersection with Asoke Road, there is a permanent coffee-stand located in the parking lot in front of a travel agency. There are two stools placed at the side of the wooden shop, but there is no table for customers. ‘*Thae Tey*’ was established by sisters, Siriporn and Supapom²¹ on March 6, 2005. Siriporn is a former bank clerk of Krung Thai Credit Card (KTC), and Supapom used to work at Ban Rie Coffee as a marketing staff. They quit their jobs to start their coffee business they strongly believed that coffee drinking is a trend and a rising business in Thailand. The shop has only 4 kinds of coffee drinks; freshly brewed hot coffee (25 baht), hot instant coffee (20 baht), *Oliang* (iced coffee with sugar, 30 baht) and iced coffee with sugar and sweetened condensed milk (35 baht). Another 27 drink items on the menu are all non-coffee based iced drinks. There are 3 types of freshly brewed coffee drinks, although, interestingly, they put the Thai traditional coffee

²¹ Siriporn and Supapom prefer to be called by their given name rather than by their family name.

name “*Oliang*” on one of the drinks; iced coffee with sugar made by freshly brewed coffee. The coffee made at *Thae Tey* is all made from 100% Arabica beans from the Northern part of Thailand. The shop has recently added the many non-coffee drinks to the menu to meet the customers demand for healthy drinks. Today *Thae Tey* has fresh milk with freshly squeezed carrot juice, banana juice or apple juice, and cereal honey smoothies.

Photo 3.2-2: Coffee stand, *Thae Tey*, on Sukhumvit Road, Bangkok



Source: Photograph taken by author in July 2005

In addition to these independent coffee-stand shops, there is another type of newly emerged coffee-stand; the franchises of stands selling freshly brewed coffee. These coffee-stands are typically located in places such as super-markets, shopping malls, train stations, fresh markets, corner of food-courts and especially in office buildings. They generally are stand-alone shops decorated with the company’s logo and colourful menu board, such as “Coffee Today” and “Coff Man”.

The price range of the drink items sold by these coffee-stand franchise operations are almost the same; 25 to 40 baht, which is generally cheaper than that those of freshly brewed coffee house chain companies. One characteristic that distinguish this type of coffee-stand is that they do not use ceramic dishes to serve drinks, but use plastic or paper cups with the

company's logo printed similar to that of the leading coffee house chain companies. Those leading coffee house chains use plastic or paper cups with the company's logo printed for 'to go'. While some of these coffee-stands place a few tall chairs in front of the serving table, generally they are located in places where they share the space for customers with another shops, such as shopping malls and food-courts.

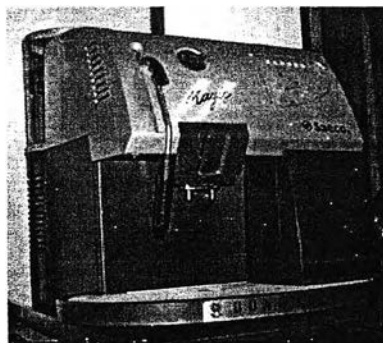
Photo 3.2-3: "Coff Man" kiosk, The Old Siam shopping mall, Bangkok



Source: Photograph taken by author in August 2005

The concept of freshly brewed coffee-stands essentially became possible because of the advent of the compact espresso/coffee machine (See photo 3.2-4). This machine can make Espresso, Cappuccino and Americano very quickly, generally in less than fifteen seconds, and with little expertise.

Photo 3.2-4: The espresso coffee machine provided by Bon Café



Height: 38cm

Width: 33cm

Depth: 42cm

Source: Photograph taken by author in January 2006

In conclusion, I have described the emergence of coffee-stands selling fresh brewed coffee. There are two types of these coffee-stands; independent stands and stands operated under franchise. The development of the compact espresso/coffee machine in essence has made this type of coffee business a viable choice in Thailand. This has created an opportunity for small-business oriented people to enter the coffee market by either starting their own business or by purchasing a franchise. It has also given customers a wider choice to buy freshly brewed coffee at a more reasonable price than that of the coffee house companies.

3.3 Independent coffee house

There are independent players in the coffee house business in the same way as in the coffee-stand business. In this section, I will look at three coffee house owners who have a specific philosophy about their shops and businesses. While many different types of independent coffee houses can be found in Bangkok, for purposes of this study I have picked just only these three coffee houses to describe since they are typical modern-style coffee houses offering fresh machine-brewed coffee, and also they all opened their shops after 1998 when Starbucks opened its first outlet in Thailand.

3.3.1 Coffee Place Vivi

Ms. Vilaipom Aunyanuphap, the owner of Coffee Place Vivi (“Vivi”), started operating her shop on August 12, 2004 in the *Tha Tien* area of *Pranakorn* district, Bangkok²². The shop is located directly on the Chaopraya River and customers can see *Wat Arun* (Temple of Dawn) on other side of the river. Ms. Aunyanuphap is a second-generation Chaozhou Chinese immigrant from Canton Province, China. She said that her father immigrated to

²² Ms. Vilaipom Aunyanuphap. 2005, September 25. Owner of Coffee Place Vivi. Interview.

Thailand in the 1940s shortly before China became a communist country. The site where Vivi is located is owned by her family where they used to sell construction materials and operate warehouses. Vivi is the first time the family has operated a service business. Ms. Aunyanuphap, who is almost 50 years old, wanted a business that was relatively easy to start and operate and which did not require a large investment, and she thought a coffee house business would fit these requirements. Also, she is particularly fond of freshly brewed coffee. She likes the taste of Starbucks coffee and their service, and she often buys a package of whole beans “Verona” to brew by the plunger, or the French press.

Vivi offers fresh brewed coffee made from 100% Arabica coffee beans produced in Mae Hong Son, Northern Thailand. The interior design and decoration of the shop and structure of drink items were all handled by food specialists/consultants. Their emphasis on friendly service was adopted from Starbucks. There is no menu booklet, only a hand-writing drink lists on a cupboard installed on the wall. Ms. Aunyanuphap explained that the menu items are only written in English, because there is not enough space for two languages, Thai and English and she opted for English as 30% of their customers were foreigners. Interestingly, most of the staff has only limited English skills, and for the 70% of customers who are locals or students and teachers from neighbouring schools and universities, the staff often has to explain and give some suggestion about the menu. The price of small and large size hot drink ranges from 40 to 80 baht. The shop also serves bakery items, half of which are baked in their own kitchen and others come from contracted bakery.

The staff uniform, cap and several colours of polo-shirts, is Ms. Aunyanuphap’s design. She wanted her shop to have many colour to make the “customers exhilarated”. Ms. Aunyanuphap currently does not plan to open another shop, because she said she runs Vivi for her pleasure.

Photo 3.3-1: Coffee Place Vivi, Taitien, Bangkok

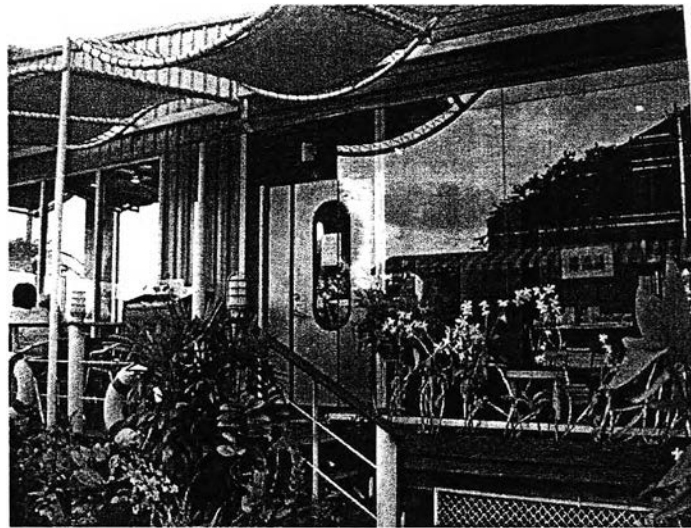


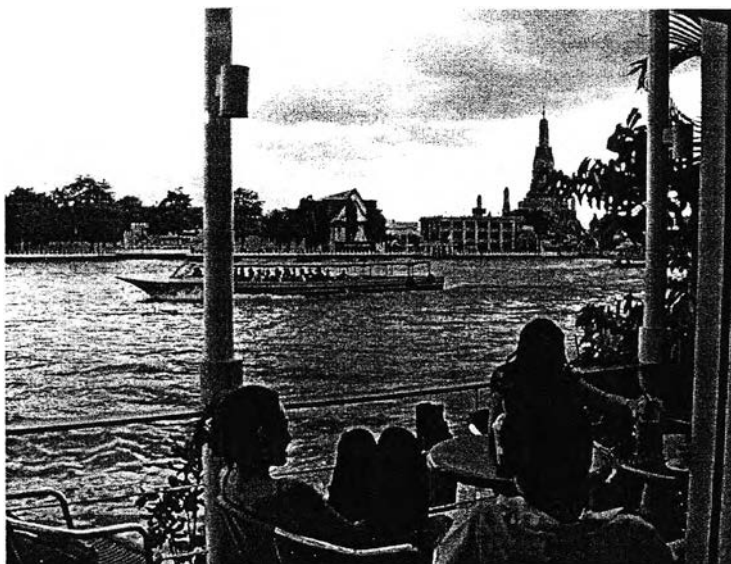
Photo 3.3-2: Café Latte and Lemon Tart Cake at Vivi



Photo 3.3-3: The interior of Vivi



Photo 3.3-4: The balcony of Vivi



Source: Photographs 3.3-1 and 3.3-4 are taken by author in September 2005

3.3.2 Rub-Ar-Roon Café

Rub-Ar-Roon Café is located in a colonial style building that is about 110 years old.²³ The building used to be owned by King Rama V, and was a pharmacy owned by the well-known family “Bai Po” selling Thai traditional herb because of the location opposite Wat Po. Sometime in the 1980’s, the 5th generation of Bai Po abandoned the pharmacy, and the building was left vacant for many years. In 1999, Ms. Srithep opened Rub-Ar-Roon Café in half of the vacant space, with the other half being operated as an office building by one of her friends. Ms. Srithep is running Rub-Ar-Roon as a side line business. She is a graduate from Assumption University (ABAC) in finance and her regular job is finance trade. In 2003, her friend who shared the building moved, and Ms. Srithep modified her shop to the current style.

She preferred to keep the shop in its original condition. She estimated the colourful

²³ Ms. Saardjai Srithep. 2005, September 26. Owner of Rub-Ar-Roon Café. Interview

floor tiles were 80 years old imported from Italy and the pillars are made from teak. Because of the uniqueness of the building, a student majoring in architecture has researched this building for writing a thesis.

As to the foods that is served at Rub-Ar-Roon, although sandwiches have been kept on the menu since the shop started as a small restaurant, due to Ms. Srithep's strong interest in eating and cooking, the food menu has been increased. It includes not only Thai traditional dishes and Western dishes, but also some original dishes using mixed herbs prepared by Ms. Srithep. For the convenience of foreign tourists, who make up 80-90% of the customers, the menu is printed in Thai and English with colour photographs

As to the coffee at Rub-Ar-Roon Café, only *Kafae Boran* was offered for several months at the beginning but it did not work out because their customers, most of are foreign tourists, did not prefer drinking strong Thai style coffee. Today, Bon Café coffee²⁴ beans are used at Rub-Ar-Roon Café, although she is considering buying another company's coffee beans for better taste. Ms. Srithep makes her own blend of Arabica and Robusta beans 50% each.

As to the shop's identity, she does not really care how her shop is recognized by customers (i.e., restaurant or coffee house). What she wants to create is a meeting place for locals and tourists. One of her friends met the right man at the shop and they got married. For tourists, she wants to give them good information because she knows some tourists are cheated by thoughtless business-minded local scammers. She also wants to keep the shop simple and as it used to be, because the small antique objects and pharmacy goods have a certain charm.

²⁴ One of the coffee beans and coffee machines suppliers in Thailand.

Photo 3.3-5: Rub-Ar-Roon Café, Maharaj Road, Bangkok

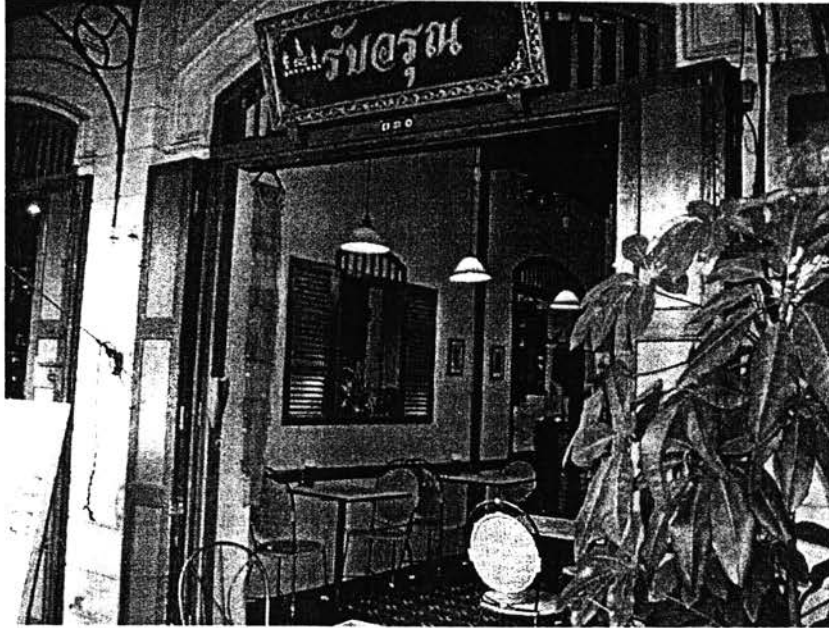
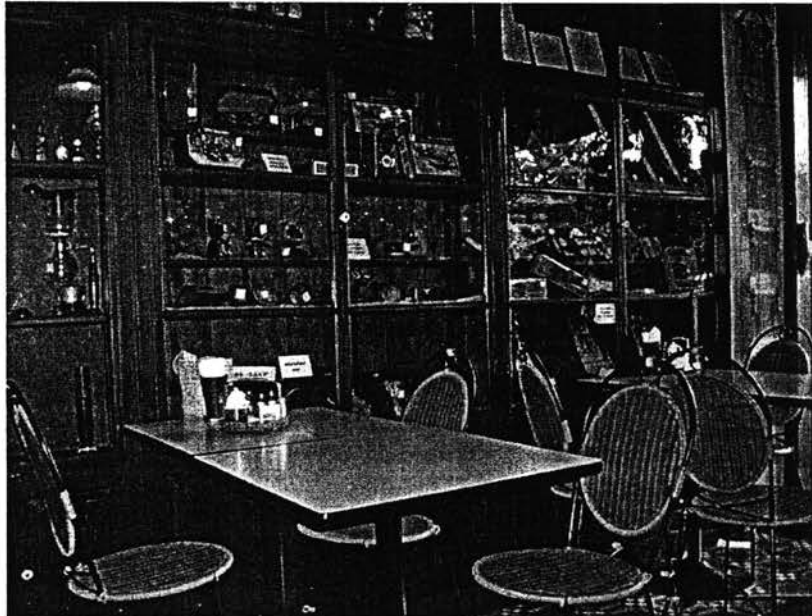


Photo 3.3-6: The interior of Rub-Ar-Roon Café



Source: Photograph 3.3.5-3.3-6 taken by author in September 2005

3.3.3. Bitter Brown

“Bitter Brown” was established by Mr. Wiman Boonyaratavej and his partner in November 2005.²⁵ The shop is located on the ground floor of a condominium in the Asoke area of Bangkok, one of the busiest commerce and office-building area. The land and building where the shop is located belongs to Mr. Boonyaratavej’s family.

The reason he started the coffee house is, first, the ground floor space of the condominium was empty, and was not being used for any other purpose. Second, Mr. Boonyaratavej likes coffee and food, especially Italian style. He thought that the prime location could expect to attract many white-collar workers, neighbouring foreign residents and by-passing tourists. According to Mr. Boonyaratavej, Bitter Brown offers good tasting food, wine and beer, a relaxed atmosphere and a good location, all at an international standard. The architectural design and decoration was in Western and Thai traditional styles.

The name “Bitter Brown” reflected his life, Mr. Boonyaratavej said. Life is bitter in general and his life as well. Coffee is also bitter. Brown is the colour of coffee and coffee beans. He thought about the shop’s name for 2 months and there were more than 100 nominated names. Bitter Brown’s logo which is a man quietly sitting in the coffee cup was designed by his friend, with Mr. Boonyaratavej himself acting as the model.

As to the coffee that is served at Bitter Brown, the coffee is brewed using beans produced in northern Thailand. He orders roasted beans every two weeks, but pays particular attention to the roasting. According to Mr. Boonyaratavej, even high quality and expensive coffee beans such as Blue Mountain would give inferior taste depending on the way they are roasted. He creates his own recipe by blending several different types of beans. Bitter Brown’s coffees are all Espresso brewed. The price range of coffee is 40 to 90 bah.

²⁵ Mr. Wiman Boonyaratavej. 2005, December 20. Owner of Bitter Brown. Interview

Mr. Boonyaratavej insisted that his shop is not a Starbucks, by which he means his shop has not had a fame that Starbucks has already have attracting many customers, and it is difficult to make a profit offering only coffee. He expects that customers will order a drink with some food dishes, and spend time relaxing in his shop. Mr. Boonyaratavej is not concerned about Black Canyon Coffee, although one of its outlets is located opposite to Bitter Brown. In his view, Black Canyon and Bitter Brown are different types of coffee houses. He compared his coffee house more to Starbucks, its price, service and coffee taste because he thinks that business styles of Starbucks and Bitter Brown are similar. For example, both coffee houses pay attention to coffee beans and better taste from appropriate roasting. Also, both coffee houses care about the shop decoration to present a comfortable atmosphere to customers. How Bitter Brown is distinguished from Starbucks is that it serves Italian dishes such as home-made pasta.

In this section, I described the similarity among three independent coffee houses. The owners all have a secure financial background, so that their coffee houses can be a side line business. They created the character of their shop to express themselves, which helps to distinguish their shops from other coffee houses. Three of them hope for the success of their coffee business, but at the same time, they can afford to enjoy the business as private issue because of secure financial background. Also, the personal fondness for coffee of these three owners plays a part in the development of the coffee culture. The decoration of three coffee houses is sophisticated and luxurious which reflected owners' personal preference and show difference from the uniformly decorated outlets of leading coffee house chains. This uniqueness has been one of the motives behind the creation of the coffee culture, which not only supports coffee demand in Thailand, but also is the reason that people go to particular coffee houses.

3.4 Coffee houses established by restaurant-chain companies

In this section, I will focus on two local leading restaurant-chain companies; S&P restaurant and Chester's Grill that recently established their own coffee houses.

3.4.1 Bluecup Coffee

S&P Syndicate Plc. ("S&P") is a bakery and the restaurant chain with more than 200 outlets. In 2002, S&P established Bluecup Coffee and started to place Bluecup outlets in its bakeries and restaurants. Mr. Vitoon Sila-On, assistant vice president of S&P, looks after business development.²⁶ Interestingly, he was not a coffee drinker until he launched Bluecup. Bluecup is the first brand name he has created and now he says he has a mission to educate more Thai consumers about coffee, especially Espresso.²⁷ Mr. Sila-On also wants to make Bluecup a recognized local coffee house chain brand in order to compete with the international coffee house chain, Starbucks.²⁸ Although some Bluecup outlets operate independently from S&P restaurants, Bluecup works with S&P to offer a complete eating experience, offering many kinds of food dishes, bakery items and drinks including freshly brewed coffee. Hence, Bluecup has many opportunities to expand its coffee business. According to Mr. Sila-On, S&P has created a concept in S&P restaurants to promote coffee as a major magnet in the restaurant. The price range of coffee, only offered in regular size, is 40 to 75 baht.

3.4.2 Chester's Coffee

Chester's Grill, part of Global Kitchen Company ("GKC"), which is under the Charoen Pokphand Group, established Chester's Coffee in 2005. GKC has 13 outlets of

²⁶ The Nation. July 1, 2003. "*Vitoon serving up heady brew*"

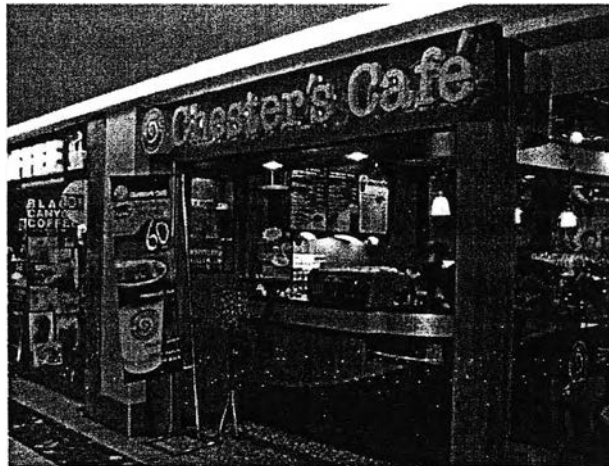
²⁷ *ibid.*

²⁸ *ibid.*

Chester's Coffee, as of December 2005, and plans to open more than 20 outlets in year 2006.²⁹ Chester's Coffee outlets are placed in the corners of Chester's Grill restaurants, of which there are more than 100 in many prime locations in Thailand giving Chester's Coffee plenty of opportunity for expansion. The price range of coffee is 30 to 75 baht.

In conclusion, Chester's Grill and S&P have both apparently recognized that coffee is an icon of modernity. Therefore, both likely see coffee is a key magnet to attract people to their restaurant businesses, and thus the investment in developing this coffee house style as an addition to their main restaurant businesses is justified.

Photo 3.4-1: Chester's Café, MBK outlet, Bangkok



Source: Photograph taken by author in August 2005

3.5 New business style of coffee houses

In this section, I will introduce a new business style that is distinct and newly emerging in Thailand. It is evident that the emergence of coffee houses has led to a birth of a new business style in Thailand.

²⁹ Bangkok Post, December 24, 2005. "Chester's still sees room for growth"

3.5.1 Coffee Banking

Kasikorn Bank, Thailand's third-largest commercial bank, launched the first "Coffee Banking" in Asia as part of its "New Look & Feel" concept in 2003. This concept, according to Mr. David Hendrix, the bank's executive vice president, is aimed at giving customers relaxation, stimulation and enjoyment.³⁰ Mr. Charcree Tirachuli, first executive vice-president, said higher competition in the retail banking industry was forcing banks to compete beyond price to other dimensions, such as convenience and "feeling".³¹

Currently, Kasikorn Bank operates 4 Coffee Banking outlets; two are in cooperation with Starbucks Coffee and other two with Ea Sae Coffee.

Coffee Banking is a two-in-one package such that customers can enjoy the relaxing atmosphere of Starbucks/Ea Sae coffee and also regular Kasikorn banking service. The Bang Kapi branch, operated in cooperation with Starbucks, is located at the entrance of Sukhumvit Soi 33 (photo 3.5-1). It is situated with an "e-lobby", which provides 24-hour automated banking services, including ATM machines, phone banking, and internet banking, which has effectively extended ordinary banking hours. Out of the 200 square meter branch, about 70 square meters is dedicated to Starbucks. Both Kasikorn and Starbucks share the rent for the space, and each company was responsible for its own design and remodeling costs. The parties developed the branch design over an eight-month period, and the decoration, the colour and furniture were purposely united despite the operation of completely deferent business; banking and coffee house.³²

³⁰ The Nation. July 18, 2003. "Grab a coffee at the bank"

³¹ Bangkok Post. July 18, 2003. "New business model percolating"

³² Press release, Local (Thai/English). July 17, 2003. "KBANK introduces new style of its branch operation"

The co-existence of a coffee house with a bank that has created a concept called “e-service”, which includes 24-hour ATMs, phone banking, and internet banking helps to create modernity to this new system. This style also brings benefits to the coffee house. The targeted customer who appreciates such as modern banking style as part of a new life style is likely to appreciate Starbucks and Ea Sae style. Many such customers prefer to have coffee during the day, and may meet friends at the coffee houses.³³

Photo 3.5.1-1: Coffee Banking, Bang Kapi branch, Bangkok

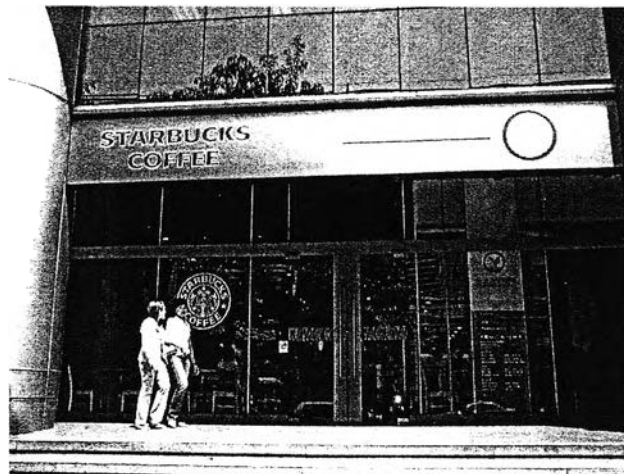
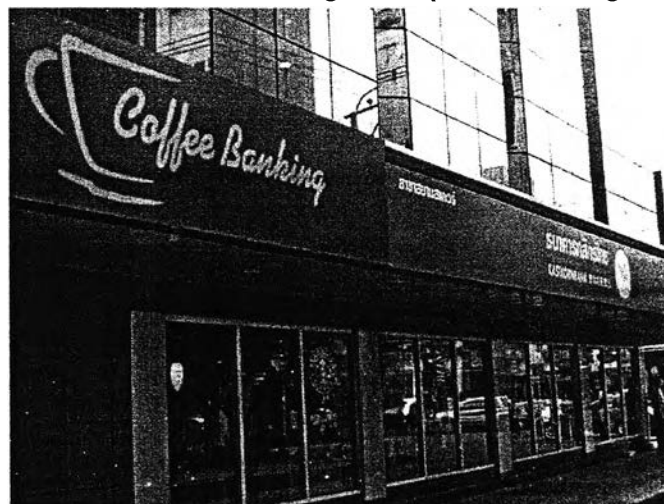


Photo 3.5.1-2: Coffee Banking, Siam Squire branch, Bangkok



Source: Photographs taken by author in September 2005

³³ *ibid.*

3.5.2 Internet Café

Internet cafés are not new and can be found in any big cities and tourist destination in Thailand. Those cafés provide internet connection and some drinks which are mostly easy-made such as bottled drink and instant coffee, but the shops are not very focused on the quality of the drinks.

“True” is a leading telecommunication company providing several services, such as internet-provider, mobile phone, home phone and cable TV network. In 2005, True added another service, True Coffee. According to an interview with Mr. Wichan Wichienrattamphan, Marketing Director, the first branch of True Coffee was opened in Khao San Road, one of the popular foreign-tourists destinations in Bangkok. As of December 2005, there were 12 such branches in Bangkok. The shop offers internet-connection service for 40 baht per hour and a variety of drinks including freshly brewed coffee made by 100% Arabica beans produced in Doi Tung, northern part of Thailand. Mr. Wichienrattamphan said that coffee had a function to link True with customers. Establishing a coffee company is to offer better service for customers coming to the shop to use the internet, use chat programs and play computer games. The coffee helps them to stay longer and feel more comfortable. The price range of the coffee is 40 to 80 baht.

True coffee, Khao San branch, is in a detached two story house decorated in a modern and luxurious style, which is quite different from of the typical internet café. Mr. Wichienrattamphan said that the Khao San branch has targeted foreign tourists so far, while other branches were mainly for local youngsters playing games and using chat programs.

Establishment of True Coffee by True is mainly aimed to offer high quality freshly brewed coffee to customers at True internet café outlets. The role of coffee of True outlets is the glue that makes True to link to customers and let them to stay at the outlets as long as possible.

Photo 3.5.2-1: True coffee, Khao San branch, Bangkok



Source: Photograph taken by author in August 2005

3.5.3 Coffee house at petrol stations

At petrol stations in Thailand, we can see an interesting business relationship between the petrol company and the coffee house. For example, 94 °C coffee outlets can be seen at some Shell stations and Ban Rie coffee outlets can be found at some Jet stations. These coffee house outlets are mainly under franchise contract. For motorists, now stopping at the petrol station is not only to refill the petrol, but also to have a break from a long-distance drive with a cup of coffee. Responding to the popularity of freshly brewed coffee among Thai people, two oil companies established their own coffee house brands.

Firstly, PTT PLC launched Café Amazon in 2003. Currently more than 120 outlets operate at PTT stations (as of January 2006). PTT hopes to help attract motorists amid the intense competition in the retail petrol market where there are about 13,000 petrol stations in

Thailand. The name Café Amazon conjures up an image of coffee-rich Brazil, which helps to establish a brand-image and distinguish it from other coffee houses placed in other petrol stations. The Café Amazon outlets have both indoor and outdoor seating areas, including a small garden, ranging in size from 12 to 20 square meters.³⁴ The price range of coffee items is 30 to 50 baht. The price, which is cheaper than that of local coffee house chain companies, is because of the coffee beans. Café Amazon mixes Arabica beans grown in Chiang Rai and Chiang Mai with Robusta beans, which are cheaper, produced in Chumphon.

Secondly, Caltex Oil (Thailand) Limited established “Coffee Plus”, which is wholly owned by Caltex and thus, is unlike other coffee-house brands established at petrol stations are independent and operated by coffee house company or franchise owners.

Chevron Texaco, the parent company of Caltex, is the second-largest U.S.-based energy company and the fifth largest in the world, based on market capitalization 2004. More than 50,000 Chevron Texaco employees work in approximately 180 countries around the world, producing and transporting crude oil and natural gas, and marketing and distributing fuels and other energy products. Caltex is a wholly-owned subsidiary of Chevron Texaco. Its associated brands are sold in approximately 30 countries across in Asia Pacific, Southern Africa and East Africa.³⁵ According to Mr. Kit Heffner, Area Marketing Manager, Caltex Oil (Thailand), Coffee Plus does not try to compete directly with Starbucks. The marketing point of Coffee Plus is high quality coffee, good service, convenient location and affordable price.³⁶ The price range of coffee items is 25 to 50 baht. Coffee Plus, similar to Café Amazon, uses mixed coffee beans Arabica and Robusta grown in Chiang Mai and Chumphon.

³⁴ Bangkok Post. January 14, 2003. “*PIT comes up with new brew for success*”

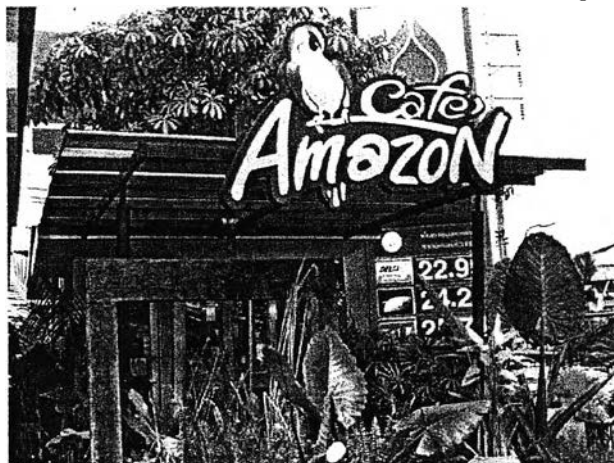
³⁵ Caltex news release, <http://www.caltex.com>

³⁶ The Nation. June 11, 2004. “*Cappuccino craze*”

Significantly, the success of the Coffee Plus business in Thailand has allowed Caltex to export the concept and business model to other countries in the region including New Zealand, Singapore, Malaysia, and the Philippines.³⁷

In conclusion of this section, I have shown the role of coffee houses located at petrol stations. Newly established coffee houses by oil companies help to brand their petrol stations because the modernity and newness of freshly brewed coffee is attractive to many people in Thailand. Hence, it is evident that the oil companies use elements, modernity and newness, to promote their oil business. The primary function of petrol stations is selling petrol. However, nowadays customers who stop by petrol stations in the morning include business commuters as well as housewives who pick up daily necessities on their way home after dropping their children off at school. Office workers also drop in for their morning and afternoon coffee breaks, enjoying a chance for relaxed meetings out of the offices. Students hang-out with peers in the late afternoon and evening. The coffee house at the petrol station can meet the urban people's needs throughout each day.

Photo 3.5.3-1: Café Amazon, Rama IV Road outlet, Bangkok



Source: Photograph taken by author in May 2005

³⁷ Caltex news release, <http://www.caltex.com>

3.6 Ea Sae Plus: A sample of modern adaptation of traditional coffee house

3.6.1 Introduction

Ea Sae Coffee is one of the oldest and best-known coffee companies in Thailand. It was established in 1926 in *Yaowarat*, Bangkok's Chinatown, making the company now 80 years old. Longevity is not the only feature making Ea Sae Coffee intriguing for further study. A preliminary survey reveals that Ea Sae Coffee demonstrates several aspects of cultural hybridization and dynamics of coffee business.

The objective of this study is to examine how Ea Sae operates in such a competitive environment in Thailand. The study was intended to explain how Ea Sae revised its business to meet this new dynamic coffee business. This part of my research was done from July to September 2005, mainly through personal observation and interview.

With understanding to my study, Mr. Wattawat Meesangnil, Manager of Ea Sae Plus, Makro supermarket branch, Charan Sanitwong Road, gave me the opportunity to work as a volunteer in his shop. While working in his shop, I had the chance to study not only the method of brewing Thai traditional coffee, but also the way of Thai traditional coffee service.

At present, the third generation owner, Mr. Prayut Thongviriyakul, and his only son, the fourth generation managing director, Mr. Prinya Thongviriyakul are responsible for the business. Mr. Prayut Thongviriyakul mainly takes care of the branches located in the food-courts, such as Tesco Lotus and MBK (*Mah Boon Khrong*) shopping center. Mr. Prinya Thongviriyakul has responsibility for the marketing management and the other branches, such as Coffee Banking branches and stand-alone branches.³⁸

³⁸ Mr. Prinya Thongviriyakul. 2005, July 24. Managing Director, Ea Sae Coffee. Telephone interview.

Mr. Prinya Thongviriyakul started the new brand “*Ea Sae Plus*” in 2003, which has new style coffee items such as Cappuccino and Latte. Then he established the “Coffee Banking” cooperation business with Kasikom Bank. To meet the expanding family business, he established a new coffee bean roasting factory at Samut Sakom.³⁹ The company’s package roasted-coffee beans were awarded OTOP⁴⁰ 5 star⁴¹ in 2005 for Thai traditional style coffee. Also, Ea Sae’s coffee was awarded “*Shell Chuan Chim*”⁴² (literally means “Shell recommends to taste”). The emblem is awarded for delicious food and drink (See photo 3.6-1, page 85 and 3.6-10 page 88).

After the establishment of the new brand, Ea Sae Plus, the next step Mr. Prinya Thongviriyakul took in expanding the family business was to sell the first franchise of Ea Sae Plus in 2004. Hence, as of end of September 2005, Ea Sae operated 30 branches, including one franchised outlet, under his management.

3.6.2 The shop of Ea Sae Coffee

Ea Sae Coffee operates two brands of coffee house (illustration 3.6-1, as of end of September 2005); Ea Sae Original and Ea Sae Plus. Ea Sae Original has 26 branches; 25 of which are located at food-courts in shopping centres, and the *Yaowarat* branch, which is the headquarters and flagship shop. Ea Sae Plus has three styles of outlets; Coffee Banking, direct management shop and franchise shop as shown by the chart below.

³⁹ *ibid.*

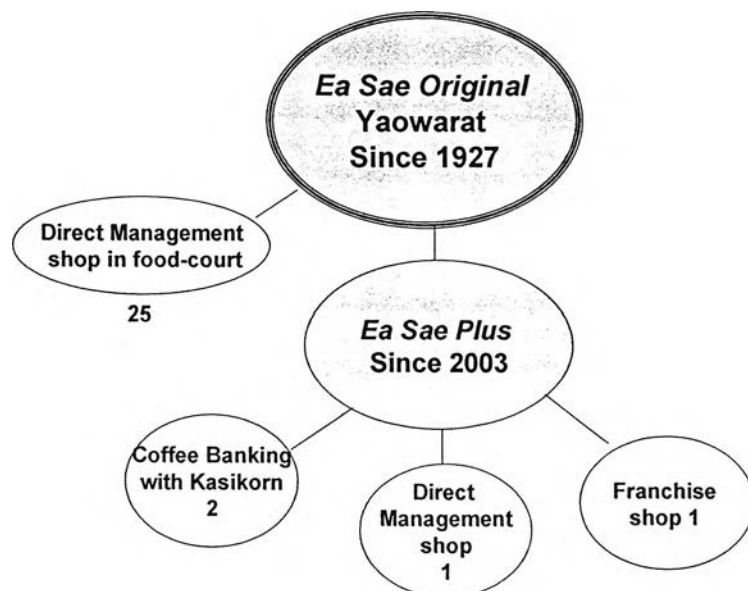
⁴⁰ “One tambon (district) one product” scheme organized by Thai government.

⁴¹ 5 stars is the highest rank for the product quality certificated by the authority.

⁴² The idea of Shell Chuan Chim program is based on the famous Michelin Guides to restaurant published for Europe. “Shell Chuan Chim” was started in 1961 by Mon. Ratchawong Thanadsri Sawasdiwat together with Mom. Chao Phisadet Ratchinee, who was at the time the Marketing Director of Shell (Thailand).

Illustration 3.6-1: Structure of Ea Sae⁴³

* The number indicates the number of outlets



Ea Sae Original in Yaowarat

This shop is the headquarters of Ea Sae Coffee and the flagship shop of the Ea Sae Original brand. It has moved once from its original establishment place (photo: 3.6-1 to 3.6-9, page 85 to 87). The shop is open from 3 am until late. In the third generation, Mr. Prayut Thongviriyakul's era, the largest numbers of customers were Chinese merchants, because The Old Market (*Talat Kao*) is located behind the shop. Chinese would come to buy things at The Old Market and many of them dropped by Ea Sae after shopping at the market. Today's biggest group of customers is still Chinese nearly all men about 50 years old or more. The shop does not have air-conditioning, thus the shutter-doors are fully opened, and small electric fans and natural breeze help customers to feel cool. This shop has no restrictions on smoking and many smoking and non-smoking customers spill out to sit wherever they can outside. Even though there is no music in the shop, it is sometimes quite noisy with customers' loud talking. Most of customers spend hours there to talk, to meet and to sip several cups of coffee. After finished one glass, they order another glass and treat friends to some drinks. The shop of Ea

⁴³ The structure of Ea Sae is based on the telephone interview with Mr. Prinya Thongviriyakul, Managing Director, on July 24, 2005.

Sae Original in *Yaowarat* is always packed with such customers. The shop offers 35 hot and iced drinks and most of them are offered in two sizes; 8oz and 12oz. In addition, there are 8 kinds of spread for toast; margarine, chocolate, marmalade, strawberry, egg custard, sweetened condensed milk, Ovaltine and chilli paste with sweet dried pork. Those drinks and toasts remain the same from the early days.

Ea Sae Original in food-courts

Currently 25 Ea Sae Original shops (as of end of September 2005) are located at food-courts in shopping centres mainly in Bangkok. The menu of those shops is simple, not like a location the *Yaowarat*, because of the limited shop space. Basic beverages are hot and iced coffee with/without milk, hot and iced tea with/without milk or lemon. At MBK shopping centre, two shops are operating in the food-court on the 6th floor. As to the beverages of the MBK shops, even though they offer 12 drink items, they can operate with just a few kinds of basic materials, such as coffee beans, tea leaves, sugar, sweetened condensed milk, coco and lemons. The price structure is also simple with the basic price set at 20 baht and the price for black coffee and black tea being 5 baht cheaper.⁴⁴

Another food-court Ea Sae Original shop is located in Tesco Lotus supermarket in Pata department store, Phra Pinklao Road, but it operates differently from the MBK shop. This shop has been operating more than 10 years, but it was newly renovated in 2005. There is a signboard with Shell Chuan Chim and OTOP 5 star logos to guarantee customers the quality and taste of the coffee (photo 3.6-10, page 88). Most of the customers are locals, who go shopping at the department store.

This shop seems to have a mission to promote what they consider ‘international’ beverages to the local population. According to Mr. Meesangnil, Manager of Ea Sae Plus,

⁴⁴ “Black” for the beverage in Thailand means sugar content. If you want to sip real black, without sugar and milk in general, you need to speak out, “*Mai-Sai Namtaan*”, without sugar, and “*Mai-Sai Nom*”, without milk.

Makro supermarket branch, Charun Sanitwong Road, they consider coffee such as Cappuccino, Latte, Mocha as the ‘international’ menu in Ea Sae. On the other hand, Thai traditional coffee such as *Oliang*, *O-yua* and *Kafae-Ron* are considered to be the traditional menu. At the Ea Sae Original, Pata department store branch, coffee drinks on the ‘international’ menu are brewed using Arabica beans, while coffee drinks on the traditional menu are brewed using Robusta beans. The company’s newly established roasting factory provides not only Robusta beans for the traditional coffee, but also Arabica beans for the ‘international’ menu. Hence, the company will likely incorporate an ‘international’ menu using Arabica beans in any newly open or renovate Ea Sae Original shops.

Why does Ea Sae use Robusta for the traditional menu and Arabica for the ‘international’ menu? Basically, Robusta beans are suited to Thai traditional coffee, which calls for a strong taste, high in caffeine and to which plenty of sugar is added. In addition, Robusta beans are cheaper and easier to get in the market, especially in early days which is why Ea Sae used Robusta from the beginning. As to the use of Arabica beans for the ‘international’ menu, it is hard to know whether Thais appreciate the taste difference between Robusta and Arabica because both hot and iced drinks are served with plenty of sugar and sweetened condensed milk. However, it can be said that there is the Starbucks influence on Ea Sae services, and thus the use of Arabica beans for their ‘international’ menu. Starbucks widely announces that they use only the best Arabica beans and the style of Starbucks’ business and service seems to be influential on the coffee business in Thailand. For example, one of the coffee stand chains, “Coff Man” shows off on their signboard in Thai that they use 100% Arabica beans (photo 3.2-3, page 56). It implies that using Arabica beans rather than Robusta beans is expected to promote their business. As Arabica beans are more expensive and are used by leading foreign coffee house such as Starbucks, the image of this type of coffee beans are superior to Robusta beans. Given the fact that Arabica beans are relatively more expensive, it means that the ‘international’ menu will necessarily be more expensive than that of the traditional menu. In addition, Royal projects,

such as Mae Far Luang Foundation, also support the cultivation of Arabica beans in Thailand. These aspects add to the recognition of Arabica beans, and the ‘international’ menu brewed by using Arabica beans is recognized as a distinguished category of coffee in Thailand.

Ea Sae Plus: Coffee Banking

As I mentioned in chapter 3, “Coffee Banking” is a new business style launched by Kasikorn Bank under its “New Look and Feel” concept in 2003. Ea Sae is currently running two outlets of Coffee Banking in cooperation with Kasikorn Bank. For Ea Sae, Coffee Banking is significant, because it enables Ea Sae to successfully build a new brand image, Ea Sae Plus. The first Coffee Banking outlet opened in March 2003 in cooperation with Ea Sae Plus at Kasikorn Bank was the Sua Pa Branch on opened on Sua Pa Road.⁴⁵ Another Coffee Banking branch with Ea Sae Plus opened in October 2003 in The Old Siam shopping centre. Both branches are located in Chinatown and most of the customers are locals.

The menu structure is notable because there are two menus, the traditional and Plus menus. As I noted in the above-section, Ea Sae offers an ‘international’ menu such as Cappuccino, Latte, Mocha, and Espresso which use Arabica beans at its food-court locations. The ‘international’ menu is called “Plus menu” in Ea Sae Plus shops. Ea Sae Plus emphasizes both the traditional and Plus menus equally, although the drinks on the traditional menu are limited. Only drinks of the Plus menu are written in English and Thai on the menu-board. On the other hand, selected drinks on the traditional menu such as hot and iced coffee, tea, and Ovaltine are written only in Thai. Several flavours of iced-shake made with freshly brewed coffee are also listed on the Plus menu. Another noteworthy point is the introduction of a new size. Ea Sae Original’s iced drink sizes are 8 oz and 12 oz. Ea Sae Plus at Coffee Banking has only one size for iced drink, 22 oz, which is the same as the biggest size of Starbucks Coffee

⁴⁵ The first coffee-banking cooperated with Starbucks in Thailand opened in July 2003.

“Venti” (photo 3.6-18, page 90). The white round shaped logo-mark is displayed at every Ea Sae Plus shop (photo 3.6-14, page 89). In the new round logo-mark, the English letter “Plus” is printed equally as big as the name “Ea Sae” is printed in Thai. The word “Ea Sae” in Thai and the slogan, “Ea Sae *Plus* since 1927, freshly roasted, freshly brewed, all day and every day”, remain the same as the Original Ea Sae.

In the shop, there is no partition between Kasikorn Bank and Ea Sae Plus in so customers can freely walk around and have seats any place they like (photo 3.6-15 to 3.6-17 and 3.6-20, page 89 to 91). In the drinking space, an electric bulletin board showing the order number for the bank is installed on the wall so a customer waiting for their transaction can sit and drink their coffee (photo 3.6-17). The shop decoration is united by white colour and wooden furniture, with Kasikorn’s company colour, red and green, given as an accent. The total image of Ea Sae Plus is “Old China” with a modern and international touch. You can find many photographs hung on the wall taken at Ea Sae in *Yaowarat*. Customers, who may not know Ea Sae, can learn its history and the connection of Ea Sae and Ea Sae Plus by these photos. The shop is air-conditioned and smoking is not allowed. It appears that while some customers order drinks while they wait for their bank transaction, some come to the Coffee Banking branch because of Ea Sae Plus drinks.

Ea Sae Plus at the Coffee Banking has advantages that Ea Sae Original shops do not have. Because of the function as a bank, Ea Sae Plus at Coffee Banking locations have a chance to promote themselves by advertising Ea Sae Plus to people who come to Kasikorn Bank to do their banking. Moreover, the Coffee Banking shops promote a modern image of Ea Sae to those who know Ea Sae Original as a traditional style coffee house, inexpensive prices, no air-conditioners, located in *Yaowarat*. Operating hours of Ea Sae Plus at the Coffee Banking is 8:30 am to 7:00 pm every day, even though Kasikorn Bank is closes on the weekend.

Ea Sae Plus: Direct Management Shop

One direct management shop is operated at Center Point in Siam Square. Siam

Squire is a popular commercial area for both tourists and locals because of its easy access and many entertainment facilities and trendy shops. Center Point is the one of shopper-attractive places in Siam Squire where Ea Sae Plus is located (photo 3.6-22. page 92). This shop first opened as Ea Sae Original, but was recently renovated into an Ea Sae Plus. The open-air shop has two types of menus, traditional and Plus menus, as at other branches of Ea Sae Plus. There is no English menu, except for limited drinks of the Plus menu despite the fact that the shop is located in a tourist area. However, this shop has a small booklet-menu written in English for the benefit of foreign customers.

The simple wooden chairs are usually occupied by locals, and given its outdoor locate, it is free to smoke there just at the Ea Sae Original location in *Yaowarat*. The operating hours of Center Point branch is from 9:30 am to 11:00 pm everyday.

Ea Sae Plus: Franchise Shop

This shop was launched by Mr. Wittawat Meesangnil on December 1st 2005. This first franchised Ea Sae Plus shop is located in the compound of Makro supermarket, on Charan Sanitwong Road. Under the franchise contract, the drink menu of this shop is strictly controlled by Ea Sae Coffee. The franchisee is not allowed to create other drinks. Also, Ea Sae provides the coffee beans for this franchised shop. As for the food menu, on the other hand, the franchisee is quite free to launch new dishes; for example, Waffles, German Sausage and Baked Eggs with Bacon. Also, the shop has a variety of toasts the same as other Ea Sae shops.

As to the coffee menu structure, the franchise shop has a Plus menu which is an ‘international’ menu of coffee items brewed using Arabica beans, as well as full traditional drinks menu similar to Ea Sae Original in *Yaowarat*. The drinks on the Plus menu are served without sugar for hot drinks, while cold drinks on the Plus menu are served with sugar the same as for the traditional menu. There are two drink sizes that customers can chose from. It means that this shop has a large variety of drinks both Thai traditional and international, along with size choices.

Mr. Meesangnil's touch is also reflected in the shop decoration. He studied all Ea Sae Plus shops to understand the tone and concept of the brand before he ordered the design of his shop. Like other Plus shops, his shop decoration follows the theme "Old China" theme with modern taste. The outstanding points are that red colour is emphasized more and there are plenty of small China-looking ornaments displayed in the large round shape shelves hung on the walls (photo 3.6-25 to 3.6-30. page 93 to 94). This is Mr. Meesangnil's idea and all of these items were collected by him. There are several local newspapers and Thai magazines supplied by a magazine-rental company, which is the same company supplying for Starbucks.

Nearly all customers are locals of different ages and occupations; teenager students, office workers, shop vendors, shoppers, and old people. While some customers come to the shop for mainly to do work or study and spend hours, most customers order one drink and spend a short time in the shop just drinking. Operating hours of the shop is 10:00 am to 10:00 pm everyday.

3.6.3 Strategy for surviving in the competitive industry

After studying Ea Sae coffee, I found two seemingly opposite aspects the company has used to survive in the severely competitive coffee industry; 1) preserving the traditional elements and 2) adopting modern style. When we look at what Ea Sae's two brands offering to their customers, these two strategies can be seen.

Preserving traditional elements

This strategy is applied to both Ea Sae Original shop in *Yaowarat* and Ea Sae Plus.

The Ea Sae original shop has only moved once from its original location of 80 years ago. For the old patrons of Ea Sae, the services and atmosphere of the shop remains the same. Significantly, Ea Sae offers customers drinks by the same original recipe so the taste remains the same as that served from the beginning. The style of cup and saucer, plate and glass all remain unchanged. Those are non-disposable and they are used many times over many years until they are broken. As to the price, although it has increased many times in 80 years of operation, the price of *Oliang*, traditional size 8 oz is still 8 baht (as of end of September 2005). Khun Prasut⁴⁶, one of the old patrons, said that he still remembered when the price of *Kafae Yen* was 7 baht, which was increased to 10 baht, and now is 12 baht. He added, however, that 12 baht for one glass is still reasonable and acceptable. The Ea Sae shop in *Yaowarat* still offers a single toast at the piece of 8 baht. While the price is actually not the same at that which old patrons remember, the total price of one piece of toast with a glass of iced coffee is still less than 20 baht. Moreover, the simple original decoration of the shop remains unchanged. Customers come to the shop, to drink, to meet, to smoke, to talk, and to spend time with Ea Sae. The atmosphere created by Ea Sae in *Yaowarat* is free and comfortable for the people who have known Ea Sae for a long time. This may be the reason why many of the old people are attracted to Ea Sae in *Yaowarat*, which makes them bother to get on the bus to commute to the shop nearly every day for many years.

The Ea Sae Plus shop also attempt to maintain traditional Ea Sae elements. The shop offers traditional drink items along with the international drink items, displayed photos in the outlet are taken at the Original shop in *Yaowarat*, and the slogan printed in the Ea Sae Plus' logo-mark saying "freshly roasted, freshly brewed, all day and every day", which is same to those in the Ea Sae Original logo-mark.

⁴⁶ He prefers to be called only by his first name.

Adopting modern style

I have already mentioned that Ea Sae Plus serves two types of drinks; traditional/Original menu and 'international'/Plus menu (photo 3.6-31 and 3.6-32. page 94). On the menu, there is a short sentence on the first line to explain about the menu. It says that their traditional menu consists of drinks made by the original recipe unchanged from the year of establishment, 1927, and that the Plus menu was established in 2003. This introduction gives customers information about how old and traditional Ea Sae is as well as how adaptive the company is, since customers can sip a cup of freshly brewed Cappuccino just like at Starbucks, but it is being served in a place that has nearly 80 years of history. In other words, customers can enjoy a feeling of nostalgia in a modern atmosphere.

According to the concept of Ea Sae Plus, it is "Old China" with a modern taste. The company introduced new shop decoration, new price that are a bit more expensive than the prices on the Ea Sae Original menu, new drink sizes at 16oz and 22oz, and fashionable disposable cups and paper plates. All of which are created when the Ea Sae Plus brand was established. The concept, "Old China" with a modern taste, itself also reflects the two seemingly opposite strategies adopted by Ea Sae; 1) preserving traditional elements and 2) adopting modern style.

Another example showing the application of Ea Sae Coffee's two strategies is Ea Sae's roasted Robusta coffee beans. In September 2005, Ea Sae Coffee launched packaged roasted Robusta coffee beans to the market (illustration 3.6-2) especially for the customers who love the Ea Sae taste and want to make *Kafae Boran*, Thai traditional coffee, at home. The package includes a statement that it is strongly recommended not to put these beans into a coffee machine because they are intended only for traditional style coffee, which should be brewed by the cloth bag. Generally, the idea of packaging coffee beans in an aluminum bag is for long last keeping, for mass-production, and for being handy to carry and sell, all essentially modern things. However, as to the Ea Sae's package of coffee beans, a mass sales of their tradition is also intended.

Those two strategies are applied simultaneously in the two Ea Sae brands, Ea Sae Original and Ea Sae Plus. At Ea Sae Original, especially in the *Yaowarat* shop, the style is unchanged and it seems intended to try not to change since it is the origin of the shop, which Ea Sae used to be, and what Ea Sae is today. On the other hand, the two faces of Ea Sae can be seen in Ea Sae Plus locations, which are traditional tone in a modern atmosphere. It can be clearly seen that Ea Sae Coffee is challenging the competitive coffee business by using an original strategy, which is an adopted new style, while at the same time preserving their tradition and showing off their history.

Illustration 3.6-2: The packet of roasted Robusta coffee beans for Thai traditional style coffee

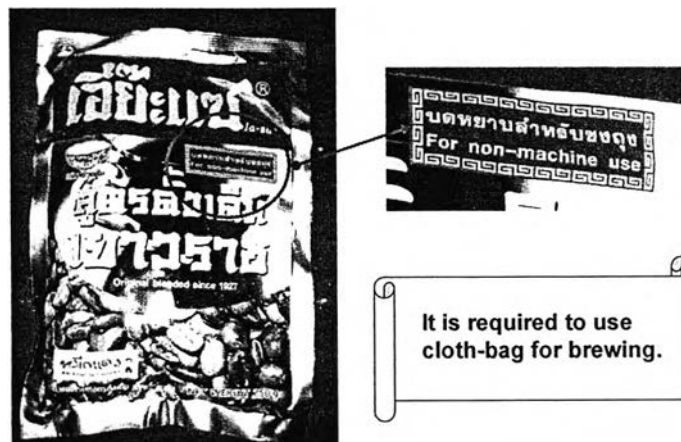


Photo 3.6-1: Sign Board of Ea Sae Original in Yaowarat

On the board, it is said that serving tasty coffee for 60 years, Ea Sae Yaowarat, freshly roasted, freshly brewed, all day and every day. “Shell Chuan Chim” logo is indicated.



Source: Photograph taken by author in July 2005

Photo 3.6-2: Ea Sae Original in Yaowarat-1



Source: Photograph taken by author in July 2005

Photo3.6-3: Ea Sae Original in Yaowarat-2

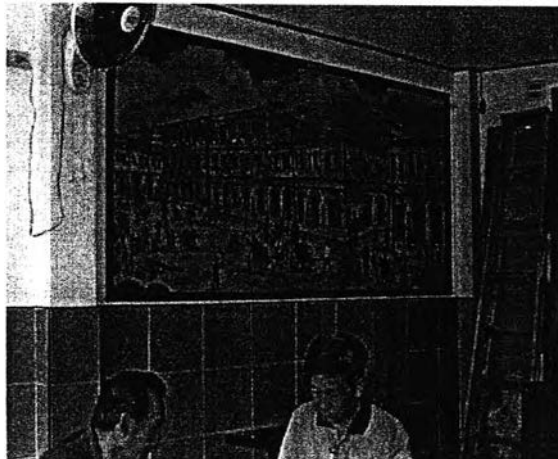


Photo3.6-4: Ea Sae Original in Yaowarat-3

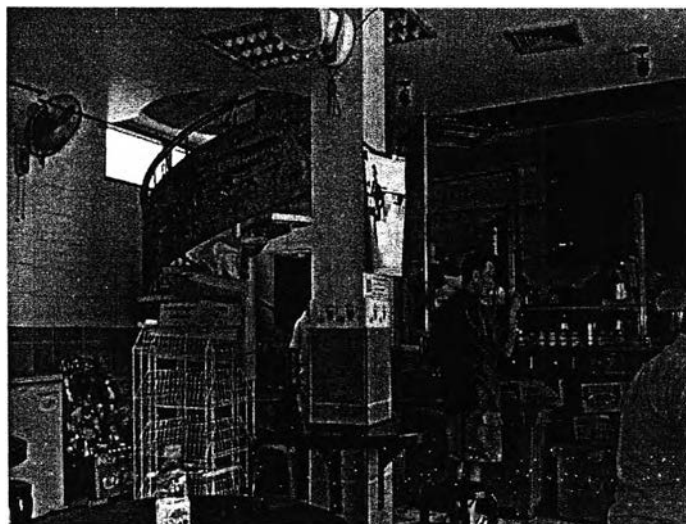


Photo 3.6-5: *No-Kao-Ron* (15 baht), hot coffee mixed with hot tea with sweetened condensed milk, and a piece of toast (8 baht) served with free hot Chinese tea at Ea Sae Original in Yaowarat



Source: Three photographs on this page taken by author in July 2005

Photo 3.6-6: *Cha-Manao* (15 baht), iced lemon tea, served with free iced Chinese tea



Photo 3.6-7: *Oliang* (8 baht), iced black coffee with sugar, served with free iced Chinese tea



Photo 3.6-8 & 3.6-9: *Kaa-Fae-Ron* (15 baht), hot coffee with sweetened condensed milk served by the cup printed Ea Sae logo



Source: Four photographs on this page taken by author in September 2005

Three photos on this page: Ea Sae Original in Tesco Lotus supermarket, Pata department store

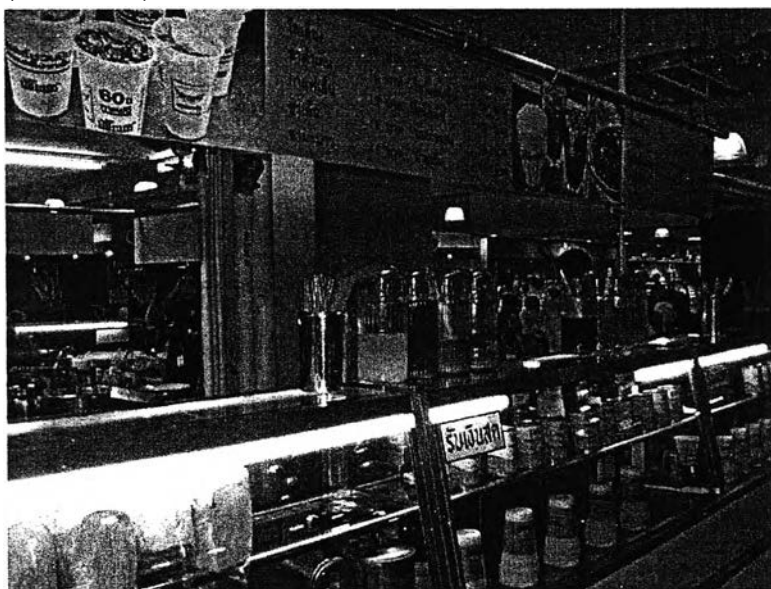
(Photo 3.6-10)



(Photo 3.6-11)

กาแฟสด อารามย์ก	ราคา	หน่วย	หมายเหตุ
คาปูชิโน	25	บาท	ไม่มี
ลาเต้	25	บาท	ไม่มี
มอคคา	25	บาท	ไม่มี
เอสเปรสโซ	25	บาท	ไม่มี
บราซิล	25	บาท	ไม่มี

(Photo 3.6-12)



Source: Three photographs on this page taken by author in August 2005

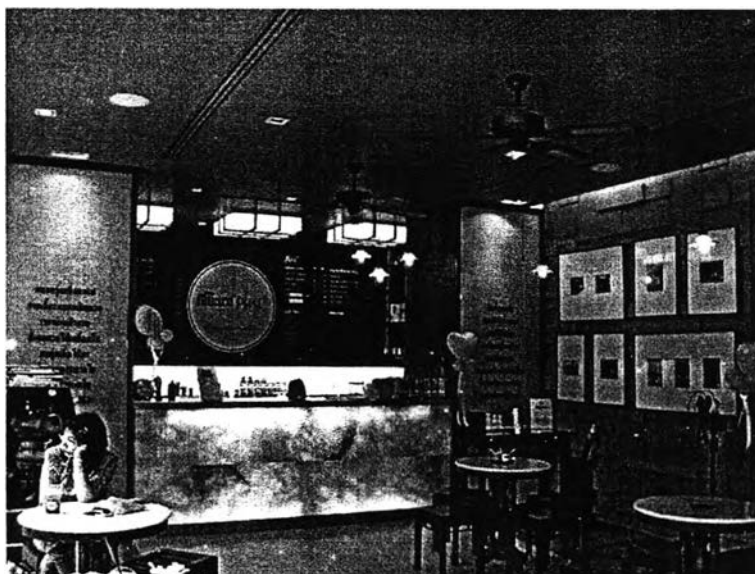
Three photos on this page: Coffee Banking, Sua Pha branch
(Photo 3.6-13)



(Photo 3.6.-14)



(Photo 3.6-15)



Source: Three photographs on this page taken by author in August 2005

Three photos on this page: Coffee Banking, Sua Pha branch
(Photo 3.6-16)



(Photo 3.6-17)



Photo 3.6-18: Set menu at Coffee Banking, Sua Pha branch



A set; 2 pieces of toast and 1 shake, 60 baht

Source: Three photographs on this page taken by author in July 2005

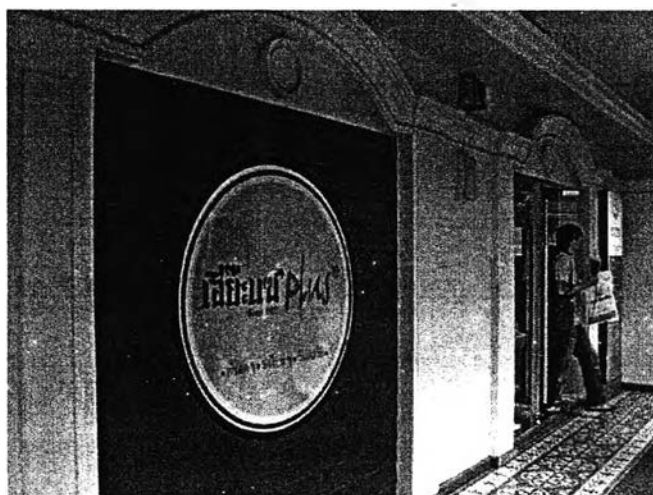
Three photos on this page: Coffee Banking, Old Siam branch
(Photo 3.6-19)



(Photo 3.6-20)



(Photo 3.6-21)



Source: Three photographs on this page taken by author in July 2005

Three photos on this page: Ea Sae Plus, Siam Square, Center Point branch

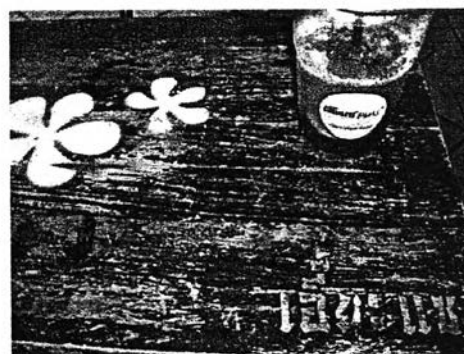
(Photo 3.6-22)



(Photo 3.6-23)



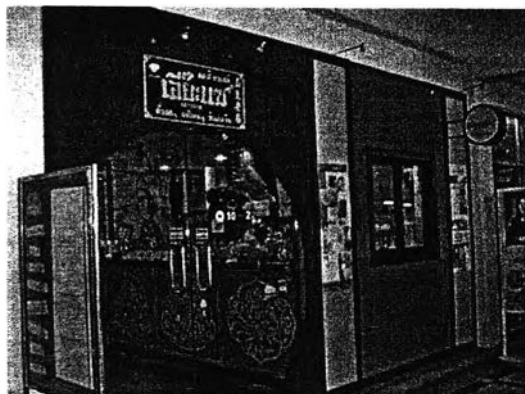
(Photo 3.6-24)



Source: Three photographs on this page taken by author in September 2005

Five photos on this page: Ea Sae Plus at Makro supermarket, Charan Sanitwong Road

(Photo 3.6-25)



(Photo 3.6-26)



(Photo 3.6-27)



(Photo 3.6-28)



(Photo 3.6-29)



Source: Five photographs on this page taken by author in July 2005

3.7 New player in the coffee business: Coffee school

At the last part of this chapter, I will describe the establishment of several coffee schools as a notable phenomenon. The coffee school is not only the newly emerged coffee business, but also this is evidence that coffee, particularly the making of coffee drinks, has become a subject of education and study.

3.7.1 Zolito Shop-One Stop Service

Zolito Shop-One Stop Service, operated by Coffee Beanery, a 50 year-old Thai coffee exporter, provides a one-day coffee-making course.¹ This course gives students the opportunity to brew and taste everything from premium coffees to coffee shakes. During the class, students learn the basics of making a cup of coffee, including how to grind fresh beans correctly, and how to use the right proportion of coffee to water which has been heated to the correct temperature. They learn to compare the aroma, acidity, body and flavour of different types of coffees.

The first half of the programme includes a 60-slide presentation and covers the different types of coffees; the world's planting and harvesting areas, roasting and grinding processes, the cost of opening and operating a shop and how to find the best locations for coffee shops. This is followed by some hands-on experience with the class normally divided between those who want to open their own coffee shops and coffee lovers who simply want to learn more about coffee.

The one-day course of Zolito's coffee school in Bangkok costs 2,950 baht including hand-outs, equipment, lunch and snacks.

¹ The Nation. June 27, 2005. "*Brewed to perfection*"

3.7.2 Boncafe's Academy

Boncafe, a Singapore based company, was set up in Thailand 1991. Boncafe has progressed from its fundamental business in local-grown coffee beans to importing coffee-making equipment from Europe to enhance the quality of its products. Boncafe's latest venture is to share the knowledge of what makes a good cup of coffee and how to run a good coffee shop by opening Boncafe's Academy².

The school offers short courses to those who want to be a certified barista, one who makes and serves coffee. In addition, the school aims to assist individuals in many aspects of the creation of their businesses. Students can learn about coffee laboratories, business management and brewing techniques. The workshops are conducted with only a few students, as the classes require each of them to practice, for instance, skimming milk, making espresso and maintaining machinery. There are one-day basic workshops for beginners, two-day seminars and workshops for entrepreneurs and three-day hand-on workshops for baristas.

3.7.3 Coff Man

Coff Man, a fresh-brewed coffee-stand chain company, provides four options to start a franchise coffee business.³ Each option includes a workshop, which trains applicants on usage of coffee machines along with how to make various kinds of coffee drinks.

- 1) Workshop + 5kg of coffee beans = 3,000 baht.
- 2) Workshop + 10 kg of coffee beans + small size of coffee-maker & mill machine + accessories for shop = 25,000 baht.
- 3) Workshop + espresso machine + accessories + Kiosk facility
= 65,000 to 70,000 baht.
- 4) Workshop + espresso machine + accessories + Mini bar facility
= 95,000 baht.

² The Nation. October 30, 2005. "The cup that cheers"

³ Source: the company document

These three coffee schools provide information and education to increase one's knowledge of coffee along with the skill to run a coffee business. The emergence of coffee schools is significant, because it shows the recognition that understanding how to make a good cup of is important when setting up a coffee business. Along this same line, there are several books and VCDs on how to establish the coffee house that can be found in bookstores showing a certain level of demand and interest in this subject.

To conclude this chapter, I discussed five types of conspicuous newly emerged coffee houses namely the modern style Starbucks-like coffee houses, the coffee stands offer fresh machine brewed coffee, the independent coffee houses, the coffee houses established by the restaurant chains and the new business style of the coffee houses in order to describe the business impact of the new coffee culture. Additionally, the coffee education is a new phenomenon demonstrating the development of coffee culture in Thailand. That is, coffee preparation became a subject of study. This may be related to the new concept of coffee brewing as a kind of knowledge introduced by Starbucks. In the next chapter, another angle of coffee culture, the cultural impact will be discussed.