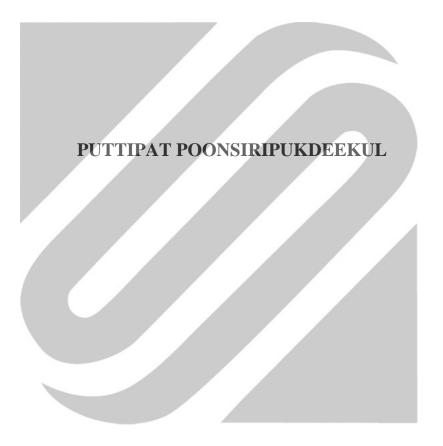
THE COMPETITIVE ADVANTAGE OF SPECIALTY COFFEE



A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE GRADUATE SCHOOL
STAMFORD INTERNATIONAL UNIVERSITY
MASTER OF BUSINESS ADMINISTRATION
ACADEMIC YEAR 2014

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Abstract

The objective of this study was to develop the understanding of the competitive advantage of special coffee business in the Thai coffee market in order to achieve business survival for new SME business owners who want to own and step up into this business. Moreover, this research would provide the ideal thinking on how to run a successful "Specialty Coffee Shop" based on the experience and expertise from coffee shop owners.

Research Methodology: This research study was applied the qualitative research method in order to comprehend the depth and descriptive ideal thinking and information from the selected sample group from specialty coffee shop business owners in Bangkok metropolitan area.

Research findings were as follows: by designed critical thinking 8 questions about the competitive advantage of specialty coffee business from their experiences and the overview of the Thai coffee trend and culture in the future for the new SME opportunity, including the meaning of specialty coffee to their comprehension, their ideal business inspiration, future business plan, the strength of the specialty coffee, the difference between the specialty coffee shop and normal coffee shop, the study of effects from the opening of AEC community and 10% increasing rate of Thai coffee consumption from the last 10 years to their business, and also the potential target group of the specialty coffee customer at the present and future.

Keywords: Competitive Advantage, Specialty Coffee, Bangkok Metropolitan

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CONTENTS

	Page
ABSTRACT	i
ACKNOWLEDGMENT	ii
CONTENTS	iii
LIST OF TABLES	vi
LIST OF FIGURES.	vii
CHAPTER 1 INTRODUCTION	
1.1 Statement of the Problems.	1
1.2 Objectives	
1.3 Significance of the Study	4
1.4 Scope and limited of the Study	5
1.5 Research Question.	
CHAPTER 2 LITERATURES REVIEW	
2.1 Competitive Advantage Theory	6
2.2 Strategies for Competitive Advantage	8
2.3 Porter's Five Force Analysis	12
2.4 Current SMEs Performance in Thailand (2013–2014)	18
2.5 11 Types of SMEs Growth in 2014.	19
2.6 Food & Beverage Industry Impact for Thai Economy	20
2.7 Analysis of the World Coffee Consumption Growth	20
2.8 Growth of Thai Coffee Consumption and Business Potential	22
2.9 Who is the Coffee Drinker?	23
2.10 Coffee Market in Thailand	24
2.11 Thailand's Coffee Sector' Must Focus on Specialties	25
2.12 Analysis of Coffee Industry in Thailand: Coffee Consumption	26
2.13 What exactly is Specialty Coffee?	28

CONTENTS (Cont.)

Pag	ge
CHAPTER 3 RESEARCH METHODOLOGY	
3.1 Research Method and Design	0
3.2 The Selection Process of Participants	30
3.3 Data Collecting Procedure and Analysis	3
3.4 Validity and Reliability	34
3.5 Ethical Assurances	34
CHAPTER 4 RESEARCH FINDINGS	
4.1 The meaning of "Specialty Coffee"	35
4.2 The reason of selecting the special coffee business	
4.3 The difference between the specialty and normal coffee shop3	37
4.4 The strength of the specialty coffee	38
4.5 The importance of a quality cup of coffee	39
4.6 The effect from the opening of AEC community and 10% increasing rate	
of Thai coffee consumption from the last 10 years	40
4.7 Potential target group of the specialty coffee customer4	11
4.8 Future plan for the Thai specialty coffee shop	12
CHAPTER 5 SUMMARY, CONCLUSION & RECOMMENDATION	
5.1 Summary	14
5.2 Conclusion	4
5.3 Limitations of the Study	48
5.4 Recommendations of the Study	8
REFERENCES	49

CONTENTS (Cont.)

	Page
APPENDICES	
Appendix A Interview Questionnaire	53
Appendix B Interview Transcripts	55
RIOGRAPHY	80



LIST OF TABLES

		Page
Table 1.1	Most Consumable Coffee Shop in Thailand	2
Table 2.1	Thailand Economic Outlook 2012 – 2014.	18
Table 2.2	11 Types of Potential SMEs Growth in 2014 by OSMEP's Study	19
Table 2.3	Coffee Production and Market Demand in Thailand	27
Table 2.4	World Coffee Consumption.	28
Table 3.1	The Coffee Consumption Area in Thailand	31
Table 3.2	Decoding of the sampling group of the selected participants	33

LIST OF FIGURES

		Page
Figure 2.1	Growth in coffee consumption by region (1999-2012)	.21
Figure 3.1	Map of Bangkok Metropolitan Area.	.31



CHAPTER 1

INTRODUCTION

1.1 Statement of the Problems

"Opening a coffee shop" is still one of the most famous business dreams that SMEs and Thai people wish to do. It is the aroma of coffee, soft music, and comfortable atmosphere in the shop that all makes them want to step into this business. According to the Kasikorn research center in 2013, coffee business in Thailand has grown increasingly from 6.49 billion baht to 7.23 billion baht or growth rate at 11%, especially now that big chain companies have also stepped up in this market as well, for example, Starbucks, Café Aroma, Black Canyon Coffee, Doi Tung, and Banrai Coffee, which play a very important role in the coffee industry in Thailand. Although all the big chain companies are trying to cover and open their coffee shops over the country, there is always a gap for another new wave inside the coffee industry, one which is called "Specialty Coffee" which is an alternative choice for customers who want something different and new. The process of making it with high intension and care from selecting the right bean, to perfectly coffee roasting, to the hand of barista creating the best cup of coffee experience for customers every time, is what automatically made it become a main competitor for the big chain coffee companies.

In order for the specialty coffee shops or owners to compete with the big chain companies, it is all about the quality of product and differentiation or customization, which is suitable for their local market. Because they cannot compete with the big brands with other factors, for example, cash flow, franchising business plan, number of branches, or even shop decoration, and the option to choose prime locations. Moreover, specialty coffee owners have to understand their market very well and always spend time to maximize the quality of their product and services and also keeping it unique. On the other hand, by understanding the competitors in the market, it also helps the SMEs business owners to make a better and more precise business plan in order to survive in this competitive market. Here are some samples and analysis of 5 main competitors for specialty coffee shops.

Table 1.1 Most Consumable Coffee Shops in Thailand

No.	Brand	Percentage %	Branches	Years in Thailand
1	Café Amazon	41	730	12
2	Black Canyon Coffee	26.5	250	21
3	Starbucks	15.7	169	16
4	Banrai coffee	15	65	15
5	Doi Tung	7.14	15	26

Source: The Progress of Coffee Business in Thailand, 2012; Online

Café Amazon (Since 2002)

Journey of Café Amazon (2014: Online)

Café Amazon was founded 12 years ago by PTT Public Co., Ltd., with the idea of putting their coffee product in their gas station. They saw the opportunity of coffee business in the gas station as "the oasis for a long-distance traveler or driver". Because travelers need coffee to energize themselves and keep them awake during the day, so a coffee shop is the right choice for them to do. In fact, Café Amazon has reached 730 branches excluding other ASEAN countries. Their strengths are the convenience with the highest number of branches all over the country, especially in the PTT gas station, price effectiveness, and also the strong and creamy sweet tastes of Thai style coffee.

Black Canyon Coffee (Since 1993)

History (2014: Online)

Black Canyon Coffee has opened for 21 years and was one of the first movers in the coffee business. Black Canyon coffee especially focuses on the quality of coffee from the royal project from the northern part of Thailand, with a supportive campaign for Thai coffee farmers, helping them to have a better life and improving the standard of living at the same time. In the shop, Black Canyon also serves international food and fresh roast and ground coffee and they have over 250 branches in the country and 50 branches in 8 other countries, such as, Singapore, Malaysia, Myanmar, Philippine, Lao, Cambodia, Indonesia, and United Arab Emirates. The strength of Black Canyon coffee is flexibility of their product from fusion foods to the combination of varieties components in their cup of coffee with GMP standard (Good Manufacturing Practice).

Starbucks Coffee Company (Since 1998)

Our Heritage (2014: Online)

Starbucks is the largest coffee company in the world with 23,305 stores in 65 countries, founded by Howard Schultz, CEO and owner. In Thailand, Starbucks has been serving a cup of American style coffee for over 16 years with 169 branches. Starbucks is also known as the "hi-class" coffee chain and most of the time, their customers have enjoyed more on social status when they buy a cup, rather than the quality of coffee or taste. Part of their strong marketing plan and strategy is that the company can go further more and more from the belief of their loyal customer. As Howard Schultz used to say "Chinese people don't drink coffee in China, but they drink Starbucks. Moreover, another successful marketing strategy from Starbucks is "Coffee for society", by giving a fair price of every bag of coffee bean from coffee farmers, and also for each community that they are located their store.

Banrai coffee (Since 1999)

Banrai History (2014: Online)

Back to 15 years ago, a triangle shaped building that sold Thai modern coffee shop in a JET oil station would be so strange for people at that time, serving a fresh cup of grounded coffee cup by cup, reflecting a traditional Thai style coffee station. Moreover, at the first time they opened their shops, Banrai coffee focused on only one thing, coffee, coffee, and coffee. That makes Banrai Coffee shop so outstanding and led Thai entrepreneur's to dream, as this shop was "Thai fusion style coffee to global". However, their business could not grow as they first wished, because of the quality control from their numerous branches and the PTT contract expiration in 2009 affecting them to reduce their branches from 110 to 65 branches. At present, Banrai coffee focuses on only their remained stores and promoting their franchise for new coffee entrepreneurs who want to enter to the market

Doi Tung (Since 1988)

Origin of the Doi Tung Development Project (DTDP) (2014: Online)

With only 15 branches, Doi Tung coffee focuses on the quality and distribution of their products throughout the country from the royal project. But if we look at their historical profile, Doi Tung coffee was founded more than 26 years ago, but they really focus on their niche market and quality market to develop better life for the northern farmers in the royal project as well as the progressing of the landscape and infrastructure in that particular area. That is one of the reasons why even though they are the oldest coffee business operation among brands, they still have only 15 branches as same as their coffee consumption. However, Doi Tung coffee shop still survives in the market because of the profit sanctuary from another products, such as coffee roasted beans in the modern market, franchise business, and relative products from the royal project.

Nonetheless, the SMEs owners understand the strength and the weakness of the big chain coffee company from the analysis, but it still will be doubt for them to catch up and to be able to survive in this high competitive market. So studying of the potential of specialty coffee business in Thailand will help the new SMEs owners to see the opportunities and understanding factors that affect their business in the long-run and to prepare the effective business plan for the specialty coffee shop; how to create the differentiation and unique, better quality of the coffee and also service, in order to compete with the big chain coffee companies and also to increase the GDP growth rate for Thai SMEs economy and making a better and stronger coffee industry for the country as well.

1.2 Objectives

The objective of this research is to study the competitive advantage for the specialty coffee shop in Thai market

1.3 Significance of the Study

As the economy nowadays is rushed and tight, people need to know how to survive in this high competitive market, especially for SMEs businesses. Coffee business is one of the most desirable SMEs businesses that new generations want to step up and do, but however, the result of the new coffee SMEs business is totally the opposite from what they imagined in the first place. So preparing and getting to know your coffee market nowadays is a must to do, in order to empower your coffee business plan and to be able to survive in the market as well.

This study will definitely assists new coffee shop entrepreneurs or SMEs to understand more about the Thai coffee market, their customer satisfaction, risks, and the most importantly, the new potential market, such as "Specialty Coffee Shops" in Thailand, and also giving an intensive analysis of the competitive advantages of the real sampling group of the professional and expert in the specialty coffee business, in order for the new SMEs business or entrepreneur to realize what makes the specialty coffee shop or business can be survived, for instance, their uniqueness or differentiation in term of both product or service, business methodology, effective operation for the best customer care and service to ensure the success of business and sustainability.

1.4 Scope and the limitation of the study

The scope of the study are the factors that affect the success of the specialty coffee business in Thailand.

Limitation of the study is time constraint, which is the limitation of time for interviewing the sample group of people around Thailand.

1.5 Research Question

The research question of this study is "What is the competitive advantage for Specialty Coffee in Thai market?"

CHAPTER 2

LITERATURES REVIEW

2.1 Competitive Advantage Theory

According to Michael Porter, strategic thought leader and professor at The Institute for Strategy and Competitiveness, in Harvard Business School, "Competitive advantage" is made from the company contribution in order to make their company business outstanding from other competitors in the market, which could possibly come from many aspects, for example, natural resources, development of technology and a new innovation, or even the unique production process of the product could make a big difference in term of business world.

Moreover, the competitive advantage in Michael Porter's theory can be classified into 2 types of competitive advantages to overcome their competitors in a highly competitive market, which are lower cost and differentiation. (Frank T. Rothaermel, 2008) However, Michael Porter concentrates on strategic management and also how to make the businesses sustainable with their competitive advantage. In 1985, Porter focused on the lower cost strategy as the first key to success of the competitive advantage or in other words, also known as "Comparative Advantage". In order to make the business become more competitive, lowering costs is the key to operate the business, such as decreasing the cost of production, limited labor cost, or even trading natural resources and raw materials to other undeveloped countries.

Secondly, differentiation is another important success key to the competitive advantage in order to make the impact in the market. (Deephouse D., 1999) The business owners have to emphasize on managing the various resources to indicate uniqueness and position the product as the leader of ability or performance ahead from their competitors to create unique advantage, and differentiating themselves from others. Nevertheless, this competitive advantage is the essential key to business success as well as helping to create the difference by unique advantage and lowering down the cost of resources, empowering superior business performance to be outstanding in the same market with their competitors, and playing a very important role of the business development as well.

In order to understand about the competitive advantages and to be able to apply the benefit of this viable theory from Michael Porter, he also defined it as the competitive advantage strategies and defined them into 4 strategies; cost leadership strategy, differentiation strategy, innovation strategy, and lastly operational effectiveness strategy.

2.1.1 Cost Leadership Strategy

It is a strategy that emphasizes on lowering the cost of the product or service in order to make the business profitable and sustainable. By doing this, it does not mean to discount all items or put the lowest price of all products. But it focuses on using only a certain highlighted product that is always in mind or in their customers concern. For example, Walmart will discount the price only on the products that their customers tend to purchase often and need in order to gain customer attention and, in the same time, making the campaign more attractive.

2.1.2 Differentiation Strategy

Various and unique products or services, which no other competitor can offer, is key to demonstrate this strategy to win their customer's first impression. It also brings a company with the image of leader of this product and uniqueness. For instance, Apple Inc. brought the world with a new innovated technology of "IPod" in the last 20th years, then become the leader of the world IT technology company with the brighten image.

2.1.3 Innovation Strategy

This strategy focuses on the introduction of a new product or service technology to excel other competitors in the market in order to improve a normal type of product to become better and more innovative as well as giving more benefits to their customers. However, this strategy also needs to involve customer satisfaction and acceptance from the voice of the audiences. For instance, Nike Inc. is one of the most innovative brands in the whole world. They always create new technology and innovations of their various products. Nike introduced the "Nike Plus", a new running

gadget and accessories for runners to listen their favorite music while they are running, making a new running experience for people around the world.

2.1.4 Operational Effective Strategy

This strategy is all about the internal business operation in a company. To the strategy focuses on creating pleasure inside the working environment and keep a well-organized working place. It also supports a supportive policy and regulation, which are all playing an essential role for the company to overcome their competitors in the market. For example, Starbucks Coffee Company Limited is very good sample in this strategy, because their head office in Seattle shows a unique characteristic of the company by the environment and decoration, making people feel more relaxed and allowing workers to get through a day easily, and also becoming a big part of the company culture and attribution.

2.2 Strategies for Competitive Advantage

A competitive advantage is an extra grained-benefit that a company offers to their customers with greater value or uniqueness, and lower price of their product or service over their competitors.

2.2.1 The Important of Competitive Advantage

The meaning of the competitive advantage is referred to "an edge over the competition". (Ehmke, Cole 2008) Finding the answer of why the customer has to buy your product or service is the key of competitive advantage. It is going to be difficult if your product or service has less differentiation from your competitors or less uniqueness. Understanding your customer expectation and needs are essential for business success. Moreover, a strong competitive advantage or a competitive edge is also the key for the customer brand loyalty as well.

Cost Leadership Strategy (Michael Porter, 1985) is one of the competitive advantage strategies, which focuses on the lower cost of the product in higher volumes. However, in the current market and especially for a niche market or direct market, it has been changed over time by the arrival of product differentiation. Nowadays, they focus more on specific characteristics or special products and

services. This kind of market will not be concerned on low cost and volume, but they will rather focus on the specific product or service, which could be like a premium or specialty quality of the product or service that they proposed to the market.

Moreover, competitive advantage is one of the key components that enhance the success of business growth over the competitors in the same market.

Here are samples of 10 reasons on how businesses can succeed. (King, J.B., 2005)

- 1. The skill and working experience of the top management
- 2. Energy, resolution, creativity of the top management
- 3. Extra-benefits from the specific product or service
- 4. The ability to create an effective marketing strategic plan
- 5. Selling and dealing skills to trade for a higher price as possible
- 6. Developing the product innovation and maintaining customer relationship
- 7. Controlling the cost by working with resources suppliers
- 8. Treating employees as customer with honestly and respectfully
- 9. Selecting the right location and matching product relatively to the location
- 10. Maintaining consistency of business in both upturns and downturns

In the current market, in order to master the key to competitive advantage, the top managements need to consider the right marketing strategy and also be able to lead the edge of the competitive advantage beyond their competitors.

2.2.2 Potential Strategies for Differentiation

There are 10 differentiation strategies to gain competitive advantage, which can help to differentiate a product or service from other competitors in the same market.

- 1. Product features and benefit How to make your product unique? For example, style, quality, taste, ingredient, or even the production method (such as natural or organic), and certificates etc.
- 2. Location Where your customers are? For example, it is near their place, office, traffic, ease of visible, convenient to visit or accessible, and so on.

- 3. Staff How your staff takes care your customer? The staff is referred as the mirror of your business to show the professional, or the quality of your product or service. There are based on your staff service or how they treat their customers.
- 4. Operating Procedure What is your standard of product or service? It is referred to the company policy, vision and mission, process, in order to operate and to create the value of the business to your customer.
- 5. Price How to cut your fundamental cost of product or service? In order to reduce the price down, you have to plan the strategy to lower the price down. For example, multi-tasking for each worker in different functions; reducing cost of labor, reducing the cost of shipping and transportation, and searching for the right source of raw material to reduce the cost of production, or even invest in the production machine for lower cost of labor as well.
- 6. Customer Incentive Program How you attract your customers to repeat the service, and return, such as giving out coupons, making attractive promotions, or giveaways and etc.
- 7. Guarantee and Warranty How you make your customers feel secured after sales? For example, guarantees and warranties of a product and service will make customers more confident to buy your product, especially for a new version or model of the product.
- 8. Brand Name Recognition How effective the marketing plan is and how is it attracting customer's attention? A good plan can make lead powerful customer contributions to the business. Other elements could affect the brand recognition that is the marketing plan, consistent, reliable product, and action to accomplish the mission.
- 9. Customer Experience strong connection with your customer is a key to win their contribution over your competition. For example, you should give customers additional information about your product or service, or even story to create connection, such as brochure, handout, or even the sign along inside the shop.
- 10. Quality it is a main key to succeed in the competitive advantage method. Also consistency of the quality of your product is a must in order to be able to make a strong connection with your loyal customers, and also it really brings success to the business.

2.2.3 The Competitive Advantage Evaluation Process

To evaluate how the business has grown after started, the evaluation process is helpful for the owner to see and understand their updated business situation and the market. Here are the 4 processes of the evaluation process below.

- 1. Evaluate Resources before starting to invest your currency on anything, the first thing that you have to look at is your own existing available resources in the company in order to maximize the ability and improvement to reach a normal standard of the market in both products and services.
- 2. Clarify Goal "Goals will become benchmarks for success" (Ehmke, Cole 2008). Everybody in the company has to understand what the company tries to achieve in this business, in order to conduct the right action in their work, and challenging the expectable goal or achievement.
- 3. Define Customer Who are your potential customers? For example, you will need to know their characteristics, life style, hobby, or their occupation, and so on. It will also effect production and service determination and examination to the target group of customer, and will also affect the business growth as well.
- 4. Examine Competitors understanding a customer is a key to provide the right product or service to match your customer needs. But in terms of looking through, you also have to look at your competitors as well in both direct and indirect ways. This is needed in order to examine the market and to create the proper marketing plan for each various kind of market.

2.2.4 Make Sense of it All

Creating a competitive advantage will also contain understanding of the customer's needs in the market, and making the best out of the company resources, which they already have. In order to compete with other competitors, the edge of competitive advantage is also a key to differentiate the business, or creating uniqueness to the market as well. It is started from setting up a goal, knowing your target market, understanding both strength and weakness, and developing the product until creating the effective marketing strategy. Here are the 9 key questions to answer before starting the business:

- Who are the target group of customers or market?
- Who are competitors?
- How effective the marketing strategy plan is?
- Do you have any advantages in the competition over the competitors?
- What did you learn from mistakes in the competition?
- How is your product or service comparable with the whole industry?
- Who are loyal customers, and what attracts them?
- How do the employees treat customers?
- What is the opportunity of your competitive advantage in the future?

"Building sustainable competitive advantages revolve around differentiating a product from the competition along attributes that are important and relevant to customers (Barone and DeCarlo, 2003)".

2.2.5 Keeping the Edge Sharp

Perfect competitive advantage cannot stay forever without building a high effort. As time passes by, the competitors may try to redo what you did, or try to find a new edge to overcome the existing competitive advantage. (Lowitt, M. E., 2009) That is the reason why you have to continue to maintain the standard while also creating new challenges to progress your competitive advantage over time, in order to stay strong and to maintain the sustainability of the business as well.

2.3 Porter's Five Force Analysis

Every company needs the right push for their business growth and also needs an effective business strategy in the long run. That is one of the reasons why they have to develop their strategy for business profitability and sustainability as well. For implementing an effective strategy, they need to acknowledge themselves with understanding of the external environment (Kroll, M., P. Wright, 1999).

In order to scan the external environment, they need to have the right tool to search for the right resources and information. The tool is called "the PESTLE Analysis and Porter's Five Force Analysis", which finds the result in the different

aims of finding. First, the PESTLE Analysis will focus on macro-environment, whereas the "Porter's Five Forces will focus especially on competitor intelligence. These two techniques will assist them to assess their external environment.

Furthermore, the Porter's Five Forces Analysis is shown the five key forces that defined the essential attractiveness of market segment in the long run in order to analyze their industries and competitor's activities (Michael Porter, 1979). "Knowing competitors", nowadays, it is very important for planning the right business strategy, and the Porter's Five Forces Analysis will identify "attractiveness" in the market as well as analyzing the competitor's action as well.

There are 5 key attractiveness factors in the Porter's Five Forces Analysis to estimate opportunity and risk. (Porter, Michael E., 1979)

- Competitive Rivalry
- Threat of New Entrants
- Threat of Substitutes
- Bargaining Power of Suppliers
- Bargaining Power of Customers

The model is designed for use at the line-of-business level, and will be used often when starting the development and review process. In fact, companies will use the Porter's Five Force Analysis to assist them to create qualitative evaluation of their strategic position in order to indicate their business potential opportunities and risks when entering a new market to find their differentiation edge among competitors.

2.3.1 Competitive Rivalry

It is one of the tools for the company to have an ability to understand the competitor's action and their marketing strategies, showing the degree of the competitors in the same market segment in order to understanding the difference among their competitors, and to better develop their business strategy by using the size of company and marketing share, or sales revenue and market value.

Moreover, there are two measurements of the competitive rivalry to identify the competitive edge on those competitors which are CRx – Concentration Ratioand

HHI – Herfindahl-Hirschman Index. Firstly, the concentration Ratio (CRx) is a ratio for measuring total output in the same industry by giving a number of companies, in order to indicate the extent of market control (Paha, J. 2013). For example, CR2 gives the market share of the two largest companies. Secondly, the Herfindahl-Hirschman Index (HHI) is more complicated than the CRx, and is used for measuring the size of companies in the related industry and showing the competition among these companies (Calkins, 1983).

Factors Affecting Competitive Rivalry

- A larger number of companies
- Slow market growth
- High fixed costs
- High storage costs
- Low switching costs
- Low level of product differentiation
- High exit barriers

There are various strategies for companies to protect their market share in the high competitive market.

- Changing pricing policy
- Improving product or service differentiation
- Creating the wiser way for channel distribution
- Maintaining strong relationships with suppliers
- Improving service level

So companies have to protect their market share from the rival competitors, and also have to gain more market share in the same industry among their competitors at the same time, which is a key for business success, and also knowing the competitor is a must.

2.3.2 Threat of New Entrants

At present, companies need to quantify the number of potential new entrants in the same or related market. In fact, the number of the new entrant will be more or less depending on how accessible the market is. For instance, common technologies ease to get in and out of the business and little brand awareness or loyalty etc.

Whereas, if their market is difficult to access from several entry barriers, such as specific knowledge, advanced technology; need high investment to implement, or having strong brand awareness and customer's trust and satisfaction, there is going to be less new entrants to their market (Dollinger, 2008). There are five entry barriers to enter the market form the new entrants;

- Government made
- Patent & proprietary knowledge
- Asset specificity
- Internal economies of scale
- Barrier to exit

Barriers from the government could be permits, rule or regulations, which could give advantage for some group of companies, but would not be revealed easily in order cut the number of providers in the same related industry.

Another market entry barrier that is patent & proprietary knowledge and it could be identified as "specialty know-how", to enhance their competitive edge among their rivalry. Even though their competitors could duplicate, but they need time and a high investment to follow their technologies.

"Minimum Efficient Scale" (MES) can be defined as the companies that have to have a certain level of production, which is a high investment and it can be costly to them considering the internal economies of scale at the same time (Weiss, 1975).

The last barrier would be "the barrier to exit", which means the companies could not exit the market until it has completed a certain task. Mostly it will occur in the industry that provides the inter-related business product or service, acquiring the special product or service (Henry, 2008).

2.3.3 Threat of Substitutes

The threat of substitutes is referred to a product or service that customers want or have a need to buy, but they can probably find the product from another industry which has the same benefit. For managers, they have to consider the substitutes of their product or service as a priority, because it will affect many aspects of their business. For example, product switching, pricing concern, and more channel distribution all affects the business. They have to analyze and use Porter's Five Force Analysis to look outside of their industries, and think about the threat of the substitutes affecting their business in the long run. There are two aspects of evaluating hi or low threat of substitutes in the industry.

- 1. The Threat of substitutes is high when: (Henry, 2008)
 - Consumer changing costs are low.
 - Substitute product is less expensive than industry product.
 - Substitute product quality is equal to industry product quality.
 - Substitute performance is equal to industry product performance.
- 2. The Threat of substitutes is low when: (Henry, 2008)
 - Consumer changing costs are high.
 - Substitute product is more expensive than industry product.
 - Substitute product quality is inferior to industry product quality.
 - Substitute performance is inferior to industry product performance.
 - No substitute product is available.

2.3.4 Bargaining Power of Suppliers

The relationship between companies and their suppliers is essential in terms of business issue, because every company producing the product definitely needs the raw material in order to implement their finished product ready to be delivered to their customer. However, distribution power could be changed over time depending on how strong the relationship is. If everything is on the supplier's hands, the supplier they can control all the prices and product availability. Then it is a task for manager to use the Porter's Five Force Analysis to estimate the balance of the distribution power in their industry. (Bailyn, L., 1993)

There are showing the periods that the suppliers have a high bargaining power;

- 1. When demand is high, opposite the supply is low or limited.
- 2. When the cost of switching is high.

- 3. When suppliers are able to produce their own product.
- 4. When buyers have no price comparison and product knowledge.
- 5. When the supplier's product is outstanding, attaining the competitive edge.
- 6. When the buyers buy in a limited small amount of the product.
- 7. No substitute product is in the market.

Remark: the supplier's power is low, when all the opposite is true for those scenarios.

2.3.5 Bargaining Power of Customer

In their companies, managers have to evaluate the extent of the bargaining power from their buyers, because when their buyers or customers are in strong position, then they can push a high pressure to the market, affecting demand and demanding improved quality of the products or even lower prices.

When the customers have more knowledge about the product or service, they will set their standard of selected product or service and will give a hard time to the companies because they will request companies to lower the price down to match their purchasing quantity.

There are various aspects that impact the bargaining power of customers;

- 1. Customers are in the spotlight and are being protected.
- 2. Low customer switching cost.
- 3. Customers have sufficient knowledge about the product.
- 4. Sensitive prices for customer.
- 5. Customers buy a large amount of product.
- 6. Customers own the product or service.
- 7. Less product differentiation or none.
- 8. High threat of backward integration.

Eventually, using the Porter's Five Forces Analysis would not provide the companies or manager with meaningful information about the best preventive action plan, but it can give a wise suggestion on the opportunity, risk, and the threat that would affect their business. The analysis will assist managers to evaluate their present market and industry, and also offering the effective fundamental plan for their future

research and excellent information in order to implement the business future strategy (Bennis and Nanus, 1985).

2.4 Current SMEs Performance in Thailand (2013 – 2014)

Thailand's small and medium-sized enterprises (SMEs) are the key to demonstrate the growth of a country, according to the Office of Small and Medium Enterprises Promotion, there are currently 2.74 million SMEs, accounting for 98.5% of all enterprises in Thailand. Thai SMEs are also playing a very important role of hiring employment, which represents about 80% of the country's total employment. However, the gross domestic product (GDP) for Thai SMEs is likely to grow by between 4.3 and 4.7% in 2014.

Table 2.1 Thailand Economic Outlook 2012 – 2014

Detail	2012	2013	2014
Household Consumption	6.7	3.3	8.0
Government Expenditure	7.5	-13.0	15.5
Investment	13.2	2.4	4.1
- Private Investment	14.4	2.2	2.6
- Government Investment	8.9	3.4	9.9
Export	3.1	2.4	9.3
- Goods / Product	-0.4	-0.7	9.9
- Service	19.1	14.0	7.2
Import	6.2	4.8	6.1
- Goods / Product	6.5	5.1	6.0
- Service	4.6	2.9	7.0
Gross Domestic Product (GDP)	6.5	3.3	4.3-4.7

Source: The Government Public Relations Department, 2013; Online

In fact, the study of the Office of Small and Medium Enterprises Promotion shows that during the 10-month period in 2013, the number of Thai export SMEs have declined by 9.3% (1.57 trillion Baht), compared with the same period of 2012, because of the falling prices of several agricultural products, increase of energy production costs, and unstable political situation in the country, which all have a direct effect to Thai economies and the increase of unemployment of labors in each level of SMEs economic scales.

Based on the study of the Office of Small and Medium Enterprises Promotion, the expansion of Thai SMEs in 2014 will be resulted from both domestic and external factors. There is one of main effort to drive the growth of Thai economic situation, which is the opening of ASEAN community. These efforts will also be made to provide more opportunities for Thai SME operators to expand their markets in ASEAN. SMEs will focus on the economic development and growth of the ASEAN Member States, as they largely outnumber large enterprises in both quantity of establishments and share of the labor force they employ.

2.5 11 Types of Potential SMEs Growth in 2014

As Thailand is about to enter the ASEAN community in the larger market which is a "Free Trade Area", and contains 11 country members at the end of 31st of December 2014, it is an opportunity for the Thai economy in both inbound and outbound businesses to expand their business. Especially for SMEs or small and medium size companies, it is likely the time for them to grow and expand into ASEAN countries that have a larger market and population of approximately 600 million people, which is 8.8% of the world's population. It is quite positive potential for SME businesses. According to the study from The Office of SMEs Promotion (OSMEP), they have analyzed and classified 11 types of SMEs businesses, which have a big impact and has high potential for GDP growth in Thailand, in 2014.

Table 2.2 11 Types of Potential SME growth in 2014

Types of Potential SME			
1. Food and Beverage	7. Renewable Energy		
2. Health Care Service	8. Agricultures; Especially Energy Crops		
3. Tourism	9. Logistics and Transportation		
4. Automotive and Manufacturing	10. Education Service		
5. Electronic Parts	11. IT and ICT		
6. Construction			

Source: The Office of SMEs Promotion, 2014; Online

Based on OSMEP's study, all 11 types of potential SMEs Growth are analyzed by 2 main factors, which are the increase of population, and the progress of all infrastructures, for instance, logistics, tourism, technology and innovations. According

to K-Econ Analysis (Kasikorn Research Center, 2014: Online), they estimate the increased numbers of foreign tourist travelling to Thailand, up 4.7% (28 Millions) from last year, which rises up Thai GDP about 1.35 trillion baht or 9.8%, compared with 2013 Total GDP. With the diversity of cultures in ASEAN countries, Thailand could be the hub of the most tourist attractive destination to visit and travel along with other countries in ASEAN community.

2.6 Food & Beverage Industry Impact for Thai Economy

It is known that foreign tourists do not consider that their trip to Thailand is complete without experiencing great food and drinks during their stay in Thailand; therefore this industry is a true source of GDP growth in Thailand this year. According to K-Econ Analysis, the Food and Beverage industry offers Thailand approximately about 669,000 Million Baht per year, which is very essential for the Thai government to take a closer look at this industry. The Thai economy in 2014 had slowed down from another string of unfortunate events from within the country. For example, higher cost of livings, increased rental cost, more expensive for oil and gasoline for transportation, and also political issues affecting the entire market. Nevertheless, opening ASEAN community is a brighten opportunity for Thai SMEs to survive as a larger market and investment in and out of the country.

2.7 Analysis of the world coffee consumption growth

As we all know that oil or petroleum products are the most traded product in the world because people need these products for better transportation in terms of personal and economic reasons.

Moreover, the second item which is the most traded product in the world is "Coffee", or also known as the most powerful economic plant in the world and has the most dynamic growth in consumption, especially in the Asian market. According to a coffee consumption report on the East and Southeast Asia from the International Coffee Organization (ICC, 2014: Online), the Asian coffee market has increasingly become the focus of the world coffee industry, growing by an average rate of 4% per year, and also increasing the interest of both coffee producers and consumers, in order to represent their significant potential market.

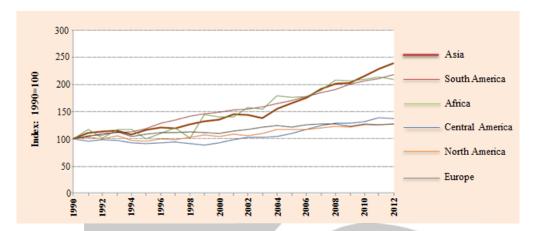


Figure 2.1 Growth in coffee consumption by region (1999-2012)

Source: International Coffee Council, 2014; Online

As shown in this diagram, you will see the increased rate of coffee consumption in all regions in the world, and it also gives the overview of coffee demand growth during the last 12 years of the coffee industry. According to this study, the coffee consumption growth depends on the level of development in each country. For example, coffee consumption in developed and developing countries such as Japan, Indonesia, South Korea, Philippine, Vietnam, Thailand, China, Taiwan, Malaysia, Laos, and Myanmar is high. Whereas, the remaining countries such as North Korea, Cambodia, Mongolia, Brunei, and Timor-Leste have less impact in the coffee industry in terms of the coffee consumption growth.

According to coffee consumption in the East and Southeast Asia report from the International Coffee Organization (ICC, 2014: Online), Asian coffee consumption has been growing strongly over the past 12 years doubling from 8.4 million 60 kg bags in 1990 to 19.5 million bags in 2012. This shows an average growth rate of 3.9% per year as the world coffee consumption has also been increasing, accounting for 13.8% in 2012, and up from 9.4% in 1990. Therefore, this study represents that coffee consumption has been dynamically growing over the decade, based on world civilization, economic growth, and the higher levels of development of the countries around the world.

2.8 Growth of Thai Coffee Consumption and Business Potential

For Thailand, coffee consumption has been growing 10% of the domestic consumption over the last decade, according to the world coffee consumption growth (ICO, 2014: Online). In fact, the Thai coffee market creates a big amount of GDP growth as much as 18,445 million baht. This growth can be classified into 3 main markets, which are instant coffee, or 3-in-1 mixes, accounting for 12,358 million Baht, scale coffee for 4,058 million Baht, and coffee for health at 2,029 million Baht. This coffee industry is a vital factor for Thai SMEs to drive the Thai economy and raising the country GDP as well.

Over the last 3 – 4 years, the coffee industry in Thailand had been rapidly growing because the Thai coffee market (Also ASEAN) is one of the potential future markets for the coffee industry, therefore many international coffee brands decided to come to invest in the country along with large amounts of money. For example, Starbucks Coffee, Suzuki Coffee, Gloria Jean Coffee, Costa Coffee, Au Bon Pain, McCafe, Dunkin Donut, and etc., which all had a direct impact on the Thai coffee market, and is also creating a new trend for Thai coffee consumers.

Since the past, Thais would mostly drink instant coffee, but right now, they are currently paying more attention to their cup of coffees, which altogether, makes up the new era of the Thai coffee industry and also creates an opportunity for Thai entrepreneurs (SMEs) to start their business. In fact, Thai coffee consumers also pay high attention not only for the coffee, but also the shop atmosphere, environment and design to represent their life style, the coffee origin and knowledge of the owners. Customers even go to the coffee shop to show off their status or socialize. However, from the Kasikorn Research Center Analysis, the Thai coffee consumption rate is quite low right now, approximately 200 cups per person per year compared to other Asian countries such as Japan, in which they consume around 500 cups per person per year, and American coffee consumption per person which is around 700 cups per year. Therefore the study considers that Thai coffee consumption will dynamically increase annually, based on the last 10 year consumption data on their research and also the growth rate of the country development.

2.9 Who Is the Coffee Drinker?

Nowadays, the coffee industry has been rapidly changing all around the world from instant coffee or 3-In-1 mixed coffee, to the coffee that has more detail or more educational process of creating a cup of coffee, or also known as "Specialty Coffee". This kind of coffee industry (Specialty Coffee) is known as the new era for the coffee market because people tend to pay more attention to their coffee. For example, from Joe's Coffee Company, they are not selling only a cup of hot cappuccino, but they also sell the knowledge of how their coffees have been produced from the farmer all the way to your hand, which can draw a lot of attention from coffee consumers. According to the latest National Coffee Drinking Trends (NCDT) market research study, the main coffee consumer is more likely to be female in the age range of around 15-40 years old. This is the factor that could bring a lot of more coffee consumption around the country, because female consumers always come with their relations or their friends, which could be either male or female to sit and relax or just arranging a small personal or impersonal meeting during their afternoon period. However, big chain coffee companies, such as Starbucks, is one of the main competitors within the specialty coffee industry. This is because Starbucks has more shops, which also means they have more channels to sell, and also have a much stronger financial status to build their image and brand to become the so called "third place"; Home, Workplace, and Starbucks Coffee Shop (Howard Schultz's speech, Starbucks CEO, 1983) for their Starbucks's consumers from all over the world.

In fact, Starbucks' consumers tend to have less care for the quality of their coffee, but they strongly believe in the brand and in the cup. They are taking with them wherever they are going, which automatically makes them representative or marketing tool of the Starbucks's brand, and also differentiating themselves as elegant and hi-class status to others. Whereas specialty coffee consumers tend to pay more attention on their coffee than the brand or image of the cup that they are going to hold. They are interested in studying about the source where the coffee comes from, the wet or dried process, and the level of coffee roasting from blonde to dark roasts. All of these components have changed the coffee industry into a new coffee era known as the "Specialty Coffee" era. Specialty Coffee people seek social places that all coffee

consumers and producers would meet with each other to create a new coffee era as well as increase coffee consumption around the world.

2.10 Coffee Market in Thailand

The increase of Thai coffee consumption has been grown continuously for the last 3 years, even though more people choose the healthy choice of food and beverages as a new trend for Thai consumers who have more concerns about their health. But the numbers of Thai coffee consumption growth has risen from 26,165 to 37,800 million Baht or growth rate at 14.7% during period of year 2007 – 2011. One of the reasons that affects the growth of Thai coffee consumption is the varieties of coffee products in the country and also with new innovative products in the coffee market, for example, healthy coffee, new Arabica instant coffee, and also a strong marketing strategy and promotion to raise the sales volume from each different coffee brands as well.

The Thai coffee market can be divided into 3 markets; 1st is the instant coffee, which is 70% of market share of the total Thai coffee consumption and has a market value of 26,700 million Baht. 2nd is canned coffee or ready-to-drink coffee at 8,900 million Baht, and lastly, the fresh roast and ground coffee, at 2,300 million Baht.

First, instant coffee has the biggest market share (70%) in Thailand and also has a consistent growth at 12% per year with the varieties of choice that consumers can choose from, as well as new product innovations. Moreover, the strength of instant coffee is the simplicity and convenience for consumers to drink whenever and wherever they want to with the mix of coffee, cream, sugar or another substituted sugar all in one package and also the varieties of coffee brands that they can choose from.

Secondly, the ready-to-drink coffee or canned coffee is also one of the main competitors for any energy drink in Thai market. The main customers in this market are workers or laborers who have to use a lot of energy during the day. For example, those who drink canned coffee are constructors, drivers, or even office workers in the city. However, its growth rate goes the opposite direction from the whole country market trend, because most of their customers tend to change to drink more fresh roast and ground coffee, because it provides other benefits along with it, such as comfort

place to chill, WIFI, or a proper restroom inside the coffee shop. One of the other reasons of why the growth of canned coffee is lower is because of the new trend of fresh ground coffee that comes in the form of a coffee shop in the gas station, it is easy to find and has a similar taste anywhere.

Lastly, the new era of the coffee market in Thailand is the "fresh roast and ground coffee", which emphasizes on the right and proper process of how to make a cup of coffee tastes better and better, involved with the coffee bean origin, coffee making process, the temperature of roasting the coffee, the right machine to use with skilled baristas, and finally, how to combine everything to create the best cup of coffee that people are going to talk about. The service and the relaxed atmosphere are other supportive options for consumers to select their favorite coffee shop anywhere they prefer. That is the reason why fresh roast and ground coffee is currently the third wave for the coffee market in Thailand.

2.11 Thailand's coffee sector 'must focus on specialties

From the intensifying competition in Thai coffee market, there is only way to survive in the market, that is to make different in term of product and its innovation. Coffee growers and producers have to pay close attention in the production period to differentiate their coffee from other competitors. For example, they may blend Thai local coffee with imported coffee to create a new aromatic scent of coffee and variety of unique flavor I order to create their signature Thai formula.

"Although Thailand's coffee production remains low compared with other ASEAN countries such as Vietnam and Indonesia, Thailand has high potential to grow as the regional center for coffee, given the quality of Thai-grown coffee, production processes and the favorable geographical location" (Sodprasert, Varri, 2012).

Indeed, Thailand's coffee production has been reduced from 60,000 tons to an estimated 40,000 tons per year, compared with the increase of coffee consumption that is estimated at 70,000 tons a year, with an average growth of about 10% a year. This shows that the local coffee supply could not reach the demand of the increased coffee

consumption, because coffee plants in Thailand contains only 280,000 Rai, which has been reduced from 400,000 Rai, and mostly are Robusta coffee plants. In fact, Robusta coffee is the most exported coffee bean for Thailand at approximately 90% of the whole country production.

As Khun Varri Sodprasert, President of the Thai Coffee Association's speech, this is one of the reasons why Thai coffee producers have to focus on quality of coffee more than the quantity that we could produce a year. This is because of the limitation of geographic landscape of growing coffee, so Thai coffee growers and producers tend to develop their coffee especially for the aromatic scent and taste from the combination of the local bean and imported coffee bean, in order to differentiate the coffee formula, to setting up the higher price for a bag of coffee bean, and to develop the standard of coffee industry in the market.

However, specialty coffee is still a niche market for Thailand, because instant coffee or three-in-one coffee is still playing a big part of the Thai coffee consumption at about 30 billion baht, because of its convenience and cheaper price over 4 - 5 times, comparing to specialty coffee. Moreover, the coffee specialty market is always located in the center of city, because the main customers for this market are mostly foreigners, office workers, and teenagers who like to try new and fresh coffee, and also likes to follow new trend.

Nowadays, drinking a cup of coffee wouldn't be only by habit or favors of the person, but for the new coffee consumers, it shows the social status and life style of the consumers as well. Nevertheless, "Per capita" consumption of coffee in Thailand is still low at about 200 cups per or 0.5 kg per person per year, compared with 500 cups in Japan, and 700 – 800 cups in the United States.

2.12 Analysis of coffee industry in Thailand: Coffee consumption

Thai coffee beans have been used for 2 specific purposes; first for "Roast and ground coffee", and second, for "instant coffee", which is made from Robusta coffee bean from the southern part of Thailand with having a rich and intense taste, suitable for producing the 3-in-1 instant coffee and can coffee with approximately 2% caffeine from the bean. For the roast and ground coffee, the coffee producers always use Arabica coffee bean, which is mostly grown in the northern part of the country,

because it has less caffeine, approximately 1% caffeine per coffee bean and also having a smooth taste and aromatic scent.

At the present, the coffee productions in Thailand have not reached the market demand. According to a study by the National Food Institution (NFI), the coffee production in 2012 was about 42,394 tons, but the coffee demand for the industrial production is 61,480 tons (-19,086 tons), excluding the demand from the SME's small roasters, which affected the Thai coffee industry and they had to import more than 34,374 tons of coffee beans in order to enrich the coffee demand in the country.

According to the Department of Internal Trade of Thailand (DIT) research, the Thai coffee market has grown rapidly from 57,500 tons to 67,628 tons or the average growth rate of 4.69% per year from 2009 - 2013, based on the coffee trend, especially in the roast and ground coffee market. The numbers of coffee shops, which can be classified in all sizes; small, medium, and premium coffee shops, have increased a lot in the last decade for both local and international brands. For the instant coffee market, the producers also have a new innovation to produce their coffee products to fulfill the need of customers, such as coffee for the health and beauty market or a premium instant coffee with the blend of Arabica and Robusta coffee beans with a new and impressive package making it look more exclusive.

Even though, the numbers of Thai coffee consumption have been increased from social trends and globalization, but comparing with other countries, Thais consume approximately 0.5 kg per person per year or 3 cups of coffee in a week, which is considered as low consumption. For instance, coffee consumption in Finland is around 12.62 kg, in Japan is around 3.33 kg, or even in Vietnam is around 0.70 kg per person per year.

Table 2.3 Coffee Production and Market Demand in Thailand

Year (Tons)	2009	2010	2011	2012	2013
Production	50,442	56,315	48,955	42,394	41,461
Market Demand	57,500	53,803	58,000	61,480	67,628

Source: The Department of Internal Trade of Thailand (DIT), 2013; Online

Nevertheless, the coffee consumption growth rate in Thailand tends to increase more than 20 - 30% according to Food Intelligence Center Analysis. But most of the increased market is focused on the instant coffee and can coffee because of its price is cheaper than the roast and ground coffee, or fresh ground coffee for 3 - 4 times. For the fresh ground coffee market will concentrate on the middle – high class market, for example, the market in hotel, restaurant, bistro café, and all types of coffee shop, including small, medium, and premium (High) coffee shop in both local and international brands.

 Table 2.4
 World Coffee Consumption

	> 7 kg / year	4 - 6 kg / year	1 - 3 kg / year	< 1 kg / year
	Finland 12.62	Germany 6.97	Honduras 3.77	Indonesia 0.88
Consumption	Switzerland 9.15	Austrian 6.53	Algeria 3.70	Philippines 0.72
Rate / Average	Norway 8.99	Italy 5.98	Belgium 3.68	Vietnam 0.70
per person	Sweden 8.29	Canada 5.80	Japan 3.33	Ecuador 0.67
	Denmark 7.71	Brazil 5.60	Australia 3.26	Thailand 0.50

Source: Coffee Market Report, 2009; Online

2.13 What exactly is Specialty Coffee?

The wording "Specialty Coffee" was first pronounced by Erna Knutsen, the founder of Knutsen Coffee Ltd., in the speech of the delegates of an international coffee conference in Montreuil, France in 1978. Its concept is the high quality coffee bean that was harvested in the special geographic microclimates with unique character and flavor profiles. In addition, the specialty coffee is always prepared, freshly roasted, and proper brewed by the skilled barista in order to enhance the maximized flavor of the coffee. However, the standard of the qualified specialty coffee bean has to be graded and certified by the Specialty Coffee Association of America to ensure the quality is right. There are 5 stages to be considered.

First stage of the specialty coffee is started by selecting the appropriate coffee plan, which are concerning of all aspects, such as, the right altitude, climate, soil, cultivar, microclimate, the right combination of soil chemistry and husbandry.

Second, after the coffee bean is ready to be ripped that is "preservation" stage. The peak of ripeness must be ripped by hand of the coffee farmers, only the red reddish cherry. Then the time from the ripeness to wet mill is essential and effecting a big impact to the flavors and its preservation. The coffee farmers have to rush with the time from their first ripe to the wet mill to be preserved in order to control the quality.

Third, after fully washed the cherry, its skin and pulp will be removed, and then it comes to a stage of drying the coffee bean, which the raw coffee has to be rested and dried out in the preparation plan before separating the size, packing, and shipping. In consideration, the appropriate humidity, temperature, storage containers and conditions are critical in this stage.

Forth stage that is "roasting" by the roasters, it is a time to roast the raw coffee bean to create the aromatic scene of coffee, developing the unique character and flavor profiles. However, the roasting stage has to be considered the precise and accurate time to roast different kind of coffee bean to create the taste of wonder before brewing.

Fifth stage, it is brewing the roasted coffee. However, before brewing, it is the grinding process, which is absolutely important for a proper cup of coffee, because of the size of the grinder will control the taste of coffee, for instance, grinding too fine, equal over-extraction, and grinding too coarse, the coffee will be tasted sour with unpleasant smell, or other word, "under-extraction". Finally, it is time to brew the coffee, which has many process of brewing a cup of coffee, for example espresso, dripped coffee, filter coffee, Aeropress, or French press or another new word as a coffee press. A few thing to be considered as the specialty coffee beverage, it is the exacting application of right water quality, brewing temperature, and amount of coffee ratio. For the Specialty Coffee Association of America (SCAA) final analysis that the specialty coffee has to be the qualified, quality of the product from the coffee species, harvesting plan, with all relative aspects to grow, to the green bean or raw coffee bean, to roasted bean, and preparation of brewing stage to the hand of the customer, as the final coffee life cycle with positive livelihood improvement and satisfaction. That is called the "Specialty coffee".

CHAPTER 3

RESEARCH METHODOLOGY

The purpose of this research is to find out the reason of what is the competitive advantage and potential for "Specialty Coffee business" in order to survive with other big chain coffee companies in this competitive market. To comprehend this new era of coffee business and the market, qualitative research method is the way to gather intense descriptive information from the real specialty coffee business. In order to make the business grows effectively and efficiency, differentiating with the quality of product and service, overcoming beyond customer expectations and satisfactions, and generating the long-term profit for business sustainable. The research is further aims to answer the research question "What is the competitive advantage for Specialty Coffee?"

Therefore, this chapter includes the research methodology and design, the selection process of participants, the materials and instruments that are used in research, data collection procedures, limitations and assumptions, validity and reliability, ethical assurances, and data analysis.

3.1 Research Method and Design

In this research, the comprehensive interview will be applied with intensive information from skilled and experienced specialty coffee business owners. In order to collect the intensive information from the experts about the potential of the specialty coffee in Thai market and their competitive advantages, a right material of collecting the data is the must; field note, video recording, and transcript. This is to ensure that there is no missing information and the researcher has completed record of conversation.

3.2 The Selection Process of Participants

According to the research from video research international (Thailand) Ltd., the highest coffee consumption area in Thailand is located in Bangkok Metro at

33.0%, so this research will be focused on Thai population who live in Bangkok, around 10,538,932 people.

 Table 3.1 The Coffee Consumption Area in Thailand

The Coffee Consumpti	The Coffee Consumption Area in Thailand			
Bangkok Metro	33.0%			
Northeastern	23.0%			
Northern	21.7%			
Central	12.2%			
Southern	10.0%			

Source: Video Research International (Thailand) Ltd., 2012; Online

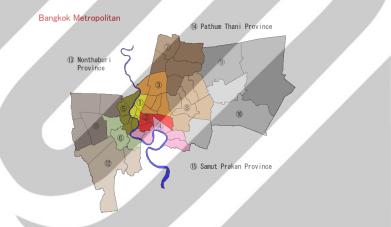


Figure 3.1 Map of Bangkok Metropolitan Area

So our focused group of participants is succeeded specialty coffee business owners in the coffee shop, which could be precisely selected for the participants in this project research. In fact, the participant could be various in their ages, gender, nationality, and experience.

In the process of the selecting the right participants in this research, the sampling of the participants have to be the owner of the specialty coffee shop with more than 5 year experiences in the coffee business field. Otherwise, the success of their coffee business, they have to be well-known in the coffee business field, for example, getting award or recognition from pubic, certified by food or traveling

website, or on television program. There is the list of the selected group of the professional specialty coffee business owners below.

The list of the specialty coffee business owner (as participants):

- 1st Participant: Khun Ekamol Teepatikanont (aged 35 years old), the owner, from Laliart Coffee, Ari, selling coffee products from drinks to coffee gadgets and design.
- **2nd Participant: Khun Paddy** (aged 30 years old), the owner, Simple Coffee, Simple Life, Rama 9, "the champion of Thai Espresso Yen competition in 2015.
- **3rd Participant: Khun Wei Haen Wang** (aged 25 years old), the owner, Phil Coffee Company, Ekkamai, the member of the latte hunter group, micro-roaster, artesian coffee shop.
- **4th Participant: Khun Adithep Pinijpinyo** (aged 40 years old), the owner, Ink & Lion cafe, Ekkamai, No.1 recommended café in Bangkok from books "We Love Coffee", and "Coffee Journey".
- **5th Participant: Khun Supachai Swangumpi** (aged 32 years old), the owner, Duck You Caferista, Ramkhamhaeng Rd., micro-roaster, specialty coffee barista and shop owner, and the member of the latte hunter group.
- **6th Participant: Khun Songchai Dharincharoen** (aged 29 years old), the owner, Coffee No.9, Ari, barista and the specialty coffee business owner, and also coffee trainer.
- **7th Participant: Khun Ekameth** (aged 26 years old), the owner, I+D Style Café x Brave Roaster, Siam Center, barista, micro-roaster, coffee hunter.
- **8th Participant: Khun Pok** (aged 29 years old), the owner, Pastoral Cafe, BTS Phayathai, the specialty coffee barista and owner.

Table 3.2 Decoding of the sampling group of the selected participants

No.	Name	Gender	Age	Working Year	Type of coffee shop	Products	Location
1	Khun Ekamol Teepatikanont	Male	35	6	coffee shop in bike shop	coffee, bakery, handmade gadget, book	Soi Ari
2	Khun Paddy	Female	30	7	Home-style coffee shop	coffee, drinks, souvenir	Rama 9
3	Khun Wei Haen Wang	Male	25	5	artesian coffee shop / micro- roaster	coffee, roasted bean, bakery	Ekkamai
4	Khun Adithep Pinijpinyo	Male	40	11	coffee shop in art gallery	coffee, Baker, Arts	Ekkamai
5	Khun Supachai Swangumpi	Male	32	5	coffee shop in restaurant / micro-roaster	coffee, roasted bean, foods	Ramkham haeng
6	Khun Songchai Dharincharoen	Male	29	6	coffee corner (kiosk)	coffee, gadgets	Soi Ari
7	Khun Ekameth	Male	26	8	coffee, mico- roaster	coffee, roasted bean, foods	Siam Center
8	Khun Pok	Male	29	5	opened-bar coffee shop	coffee, homemade bakery	Phayathai

Source: The Research Information from the Interpersonal Interview, 2014-2015

3.3 Data Collecting Procedure and Analysis

The researcher uses unstructured face-to-face interviews. The procedures for collecting data are as follows:

First, in order to select the right participant for this research, all participants have to be well-known or certified by many sources such as books, journals, or internet. Second, it is a time for conducting the intense descriptive interview from the selected participants in their place, which are usually in their coffee shop or café, in order to make them feel more comfortable and relax for a better expression. Third, after collected the interview data, all data have to be analyzed to find the answer of this research question. Finally, making conclusion, it is to summarize the main idea of the research finding.

3.4 Validity and Reliability

The relationship between validity and reliability is an essential tool to eliminate unreliable questions from any research, especially for the qualitative research method. Validity is aimed to evaluate the cause and effect from the participant's collected data and the reliability will assist to measure the data consistency from the number of samplings. Nonetheless, the validity and reliability may mostly reply for the quantitative research method, whereas the qualitative will not be concentrated on the number of the samples, but it focuses on the source of the selected data from the intense descriptive information of each participant and interviewee. Validity and reliability will be accurate and certainly precise according the source of the selected group of the sample and the related question to the topic that they would answer from their expertise and experience in the coffee industry and market, for instance, the skilled coffee owners or barista, and their customers in the coffee shop in order to answer the research project questions and conducting the reliable executive summary with the validity of the data collection.

3.5 Ethical Assurances

For this research project, each interviewee will be informed about all important issues and significance of this research including the topic, research purpose, and also they are given the freedom of speech to express their ideas throughout the topic and all research questions. In fact, the research questions will need participation from each volunteered interviewee to be involved in this project research, in order to gather deep and intense data from their various experiences and backgrounds. The data collection in this project research will be collected in their own location, so the interviewee can be more relaxed and feel comfortable for better verbal expression. However, all personal information from the interviewee will not be revealed in public at all times for their privacy. At the end of this project research, all interviewees will receive a briefly research conclusion to clarify their transparency and purposes.

CHAPTER 4

RESEARCH FINDINGS

This chapter presents findings from the interview conducted. The research findings are the results of 8 respondents who are real specialty coffee shop owners, and have working experience in the coffee industry for more than 5 year. These people also have a reputation in public, because they are frequently on books, journals, or magazines. The results of interview are in relation to the set of eight questions. The key findings are presented as follows.

4.1 The meaning of "Specialty Coffee"

After the interview, I found that the answer for of the meaning of "Specialty Coffee" is all about the care and concerning about the quality of the product that all coffee shop owners are using, and also how they react and understand their product like is their "Coffee" well enough or not? It is involved with all the process of where the coffee comes from. For example, the coffee farm location, various kind of coffee that farmers harvest, different process of coffee making method; wet or dry process, the standard and quality of their coffee equipment and tool to create a good cup of coffee, as well as the coffee background and knowledge of Barista or the shop owner are also needed as well to create good coffee.

"The specialty coffee for me is based on the quality of coffee bean from the coffee farmer to the hand of coffee drinker. It is all about the care of the quality and customer."

From Khun Songchai Dharincharoen, The owner of Coffee No.9

In addition, I have heard a lot from the coffee shop owners about the saying "From Farm to The Hand of Customers", the meaning describes about care and the classified process of coffee production from the first until the end of the coffee cycle to determine how important each different process are in order to make the difference for their customer and improving the standard of coffee making skill.

4.2 The reason of selecting the special coffee business

Most of answers that I found out from this question about the reason why this sample group specialty coffee business owners decided to run a specialty coffee business, are quite similar to one another, it is because of their passion and only passion. It seems like it is an "encountered experience of the taste", to them. And then different people have their own way to implement their business or coffee shop in the way that they want. Almost everything is important for them, from choosing the selected source of coffee farm to get the quality coffee bean until the coffee machine they would use to create their unique coffee flavor. Moreover, some of specialty coffee business owner mention a coffee product more than what it really is.

For instance,

"We choose the job and design our life style as we are and want to do, so this shop is like a part of our life."

From Khun Adithep Pinijpinyo, the owner of Ink & Lion Café
And

"Actually, for me, it is like "the accident of taste" that brings me into this specialty coffee world. In the first place, I start with "Coffee drinker", who would like to taste the varieties of coffee flavor, keeping asking myself for more. Plus according to my home area, they don't have any specialty coffee shop or great coffee maker, so I decide to make it at home as my first intention. Because of my love and passion in coffee, then I decide to buy the coffee machine, which can fulfill my passion and need. I learn and practice to make a good cup of coffee myself over a year to discover the wonder taste that I am passion in, then when I realize again that I am already in the specialty coffee, period."

From Khun Supachai Swangumpi, barista and the shop owner of Duck You Caferista café They do not consider the coffee just as the product, but they see it like a part of their life, affecting their life style, personality, and also designing the way they will live in the future. According to the results of question no. 2, if you want to be a new entrepreneur in this business, you have to have true passion or love about "Coffee", in order to make difference in this coffee market as the first step.

4.3 The difference between the specialty coffee shop and normal coffee shop

The difference between the specialty coffee shop and a normal coffee shop would be determined into 3 thinking ideas; first, the aim of business is totally different. Of course, business has to run and survive in the market, but the priority and first intention of the specialty coffee shop owners are different from the franchise or normal coffee shop owners. They conduct their business as their life and passion, so that means they will do whatever it takes to find out their unknown question about their business, which leads to "self-inspiration and motivation", making their business stronger and more sustainable in the long run. Second, the background and coffee knowledge of Barista and coffee shop owner are totally incomparable from the other kind of coffee shop.

"The Truth of understanding about the coffee", from Khun Paddy, the champion of "Best Thai Iced Espresso Yen" in Thailand, 2015, Simple Coffee, Simple Life café

And

"You must know exactly what you have or make", from Khun Supachai Swangumpi, barista and the shop owner of Duck You Caferista café

These two speeches show the intention of the specialty coffee owners that they are serious and care about what they make and serve for their customers. It does not matter how many kinds of coffee bean you store in your warehouse, and you do not have to know every single thing, but as they said, you have to understand your product (Coffee) and know how to tell your customer the difference from each kind of coffee bean. Opposite to normal coffee shops, they just work by order and most of them do

not have enough coffee knowledge and background before opening the shop. The third idea is to care for customers or in other words, "customer care".

In term of service, the specialty coffee shop owners must try to balance between the quality of the cup of their coffee and the service mind of their staffs in order to represent their brand image and to keep a good standard. Caring for customers is not only shown when staffs serve their customers, but it could be implied for the product explanation, variety of coffee, equaled with more choice for customers to choose, or even customized their drink with different method of brewing for their customers.

4.4 The strength of the specialty coffee

As the world has changed so fast, customers have improved their coffee knowledge and understanding coffee more, and can now be able to judge which type of coffee is the best for them. Customers will care more about their health and life style. "Coffee" is one kind of their personal life style that they want and enjoy in their present life. That brings term of quality and care to the coffee product, same as "Specialty coffee" as well. In fact, customers nowadays will concern about their food including coffee, for example, what is in their cup of coffee? Or even where coffee bean comes from?

"People nowadays want a good stuff for them, seeking for the goodies, and specialty coffee is quite matched with their need."

From Khun Ekamol Teepatikanont, Barista & Shop Owner at Laliart Coffee And

"We are strong in where we are and we will never change the core of our business ideal, I believed. What our customers can get from our coffee shop, it is that they can enjoy the variety of Thai high quality coffee bean from selected source of the coffee farm in the northern Thailand. I want to improve Thai coffee bean by complying the international standard to our local product, in order to progress the quality of our coffee and learning more about our local product at the same time. Everything that I do in my coffee shop, it is so different from other, for example, using Thai local bean from hidden valley (no

one use), the method of light roasting to extract more sweetness and coffee character, or even the outstanding package etc."

From Khun Ekameth, the shop owner of I+D Style Café x Brave Roaster

The result of the question is that customers will fulfill themselves and choose their coffee shops by quality of the product, the story behind the bag of coffee, differentiation or the variety of product, decoration and facilities matched with their life style.

4.5 The importance of a quality cup of coffee

The quality cup of coffee is the first priority component that all specialty coffee shop owners always think about, before brand awareness, shop facilities, and decoration etc. However, it is difficult to say that what is more important than what? But based on the answer from the specialty coffee shop owners, they give 50/50 for coffee and other components. Everything has to be related between coffee and other components.

"Coffee is the first priority thing that I concentrate on. And other things for example, shop design, furniture, location, and all facilities are just supportive component to make this coffee shop become "this coffee shop", speech referred from Khun Adithep Pinijpinyo, Ink & Lion Café owner.

And

"I put my effort on coffee as same as the marketing, decoration, and everything, because I believe that even though I have the best coffee in the world, but no proper marketing plan, so nobody is going to know and come to my coffee shop anyway."

From Khun Wei Haen Wang, barista and owner, at Phil Coffee Company

These two examples are good measurements for weighting the importance of the coffee quality and other components to be shown that they are equally in the same role to make difference of the brand and coffee shop.

4.6 The effect from the opening of AEC community and 10% increasing rate of Thai coffee consumption from the last 10 years

The answer for this question can be divided into 2 parts based on the specialty coffee shop owners. First, in terms of the "coffee industry in Thailand", they say it will get both positive and negative effects from the opening of AEC community. For the positive effect, the import duty among all countries in ASEAN will be decreased, so it is going to be more competitive in this market. The price of the raw materials, in this case "coffee bean", will be cheaper than before, affecting the Thai coffee farmers to produce a better quality of coffee product, and improving the standard of coffee making process in the farm. On the other hand, there are also negative effects, such as more competitors in the near future, and what all specialties coffee owners are afraid that is Thai farmers will drop the quality of coffee bean for the future pricing war. That could be the turning-point for Thai coffee industry.

"I think that the AEC opening is giving Thailand a big benefit in term of upgrade the standard of coffee production, especially from the farmers, "More Competition."

From Khun Pok, the owner of Pastoral Café

Second, the increasing number of coffee consumption from both reasons; the opening of AEC and 10% of Thai coffee consumption increase (per capita) over a decade, for this answer, our interviewees give the several idea of their answer, based on their shop location, facilities, and decoration style etc. Nevertheless, they mentioned about Thai coffee consumption will be increased more and more as long as people still care about their health and life style, like Khun Tay, the owner of famous "Brave Roaster and I+D Style Café x Brave Roaster, at Siam Center convinced that "I think that the opening of AEC does not affect for my business, because customers drink coffee by the trend, not economy."

On the other hand, the specialty coffee shop, which are located at tourist attractions, such as on Sukhumvit Rd., or Ekkamai Rd., have a different point of view from the previous answer, such as "Yes, I agree with opening the AEC could bring more foreign customers more in our shop. I think that more 50% of our customers are

foreigners, and another is Thai", the speech from Khun Adithep Pinijpinyo, the owner of Ink & Lion Café.

In conclusion, the opening of AEC community will give Thailand an opportunity to improve our standard of coffee production from the farmers, in order to be able to compete with the future high competitive market. And for the increased number of coffee consumption, Thai people will understand and care more about the quality of the product they drink, so the specialty coffee is a choice for them to go, as same as the tourists are paying a high attention for the quality cup of coffee already as their standard of coffee drinking culture, so all coffee shops should be aware and preparing their quality of product and everything to reach the standard of all coffee consumers in the future.

4.7 Potential target group of the specialty coffee customer

The target group of specialty coffee cannot be defined by their gender, age, occupation, or their personality though it could be shown as their taste (Quality of product) and their life style, so the target group of the specialty coffee at the present can be divided into 2 target groups. The first group is called "Coffee Hunters", these are people who would like to taste and try new coffee flavors, and are concerned about the background story of each kind of coffee bean and like to ask questions like, where the does the bean comes from?, or even which climate and related natural environment affecting their coffee tree, and is it organic or supporting the community or even improving the coffee farmer life standard. In addition, the coffee hunters also care about the quality of product to pursue their healthy life style and their passion about coffee.

"Let's define 2 types of coffee drinkers nowadays. First, they are called "Café Hunter", who want just to come and take a photo, and then go. They don't care about coffee, only the trend in their mind. Whereas, another group is called "Coffee Hunter", who want to really come and try the new thing or new coffee flavor that they adore."

From Khun Pok, the owner of Pastoral Café

Whereas another target group of the specialty coffee shop is called the "Trend Follower", and "Café Hunter or Lover, who likes to drink coffee just to update their social life which includes taking photos, updating Facebook and sharing, or want to use other facilities of the coffee shop like turning it into a meeting room, working place, and so on.

4.8 Future plan for the Thai specialty coffee shop

The future plan for each of the specialty coffee shop owners in this research is quite similar to one another, because their passion and care about coffee and that business expansion is not the answer for this question.

"For the next 10 years, I want to stay strong in where we are and doing what the best we can do to offer our customer the steady quality cup of coffee and keeping our standard of the specialty coffee shop, as we do it today."

From Khun Paddy, the owner of Simple Coffee, Simple Life café

Most of the answers are that they want to focus on the quality of the product that they serve and want to improve their coffee in terms of quality and the variety of the coffee bean they use. Even though one of our samples wants to expand their business to 3 branches in the next 5 years, but he is still paying high attention to the coffee quality and maintaining his standard as well.

"Target ... Target for me, it is to open this coffee shop 3 more shops in the next 5 years, depending on how much I can take care and make sure that the quality is right. Because I am specialty coffee owner and also barista keeping a good standard is a must to do. However, human error is acceptable in our shop, but we try to keep it less as possible. That is the reason that I also believe the good and proper staff training is also very essential for every coffee shop."

From Khun Wei Haen Wang, Barista & Shop Owner, Phil Coffee Company

Even though specialty coffee shop owners have big passion or love and care for their coffee quality and everything, they are still businessmen or entrepreneurs who have to make their business survive in this high competitive market, so the growth rate of their business will still have to continue to make profit for their business sustainability. But it is going to be in their desirable way of generating in the concern of the highest quality of the product that they possibly can find and maintaining the standard of their coffee, in order to satisfy their customers and fulfilling their life style as well.



CHAPTER 5

SUMMARY, CONCLUSION & RECOMMENDATION

5.1 Summary

The main purpose of this research is to find out the competitive advantage for the specialty coffee business. Technically, "the specialty coffee" term, based the Specialty Coffee Association of America (SCAA) means that the coffee that has a score of least 80 points or above from the coffee Q-grader, in order to verify the coffee as a "Specialty". However, for our term of "specialty coffee" that is used in the research. It is used for describing "quality" and "care" of the coffee shop owner to the product, in order to make a difference and to be able to survive in this high competitive market from other kinds of coffee business, for example, both local and international franchise brands, local Indy coffee shops and even another specialty coffee shop.

The goal of this research is to give a new entrepreneur or business owner who wants to step in this coffee market to understand and see the difference between the specialty coffee shop and a normal (Indy) coffee shop in order to empower their future business, to become more effective and sustainable. This chapter reports the conclusions and recommendations that resulted from this study.

5.2 Conclusion

This research used a qualitative research method to discover the depth and descriptive information from the real sample group of specialty coffee shop owners, in order to classify all obstacles and strengths of this business for new business owners to be able to prepare a better and effective business plan, and to survive in this high competitive market. In addition, the competitive advantage of the specialty coffee can be divided into 3 ideal thinking of the specialty coffee business owner as below.

5.2.1 Quality and variety of the product

The word "Specialty Coffee", stands for the quality and care of the product in every coffee production process from coffee farm to the hand of customer. It is shown as the outstanding quality of coffee as "Specialty" from the care of each specialty coffee owner, who has true passion of coffee and cares about the quality of the product at the same time.

"The specialty coffee for me is based on the quality of coffee bean from the coffee farmer to the hand of coffee drinker. It is all about the care of the quality and customer."

From Khun Songchai Dharincharoen, the owner from Coffee No.9 Café

Tasting - the quality of the product, as "coffee" is not simple for non-coffee drinkers or a new coffee drinkers to describe the taste and to differentiate the character of each various kinds of coffee easily. However, for "specialty coffee people", they would be able to taste and tell the difference among all the beans more easily, because of their experience in cupping practice or some have been tasting coffee for many years until they can possibly explain and differentiate the flavor by themselves.

Sourcing for quality - the specialty coffee owners would also be able to describe the taste of specific coffee as well while they are in the cupping period before buying the coffee bean, in order to select the best or suitable coffee for their coffee shop. That is the first process of quality sourcing of coffee. Then after they brought the selected coffee bean, they have to understand their coffee character in order to maximize the flavor of their roasting profile for each kind of coffee bean to control the consistency and standard of each bag of coffee.

Brewing Method – after they selected their quality of roasted coffee bean, the specialty coffee owners will experiment the most proper process of brewing method for each kind of coffee bean to make an outstanding result. It is needed to be precise for brewing a great cup of coffee for the perfection and gaining the customer satisfaction.

For the variety of coffee provided in the specialty coffee, it is giving customers to have a chance to discover their passion of coffee, finding out the new character and profile for their pleasant drink.

"I must say that the strength of our coffee shop is "variety of coffee bean", that customer can choose over 20 kinds of coffee bean from all over the world. From the award winning coffee bean to super rare item we serve it all in our shop, so every time customers come, then they can change and try the new thing and enjoy our coffee for all times."

From Khun Wei Haen Wang, Barista & Owner from Phil Coffee Company

So the specialty coffee shops should provide the various choices of the finest quality coffee for their customers to come and enjoy and also giving them the unexpected coffee experience in order to make their impression about the coffee as well.

5.2.2 Coffee background and knowledge

According to chapter 4; interview the respondents, the result from the research shows that all of the specialty coffee owners have something in common, that' is "the passion of coffee", which affects their motivation and intention of running this kind of business. It is more than a hobby, but for some thinks like the coffee is a part of their life. For example,

"We want to open the coffee shop that has a very good high quality coffee with knowledge sharing to our customers. We choose the job and design our life style as who we are and want to do, so this shop is like a part of our life."

From Khun Adithep Pinijpinyo, Barista and the owner from Ink & Lion café

So self-motivation for their coffee knowledge is unlimited. They want to learn and try the new flavor of coffee every day to fulfill their passion, which could not be compared with staff or people who work in other kinds of coffee shop, like franchised coffee shops, local coffee stands or shops, or even staff who works in the international coffee brands that have many branches to take care their standard, but it is difficult to control the quality of their product at the same time. In addition, the coffee knowledge and background from the experienced specialty coffee owners, who live and work in the shop, could make a wide impact for customers in term of understanding more

about the root of the selected coffee bean and its origin, and specific hidden flavor in the coffee. However, "knowing for more" is a positive effect for the specialty coffee owners, but sharing the idea and differentiation is the key to lead their customers to understand the true of flavor from the varieties of coffee that they have.

5.2.3 Customer care and service

"Service" in terms of the normal coffee shop would be mentioned about how you take care of your customer from greeting and ordering until serving your product to your customers table. But the service in the specialty coffee shop could be implied more meaningful than just serving stuff. In fact, every specialty coffee owners, according from this research interview, they pay a high attention to their service as same as the quality cup of coffee that they serve, for example;

"I concentrate it every components in my coffee shop, because I believe that everything in the shop has to be related to each other. However, the product is a main key of everything in here. "Coffee and food will be involved in design and decoration in the shop, in order to tell our customers about the idea and story behind each significant product that we serve. On another hand, "service" is also very important for my business. I give 50/50 for product and service in my shop, nothing else."

From Khun Ekameth, the shop owner from I+D Style Café x Brave Roaster

The intention from the specialty coffee shop owners is to make a difference in term of the quality of product as same as their service and hospitality that they provide in the shop, so everything that they perform is countable, showing their standard directly to their customers. Even though they have the best quality of coffee, but their service is unacceptable, it would affect their business desperately in the long run.

The sample of the specialty coffee service can be shown in many ways, for example, first, the product customization – usually customizing drink for customers is normal standard of the coffee shop, but with the intention of the specialty coffee shop owner, they would remember their customer's favorite drink, customized just for them, remembering their name and favor, in order to always impress them and

keeping their satisfaction. Second, love for sharing the idea and coffee knowledge, if their customers are "coffee hunter". The specialty coffee shop is a place for them to hang out, because the owner will be more pleasant to share the coffee knowledge and being able to lead their customers to their world of coffee, having comfort time to discuss and enjoying a cup of great coffee together, making an enjoyable moment with one another, which the franchise or the big coffee shop cannot serve.

So a great cup of coffee and the satisfied service can probably bring a positive effect to their coffee shop as long as their customer satisfaction in order to make their business more effective and sustainable.

5.3 Limitations of the Study

There are many limitations in this research study, but the one of the most difficult limitations in conducting this research was the time constraint. Because this research is applied by using the qualitative research method that needs the deep and descriptive information from a real sample group who are experienced and had succeeded as specialty coffee business owners, so it is based on their privacy and tight schedule, so the time management for interview is uncontrollable and limited, in order to complete this research study in the period of time.

5.4 Recommendations of the Study

This research study could be improved further, if it had the opportunity to conduct an interview from a couple more big coffee companies, other than only specialty coffee shops. It could give the research an enhanced point of view and other dimensions of ideal thinking about the competitive advantage of the specialty coffee in Thai coffee market, giving the research more credibility and influence.

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APPENDIX A INTERVIEW QUESTIONNAIRE

INTERVIEW QUESTIONNAIRE

- 1. What does "Specialty Coffee" mean to you?
- 2. Why do you decide to run a specialty coffee business?
- 3. What would be the difference between a specialty coffee and a normal coffee shop?
- 4. What are the strengths of your specialty coffee shop in order to affect customer to buy your product?
- 5. Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?
- 6. Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?
- 7. Who is your potential coffee drinker in both present and future periods?
- 8. In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?



INTERVIEW TRANSCRIPTS

1. Mr. Ekamol Teepatikanont, Barista & Shop Owner (2014) Competitive Advantage of Specialty Coffee Interview Date: November 22nd, 2014, at Laliart Coffee, Soi Aree 2.



Answer1: What does "Specialty Coffee" mean to you?

"Specialty coffee for me is all about the process and involved practice in term of production from harvesting, roasting, until brewing, which I believe that it is all important."

Answer 2: Why do you decide to run a specialty coffee business?

"The reason that I designed to run this business because of I would like to do the business that I love. At first place, I do not know that it is called "specialty coffee" or not, but I believe in what I am doing. Even some may call us as the specialty coffee shop, but for me, I do not think that my shop is that kind of business in term of quality, but however, I am also glad to hear that too."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"For my opinion, the differentiation between the specialty coffee shop and a normal coffee shop has been involved with many factors. But one of the factors is that the aim of the business is totally different. For example, the aim of branding is to achieve the sales target and branch expansion. But for the specialty coffee shop, it all about the

owner's intention of what he or she tries to present their products to customers, so the sales target might not be the main factor, but however, it is also needed."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"Based on people nowadays want a good stuff for them, seeking for the goodies, and specialty coffee is quite matched with their needs. It is hard to describe and compare the specialty coffee and the normal coffee, but I believe that people could be able to tell the difference by themselves because of its uniqueness and high quality."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"I think the quality cup of coffee has to go along in the same way with everything in the shop, because if you care about your coffee, so you will care about other things as well. It has to be relevant, but the way people present their shop, it is different. For example, owner who wants to make their coffee shop looks warm welcome or comfort atmosphere. They would decide to use a cup of coffee, design, decoration, and concept in the same way to enrich their intention, which however, it might not be exactly the same way from another normal coffee shop. For example, "Starbucks Coffee", their shop and design are the same everywhere, because they have the same concept. Nevertheless, for my opinion, I do not think or judge it is right or wrong. But it is just different way to approach! For specialty coffee concept is very rare and special for uniqueness, which the owner has to extremely focus on and care about the quality of everything that could not be done in the same way in every branch that they open."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"Opening of AEC and 10% increase rate of Thai coffee consumption are opportunity for us, because our shop is not only selling a cup of coffee, but we are also supplying the roasted coffee bean, so everything they need about coffee, we can support them. And for the 10% increase of coffee, it brings us the opportunity for people to know

and visit our coffee shop, in order to present our Thai coffee awareness in term of quality and uniqueness."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"I think the target group of specialty coffee customer is people who want to choose thing for better for their life. In fact, technology and Internet is changed rapidly, connecting people from all over the world to our shop. For example, lately I have a contact from some foreigners who want our Thai roasted coffee bean to export to their countries about 2-3 cafes, in order to learn about Thai coffee, culture, and so on, which for me, I am quite impressed about it."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"I think that right now it is a beginning age of "Specialty Coffee", which will definitely be improved about quite a few years, and in the future, most of coffee shop will focus on the quality and have its own uniqueness from the process of harvesting, roasting, until brewing. Because of right now we are depending on other too much, and if we start to be independent, so we can control and improve the quality of coffee as we want in the future. But for "Laliart coffee shop", I start this business from passion and heart only. From the start that I stepped up into this business, I have a lot of new thing to learn every day in order to improve the shop quality as the first step. For second step, I am planning to roast our coffee bean by ourselves in our new shop at Bang-Yai House (our native town) to control the quality and standard, and also being able to support the community in the long run."

2. Ms. Paddy, Barista & Shop Owner (2014) Competitive Advantage of Specialty Coffee Interview Date: December 12th, 2014, at Simple Coffee, Simple Life, Rama 9 Rd.



Answer 1: What does "Specialty Coffee" mean to you?

"For my opinion, "specialty coffee" is all about the care of all coffee making processes from harvesting the coffee bean from farmer until the roasters who have to know exactly how to roast to maximize the favor of each kind of coffee bean they have. So the specialty coffee is care of coffee people from growing the coffee tree to the hand of their customers. Moreover, the owner or barista of the specialty coffee has to know how to make a cup of coffee in different ways, for example, aero press, syphon, and so on. The question is "How could you make a cup of coffee in different and more varieties ways of making coffee, than just using the espresso machine?"

Answer 2: Why do you decide to run a specialty coffee business?

"I started this business with a big doubt and no intention to become the specialty coffee shop. It was started from my father, he wanted to open the coffee shop, but he had nobody to take care of this business, so that was a part that I stepped up into this coffee business. At the first, I tried to make coffee as I think it should be, but after I went out and looked other coffee shop. My coffee idea was changed from that time. Espresso machine is just not the espresso machine anymore, and then I tried to learn and study more about coffee until where I am today."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"The difference between the specialty coffee and a normal coffee shop is that "the truth of understanding the coffee. For instance, the normal coffee shop might know only how to make coffee from the espresso machine, but do not know how to make another kind of coffee making process. And in my point of view, most of the normal coffee shop is hiring people to make coffee for their customers. The question is that "Do they really understand what they are going to do, or not?" Whereas, the baristas from the specialty coffee shop do not have to understand everything, but they have to understand what they are doing and having product knowledge about the coffee that they are going to make and serve to their customer."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"In my opinion, I think that they have 2 types of coffee drinkers; first, the real coffee drinker, and second, the trend follower from the social world. In my shop, I mostly focus on the first group, because as the specialty coffee professional, I am trying to make coffee with variety choice of the coffee bean for our customers who really want an quality cup of coffee, so every time they come and visit us, then they can enjoy the varieties of coffee bean to test and also understanding the depth of each coffee profile and information as well."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"Coffee is a key for everything in the shop, I believed. I cannot compete with other by decoration or anything, so each cup of coffee that I serve it is shown the real intention of this coffee shop and standard in order to tell our customer directly about what kind of quality coffee we are serving and what we are standing for. As I said, "Coffee is everything"."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"I believe that in the future, the coffee market around Asia, not only AEC will become more specialty coffee, because customers trend to want the quality of coffee than in the past. So it will be high competition in this market in the future, but only in the quality. For my opinion, opening AEC, it has no effect to my business because most of my customers are Thai, or you can say "Thai" only, and they are the real coffee drinkers who are passion about seeking the coffee taste they adore."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"I think customer will understand more about the good quality cup of coffee from the various choice of coffee shop that they have. For example, "Starbucks", it is very good example and case study for every coffee people in this business. Starbucks shows "Coffee" thought the world. In everything that they do, then people keeps attention from whatever they say. For instance, "Drip coffee", they show their customer how to make the coffee by this process, and then people follow it. However, it is also the opportunity for the specialty coffee as well, when people know more about coffee, so they can be able to select the better thing for their life."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"It is going to be the big competition in term of quality in the coffee market, and not only in the specialty coffee market, the branding or franchise coffee market also play a big role in Thai coffee market as well, for instance, the coming of Costa coffee, Tom Tom coffee, and so on. However, for my coffee shop, I do not want to be like a branding or franchise coffee shop, keeping expanding more and more, and concern only about the profit and margin. Whereas, for the next 10 years, I want to stay strong in where we are and doing what the best we can do to offer our customer the steady quality cup of coffee and keeping our standard of the specialty coffee shop, as we do it today."

3. Mr. Wei Haen Wang, Barista & Shop Owner (2014) Competitive Advantage of Specialty Coffee Interview Date: December 21st, 2014, at Phil Coffee Company, Ekkamai Rd.



Answer 1: What does "Specialty Coffee" mean to you?

"For me, just "Taking a good care of coffee" is "Specialty coffee", period. But in my coffee shop, I tend to more focus on the quality of raw material, for example, my selected coffee bean has to come from the high quality coffee farm for the quality control, and I would like to get most of it out from the real taste and flavor of each bag of coffee bean that I brought. What I have done that is I try to roast in the light roasting process with low temperature heat to let the coffee shows off their special characteristic and flavor, so customer could be able to taste different for the taste of origin."

Answer 2: Why do you decide to run a specialty coffee business?

"I started this business from a normal coffee shop, and at first, I started to roast coffee for commercial only. However, after 3 years, I keep tasting and tasting for more quality, then when I realized again that I cannot go back to do the commercial roasted coffee anymore! So that is a big turn for me and my business to get into more specialty coffee at that point. Nowadays, I use only the high quality coffee bean from

the trustiest source in order to improve my coffee profile and to maximize the taste of origin."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"Difference between the specialty coffee and normal coffee shop is all about the care of barista to create a great coffee experience to customers. But the thing is that the care for customer has to first come from the coffee shop owner, and then he or she has to prepare a proper training to their barista in order to control quality of good cup of coffee."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"I must say that the strength of our coffee shop is "variety of coffee bean", that customer can choose over 20 kinds of coffee bean from all over the world. From the award winning coffee bean to super rare item we serve it all in our shop, so every time customers come, then they can change and try the new thing and enjoy our coffee for all times."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"I put my effort on coffee as same as the marketing, decoration, and everything, because I believe that even though I have the best coffee in the world, but no proper marketing plan, so nobody is going to know and come to my coffee shop anyway. So a good marketing plan is needed for my business. For example, "Latte Art" is an intention to draw people from drinking iced coffee to hot coffee. First, they see the beautiful art on milk foam, taking photo, then; they will try the hot coffee more and more."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"I am not sure about AEC will have an effect to the increase number of customers or not, because right now in our shop, we have 50/50 Foreigners and Thais. But one thing I concern it is that as Thai Arabica coffee is the best quality in our neighborhood countries or AEC, I believed. When the coffee from other countries in AEC, which are coming to Thailand, I am afraid about the quality of the coffee bean they present. I might happen in the future about the coffee price competition and the decrease of coffee quality or dropped quality of coffee from the production process in order to complete the pricing war. I hope not to see that, but I prefer to compete with the quality better."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"I must accept that last 10 years ago, people drinks mostly only iced coffee. But after the specialty coffee has come to this country, and then they have more choice to choose and improving their coffee knowledge as the same time. For my coffee shop, I have tried to encourage people to drink more hot coffee in order to get the origin taste of the specific type of coffee, so I decide to roast the coffee profile to match with the coffee consumption style right now. However, "Espresso is the most top seller drink in our shop anyway."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"Target ... Target for me, it is to open this coffee shop 3 more shops in the next 5 years, depending on how much I can take care and make sure that the quality is right. Because I am specialty coffee owner and also barista keeping a good standard is a must to do. However, human error is acceptable in our shop, but we try to keep it less as possible. That is the reason that I also believe the good and proper staff training is also very essential for every coffee shop."

4. Mr. Adithep Pinijpinyo (Kiak), Shop Owner (2015) Competitive Advantage of Specialty Coffee Interview Date: January 11th, 2015, at Ink & Lion cafe, Ekkamai Rd.



Answer 1: What does "Specialty Coffee" mean to you?

"Specialty coffee is about the quality of coffee and customer care from barista or the shop owner. Also we have to have enough knowledge of coffee to share with our customers. In fact, we cannot stay in the box, but we have to go out and learn a new thing every day to improve our knowledge and skill."

Answer 2: Why do you decide to run a specialty coffee business?

"We want to open the coffee shop that has a very good high quality coffee with knowledge sharing to our customers. We choose the job and design our life style as who we are and want to do, so this shop is like a part of our life."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"For the difference, I think that around our shop has many kinds of coffee shop around us, but we still want to open in this area. Because we want to give people a choice to choose in term of variety of coffee, and quality coffee. And also the target group of customer is so different and various."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"I think it depends on customers to choose the coffee shop that they would like, even though for example in this area, having a 5 same and exact specialty coffee shop. But for customers, it very depends on what in their mind in that day, so they will decide to choose which shop they would prefer to go. However, I think that location, facilities, daily open, and personality of barista in each shop are also involved to the customer selection."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"Yes, it is. Coffee is the first priority thing that I concentrate on. And other things for example, shop design, furniture, location, and all facilities are just supportive component to make this coffee shop become "this coffee shop". It is very shown my own creation and life style in this shop a lot from every part, small or large. It doesn't matter."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"Yes, I agree with opening the AEC could bring more foreign customers more in our shop. I think that more 50% of our customers are foreigners, and another is Thai, according to national tourist supportive program and opening of AEC community as well."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"For the present target group of customer in our coffee shop is "coffee lover", who wants to try the new taste of coffee or coffee variation and also wants a quality cup of coffee. For the blog or social trend followers, they may come once and not come back again because in our shop has limited menu for really specialty coffee only. For instance, in our menu does not have green tea or chocolate, and no blended beverage too. For the future trend, I think that customers will know more about coffee and

trying to choose the quality product for their life, so the numbers of specialty coffee consumer will be increase in the next 4-5 years."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"I think that in the future, we are going to have a lot of specialty coffee more and more in Thailand, customer will care our their health and concerning about the quality of product more. Perhaps they may try hot single-origin coffee more than the iced coffee. For example, "Starbucks" tries to do as specialty coffee. I think that it is a good thing and giving benefits to customer to get more information and understand more about coffee, like a big audio to the mass. That is a good thing as well."

5. Mr. Supachai Swangumpi, Barista and the Shop Owner (2015) Competitive Advantage of Specialty Coffee Interview Date: January 24th, 2015, at Duck You Caferista, Ramkhamhaeng Rd.



Answer 1: What does "Specialty Coffee" mean to you?

"For my opinion, "specialty coffee" is "Specialist" about something in this case; it is about "Coffee", in term of the coffee knowledge. It doesn't matter you are a coffee drinker or barista. In addition, I classify the 2 type of coffee drinkers as first; the beginner is person who just loves to drink coffee. Second, coffee lover with coffee knowledge who might be either coffee drinker or the coffee maker, and once they have enough knowledge about coffee and practices, then they may become the specialty coffee people as well."

Answer 2: Why do you decide to run a specialty coffee business?

"Actually, for me, it is like "the accident of taste" that brings me into this specialty coffee world. In the first place, I start with "Coffee drinker", who would like to taste the varieties of coffee flavor, keeping asking myself for more. Plus according to my home area, they don't have any specialty coffee shop or great coffee maker, so I decide to make it at home as my first intention. Because of my love and passion in coffee, then I decide to buy the coffee machine, which can fulfill my passion and need. I learn and practice to make a good cup of coffee myself over a year to discover the wonder taste that I am passion in, then when I realize again that I am already in the specialty coffee, period."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"The difference between a normal coffee shop and specialty coffee, it doesn't matter of how varieties of coffee they have in the shop, but it depends on the coffee knowledge that they have and care of the product they serve as well. For example, they don't have to have 10 varieties of coffee, but just having 2 or 3 different characters of coffee bean to serve, it is more than enough! The most important thing is "You must know exactly what you have or make", for your customer, in able to describe the taste and flavor of different kind of coffee, and making the different for your customer. That is the real key of the specialty coffee maker."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"First, I must admit the taste is a key for customers to come back. Because in my coffee shop, I make coffee as the coffee it is. To explain that I will experiment to find out the best of the coffee origin taste and its unique character in each different kind of coffee bean to find out the peak point of taste in each coffee to produce to customer. Another reason, it is that my coffee shop, it is located far away from the city where all specialty coffee are placed in, so people, especially local people can be able to get through my coffee shop easily. They don't have to rush in the town to find a good cup of coffee. Because of my shop is just located next door from their house."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"I have to admit again that it is all about the taste. Other factors such as location, facilities, decoration are another component to make a good coffee shop, but from my point of view, the taste from the quality cup of coffee is the priority."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"For my shop, it has no effect from the opening of AEC yet. It may be having a positive effect in the future, but for now it is still the same as usual in the term of the

number of customers. However, I have about 80% of Thai customer as majority (local), and 20% of other foreigners."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"As also my coffee is in the same place with my historical family business; "Roasted Duck Restaurant", my target group of customer can be divided into 2 groups that are food lover, and coffee lover. From my first intention to open this shop, I want to create a new group of customer as "coffee lover" in the shop to increase various group of customer, and also fulfilling my passion about coffee, which I think that we are doing very good nowadays, I believed."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"I want to make the coffee lab in order to upgrade the standard of the coffee in the shop. I will start to roast and buy more quality coffee bean from the high quality coffee sources around the world to experiment the real coffee origin taste. In addition, in the lab, I will do as more storing a high quality coffee bean, roasting in different characters to find the new unexpected taste of coffee, and more method of brewing in order to make it unique and outstanding in term of taste and flavor. In fact, all of the coffee lab idea is also my first intention to open the coffee shop. It is no co-incident here!"

6. Mr. Songchai Dharincharoen, Barista and the Shop Owner (2015) Competitive Advantage of Specialty Coffee Interview Date: January 27th, 2015, at Coffee No.9, Soi Ari 1.



Answer 1: What does "Specialty Coffee" mean to you?

"The specialty coffee for me is based on the quality of coffee bean from the coffee farmer to the hand of coffee drinker. It is all about the care of the quality and customer."

Answer 2: Why do you decide to run a specialty coffee business?

"I started this business by only passion of coffee. "Coffee is helping me to connect with people and learning from them". I want to do by myself because I want to control the quality cup of coffee I served. To be able to listen to both good and bad feedbacks (face-to-face) with my customers, in order to improve the product and service as well. In addition, franchise business has its own limited term and condition, for instance, product sourcing, you have to only buy the coffee bean from them only. I do not think it is good or bad, but I do business as my passion and I believe that I could find out more quality product by myself in order to keep the standard and discovering the new things."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"Variety of coffee and passion are the key of difference between the normal coffee and the specialty coffee shop. It is about life style and taste of each person, and also people want to try a new thing every day, so "Specialty Coffee is answer in this way. Because of each specialty coffee shops have their own uniqueness of method and life style, which could be suit with their personality and life style of their coffee drinkers? But the most important thing for all kinds of coffee maker is that "Don't insult coffee", because coffee is just coffee. It has no some kind of leverage or royalty in the food and also coffee, I insisted."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"I think that the unique taste of coffee in my shop is a reason for customer satisfaction. In addition, the consistency of coffee taste that customers can expect with a reasonable price around 40, 50, 60 THB, which are the main factors of our target group. Another factor is that my coffee shop I serve the quality cup of coffee with speed espresso bar, caring about our target group of customer who is "office people".

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"It is hard to compare which is before which? In my opinion, location and decoration are also very important part of the brand perception to the public, because of some group of customers don't want to drink only a cup of coffee, but they want to make the most out of the coffee shop, for example, taking photo to update their life style in Facebook, or even a place to hang around with their friends. So there have varieties of life style and people are different, it is hard to describe it. But for my coffee shop, I believe in the quality of the product I serve with reasonable price, and also "Honesty to customer" is a key to success for me."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"It is going to be more competitors in the specialty coffee business, and dividing our market share, but the good thing is that for specialty coffee will develop the quality of the product by high competition from the coffee shop owner, I think that it is a good thing. Also our customers will increase and having more coffee knowledge in order to judge and select better product for them."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"Nowadays, people care more about "Fair Trade" product, for example, where the coffee comes from, who grows it and their story, is it organic?, or even what is benefit by consuming back to the coffee farmer or society. It is all in the customer attention and mind. However, back to my coffee shop, the target group of coffee customers is still the same based on my location, who are the officers, and want or need the coffee function to start up their day."



Source: http://stumptowncoffee.com/location/portland/division/

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"I want to make the coffee community and expanding the business. The idea is to make "one-stop shop" for coffee lover, for example, selling variety of high quality coffee bean, showing roasting machine, and related product, or even order for special coffee machine under our brand. Another idea is to make the speed expresso bar, like coffee franchise, but with manual coffee making process to control uniqueness and quality with a full of educated coffee knowledge for our customers."

7. Mr. Ekameth, the Shop Owner (2015) Competitive Advantage of Specialty Coffee Interview Date: February 10th, 2015, at I+D Style Café x Brave Roaster, Siam Center.



Answer 1: What does "Specialty Coffee" mean to you?

"I think "Specialty Coffee", right now; it is like a trend in coffee market. The trend that specializes the product as "coffee", to become something, same as wine etc. For me, the specialty coffee shop owners should know what they are doing. They don't have to know everything, but they have to know their product, so the specialty coffee is that "knowing your coffee".

Answer 2: Why do you decide to run a specialty coffee business?

"After I graduated, I opened my first coffee shop named, "Chun Nueng", in Chiangmai as a new coffee maker at that time. I was still wondering about coffee at that time, sourcing the coffee bean from "Happy Espresso", as my coffee partner. Tasting and experimenting the taste of coffee to find the wonder taste I want. In fact, people were drinking only dark roasted coffee with intense body, but after I tasted the coffee bean from Africa. The taste is so light and source without any bitterness. That is the turned-key point for me to make a big difference in Thai coffee market by roasting the light-medium roast to create a new sweet and sour taste of coffee, selling in the higher price than a usual coffee bag standard to show the difference for the high quality coffee bean."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"Difference, it comes from customers, from their expectation. I want to make my coffee shop to be the specialty coffee that everyone can come and enjoy every day. They have no Elegance or privilege among coffee drinkers. Some specialty coffee owners want to make their coffee to be "expertise", or insulting other coffee and even their customers. We are not like that. I always tell my staffs every day about service mind to educate our customer, but do not argue or fight with them. I want to make the shop feel more relax and comfort, so our customers can feel free to visit us more often."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"We are strong in where we are and we will never change the core of our business ideal, I believed. What our customers can get from our coffee shop, it is that they can enjoy the variety of Thai high quality coffee bean from selected source of the coffee farm in the northern Thailand. I want to improve Thai coffee bean by complying the international standard to our local product, in order to progress the quality of our coffee and learning more about our local product at the same time. Everything that I do in my coffee shop, it is so different from other, for example, using Thai local bean from hidden valley (no one use), the method of light roasting to extract more sweetness and coffee character, or even the outstanding package etc."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"I concentrate it every components in my coffee shop, because I believe that everything in the shop has to be related to each other. However, the product is a main key of everything in here. "Coffee and food will be involved in design and decoration in the shop, in order to tell our customers about the idea and story behind each significant product that we serve. On another hand, "service" is also very important for my business. I give 50/50 for product and service in my shop, nothing else."

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"I think that the opening of AEC does not affect my business, because customers drink coffee by the trend, not economy. The numbers of coffee consumption will rise for sure, but slowly by the trend and customer comprehensive of coffee. However, it might affect for the whole sales, for instance, they might have people from other countries, or ASEAN people who want to buy our coffee bean, and import to their hometown, perhaps. But for now, the impact is still limited."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"The target is "Everybody". 80% of our royalty customers will prefer our coffee style and process that we make for them, so they will always come back. Other 20% of customers who might not prefer our product, so what we do that we will try to educate for their understanding about our product, at least, they get the idea after that either they will return or not. It is really up to their style and personal preference taste."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"Every business has to have a way to survive same as my coffee business as well. I don't think far away like 10 years from now. The most important thing is today. Right now, I want to focus on the increasing of the sales target before anything. Because when I can increase it up, then I would rather think about the step that is "business expansion. On another hand, I would pretty like the idea of joint-venture with the international brand to create the new product and increasing the numbers of our customer in term of business as well. Nevertheless, dream is just a dream, if you won't do it right today, so your dream will never be happened for sure. That is the reason why I must take all my attention to the shop today."

8. Mr. Pok, Barista and the Shop owner (2015) Competitive Advantage of Specialty Coffee Interview Date: March 3rd, 2015, at Pastoral Cafe, BTS Phayathai.



Answer 1: What does "Specialty Coffee" mean to you?

"First, if you want to be specialty coffee, you have to store quite varieties of coffee bean (quality) and be able to describe each different kind of coffee bean that you have for you customers very well. Moreover, the specialty coffee is about know-how to the coffee process from coffee farmer to the hand of customers. That's important."

Answer 2: Why do you decide to run a specialty coffee business?

"My coffee journey stared with my passion about coffee. I am very in about coffee, and would like to taste different kinds of coffee. Then when I have been tried and tried more and more, so I decide to make it my style to serve my passion. After that I opened this coffee shop for me to be able to make more varieties of coffee, and be able to try a new thing ever days as well."

Answer 3: What would be the difference between a specialty coffee and a normal coffee shop?

"I would like to do, like "Back to Basic", and empowering the basic coffee menu without adding odd ingredients to emphasize on only the real coffee flavor by each method I make. And I think that is our differentiation from other coffee shop."

Answer 4: What are the strengths of your specialty coffee shop in order to affect customer to buy your product?

"We are so different from other coffee shop; even they are all same kind of specialty coffee shop, as our shop. However, the factors that could draw customers back to our shop. It is depending on many factors indeed, for example, unique taste of coffee, some would like to talk with our barista, pricing, or even location. It is all does matter to the customer selection. I think."

Answer 5: Do you think the quality of a cup of coffee is more important than the brand awareness, the shop facilities, decoration, and so on?

"Let's define 2 types of coffee drinkers nowadays. First, they are called "Café Hunter", who want just to come and take a photo, and then go. They don't care about coffee, only the trend in their mind. Whereas, another group is called "Coffee Hunter", who want to really come and try the new thing or new coffee flavor that they adore. However, for me, I think all components in the shop do matter, but for our coffee shop, I want to let "the product chooses customers", better than customers choose themselves. So it is all about quality of the product. That's it!"

Answer 6: Would 10% annual increasing of Thai coffee consumption and opening of AEC be benefit to or giving an opportunity for your coffee business?

"I think that the AEC opening is giving Thailand a big benefit in term of upgrade the standard of coffee production, especially from the farmers. When AEC is opened, the imported tax for the agricultural including coffee bean from other countries in ASEAN will be imported more in the country, and then it will affect Thai coffee farmers to react and to progress their coffee production in order to be compete with other coffee bean."

Answer 7: Who is your potential coffee drinker in both present and future periods?

"I don't know what their occupations are, but I do know that they are all having a same taste and life style, who concern about their good life and the high quality of product that they are about to eat. It is very difficult to describe really about their

work, because some is riding a bicycle, and some drives a very expensive car to our shop. As I said, they are all having a same taste, and concerning about the quality of their product in order to have a better life, and I believe that this kind of customers will be increased more and more, if people still want a good thing for their life and health."

Answer 8: In your opinion, what do you see the specialty coffee business's trend in the next 10 years from now?

"In future, I will search the way to improve my coffee making skill by co-working with international coffee shop in aboard in order to make different, same as my girlfriend, she want to go and study more about culinary skill, such as bakery in Australia. And after that we will see again that what way that we are going to do in our coffee project. However, it is going not to be a roaster or anything, but we expect more than that, actually."

BIOGRAPHY

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