COMPARISON BETWEEN THAI AND VIETNAMESE COFFEE DRINKERS IN CONSUMER BEHAVIOR



A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE GRADUATE SCHOOL
STAMFORD INTERNATIONAL UNIVERSITY
MASTER OF BUSINESS ADMINISTRATION
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The Research has been approved by Stamford International University The Graduate School

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Title: Comparison between Vietnamese and Thai Coffee Drinkers in

Consumer Behavior

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Abstract

Coffee is a common beverage in Vietnam and Thailand. With the long history of making coffee, Vietnamese coffee is desired to expand itself internationally in general and in the Thai market in particular. The objectives of this study were (1) to understand consumer behavior of Thai and Vietnamese coffee drinkers; and (2) to compare the differences and similarities between Thai and Vietnamese coffee drinkers in consumer behavior.

Qualitative research method was applied in this research in order to understand the deep consumer behavior of the Thai and Vietnamese populations. The sample size was eight people. In-depth interviews was the main method to collect data from the participants.

From the research, it was shown that Thai and Vietnamese people are influenced by coffee culture and social media, demands for coffee, and factors of perception. On the other hand, it was also found out that Thai and Vietnamese people are different in their personalities.

Keywords: Vietnamese coffee, consumer behavior, Thai coffee

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Nguyen Thi Hai Yen

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CHAPTER 1

INTRODUCTION

1.1 Statement of Problem

Coffee is the world's most ubiquitous beverage, with over 400 billion cups consumed every year (Kuit, Nguyen Van Thiet & Jansen, 2004). According to the Consumer International (2005: Online), coffee is the world's second largest traded commodity, produced in 60 developing countries all over the world. Coffee is consumed mainly in developed countries, with over US\$70 billion of retail sales each year. There are more than 80 species of coffee of which only two are of economic value, viz. Coffea arabica (Arabica coffee) and C. canephora (Robusta coffee) (Campos &Villain, 2005). Brazil leads the world's Arabica coffee market with 40%, while Vietnam is the main Robusta coffee producer, accounting for 40% of the world's production (Marsh, 2007).

Vietnamese coffee producers prefer exporting coffee beans into the international market rather than the domestic coffee market. This was proved through the high coffee export proportion, consisting of 95% of Vietnamese coffee production (Consumers International, 2005). The average of Vietnamese coffee production is 1.1 million tons between 2007 and 2011, which comprises of 14% of the world production and coffee exporters with 1 million tons during 2007-2011, and consists of 17% of the world exports (ICO, as cited in Fairtrade Foundation, 2012). Nevertheless, Vietnamese coffee producers have mostly exported in raw coffee beans, which consisted of 99% of production ("Report on coffee sector in Vietnam", 2007). Also, from 2000, Vietnam coffee corporations started to export soluble coffee ("The Socialist Republic of Vietnam: Coffee Sector Report", 2004).

Vietnamese coffee is served with a small, metal, one-cup drip filter perched on top of the cup or glass. First, finely ground coffee is put in the bottom of the chamber, and the insert is used to hold ground coffee tightly, and then hot water is poured into the filter. The hot water filters through the coffee grounds and pours into the cup. It can be served with condensed milk, enjoyed hot or with ice (Berger, 2005). Vietnamese coffee has its own single flavor and easy making formula, and created a

new coffee culture in Vietnamese tradition. Vietnam has a unique coffee culture, which differs from the western coffee style. Vietnamese people normally spend at least half an hour to enjoy a cup of coffee because they have to wait for coffee to drip from the filter into the cup. During the coffee dripping time, they can read a newspaper, smoke a cigarette, chat with friends or just enjoy their free time. When coffee is ready to serve, they enjoy it slowly while continuing their chatting, reading or smoking. In Vietnam, coffee accompanies relaxing with friends. It seems rare to see a Vietnamese enjoy a cup of coffee alone in a coffee shop. "There's an aspect of ritual to it: sitting, waiting, watching the coffee brew right over your own glass" (Zolf, 2001: Online). Due to the unique flavor and coffee culture, Vietnamese coffee is desired to be ubiquitous in the coffee world market in general and within Thailand in particular.

Thailand is a regional center of business and transportation in Southeast Asia, with nearly 70 million people in 2013 (World Population Statistics, 2013). Domestic coffee consumption reached 70,000 tons per annum, rising to an average of 10% per annum (Arunmas, 2012: Online). Thai people consume approximately 200 cups per capita yearly, relatively low compared to 500 cups in Japan and 700-800 cups in the United States of America (Arunmas, 2012). Pholphasuk (2009) suggested that the coffee market in Thailand is dominated by three types of coffee products: instant coffee, instant coffee canned and Beans & Ground/Filter & Sachet business.

Thai traditional coffee is easily found in the street vendors. Thai coffee is not black and hot. Freshly-ground beans is not used to make Thai coffee, and it is not refined through the coffee machine like western coffee (Denny & Sunderland, 2002). Thai people use filter socks or a gauze bag to filter coffee as a traditional method. Thai coffee is served sweet with condensed milk or sugar. This traditional filtered coffee which is served in a plastic bag full of ice, named "kaafae tung" (bag coffee). Thai coffee drinks have distinguished taste and unique coffee culture in different places (Cavanagh, 2011: Online). Denny & Sunderland (2002: Online) depicted Thai coffee forms as being "symbolic of larger cultural discourses and flows between East and West, tradition and modernity". Thailand has mainly been under a tea drinking culture over several centuries, associated with other Asian countries like China, Vietnam, Japan, South Korea, and so on. Since coffee is ubiquitous all over the world, coffee shops started popping up everywhere and directly influencing Asian culture and coffee

business in Asia in general and Thailand in particular. Thailand has become an interesting market for coffeehouse business. More international brands penetrated into Thai market, and more Thai coffeehouse brands were opened up. Thai people prefer these brands rather than local coffee vendors, since coffee is still new and still developing in Thailand (Pholphasuk, 2009).

Due to the lack of consumer research into the Thai coffee market in general and the Vietnamese coffee market in Thailand in particular, this research project can help coffee investors and marketers to follow up what taste Thai consumers prefer among three types of Vietnamese coffee. Furthermore, this research can offer an explanation of how the personality characteristics, consumer perception, attitude and consumer motivation is involved towards consumer decision making for Thai consumers in general. Finally, it presents the intention to purchase Vietnamese coffee drinks in Thailand.

1.2 Objectives

To understand consumer behavior of Thai coffee drinkers

To understand consumer behavior of Vietnamese coffee drinkers

To compare the differences and similarities between Thai and Vietnamese coffee drinkers in consumer behavior

1.3 Scope of Research

Although many research projects have been done on analyzing Vietnamese coffee and consumer behavior, there is no source for the Vietnamese coffee market in Thailand. A further point worth taking into account is that this research aims to give an overview of Thai coffee drinkers in consumer behavior and make a comparison between Thai and Vietnamese coffee drinks. The interviews took place in Bangkok, Thailand and Ho Chi Minh City, Vietnam. The sample size was just eight consumers, in which there were four Thai coffee experts and four Vietnamese experts.

1.4 Research Question

What are the differences and similarities between Thai and Vietnamese coffee drinkers in consumer behavior?

1.5 Structure of the Research

The structure of this study was arranged in five following sequences. The organization of the study was as follows:

Chapter I – Introduction: this section includes the background of the study, statement of the problem, aim of the research, the scope, research questions and structure of the research.

Chapter II – Literature Review: this section is divided into two parts. The first part presents theories of consumer behavior, including culture, personality, consumer perception, consumer attitude, communication, consumer motivation and consumer decision making. The second part includes information about the nature of the coffee industry, coffee in Vietnam and the Thai coffee market.

Chapter III: Methodology: This section depicts the measure of how the study was carried out and consists of research philosophy, sampling, data collection and data analysis.

Chapter IV – Results: All the data obtained from the questionnaires, and interviews will be interpreted in this section.

Chapter V – Discussion and Conclusion: Major findings will be discussed in detail. Furthermore, the recommendations, the limitations of the research and the suggestion for the future researchers will be proposed.

1.6 Definition of Terms

Consumer behaviors: consumer behavior is depicted as the habits of customers when they seek, buy, use, and evaluate a product or service whether it satisfies their demands and expectation or not (Schiffman & Kanuk, 2004).

Culture: culture represents all of tradition, customs, and beliefs long lasting of a country. It can be taught, mimicked, and transmitted from generation to generation. It can be seen as the unique personality of a given country (Schiffman & Kanuk, 2004).

Personality: personality including manners, traits, characteristics of an individual which is different with another individual. It decides and represents how an individual reacts to their environment (Schiffman & Kanuk, 2004).

Communication: communication is the process of transmitting data from a sender to receive information through an intermediate channel (Schiffman & Kanuk, 2004).

Perception: perception is a procedure of an individual choosing, arranging, interpreting stimuli into logical and consistent information (Schiffman & Kanuk, 2004).

Motivation: motivation is the stimulation of a person driving an individual act for what they want and use to fulfill their demands (Schiffman & Kanuk, 2004).



CHAPTER 2

LITERATURE REVIEW

This chapter is divided into four sub-sections including the nature of the coffee industry, Vietnamese coffee, coffee in Thailand, previous research in this field, and consumer behavior. The analysis of the current situation of the coffee industry in general, Thai and Vietnamese coffee markets in particular, followed by the previous research covering the same topic and concluding by factors influencing consumer behavior are discussed as follows:

2.1 Nature of the Coffee Industry

2.1.1 History of Coffee

According to legend, coffee was first recognized in the year 600AD with the discovery of Arabica in the Kaffa province of Ethiopia (see Figure 2.1). After that, coffee was spread from Ethiopia to Yemen and Yemeni people utilized the skin of coffee cherries to make tea (Kuit, Nguyen Van Thiet & Jansen, 2007).



Figure 2.1 Origin and early spread of Arabica. The bold numbers represent the estimated year of arrival of coffee in that country by century

Source: Kuit, Nguyen Van Thiet & Jansen, 2007

An Islamic hermit in Yemen was reported as being the first person to make a drink from a coffee bean. Coffee drinking was ubiquitous within the Muslim community after Sufi Muslims drank it to keep awake during praying hours of the night (Allen, 1999). After becoming common in homes, bathhouses, markets and workplaces, coffee was spread overseas by Muslim pilgrims and traders across North Africa and the Middle East (Fairtrade and Coffee, 2012).

Coffee was exported throughout Europe during the Ottoman Turkish occupation of Yemen in 1536. Muslim pilgrims had propagated coffee to Turkey, Egypt, Persia, and North Africa (Intile, 2007). The Ottoman Turks were tried to guard their monopoly over the coffee cultivation and maintain their domination of the world coffee market. Nobody was allowed to take coffee cherries or beans out of the country. Only roasted and blenched coffees were allowed to be transported outside the Ottoman Empire (Kuit, Nguyen Van Thiet & Jansen, 2007). Nonetheless, this monopoly did not last long until the 17th century when a Muslim pilgrim taped seven fertile seeds in his stomach and proceeded to cultivate them in Southern Indian (Intile, 2007). More than that, Dutch merchants managed to smuggle fertile coffee berries out of Yemen and cultivated them in Java, Indonesia and from there spread coffee around the world (Kuit, Nguyen Van Thiet & Jansen, 2007). Within a few years, Dutch colonies became the main coffee supplier to Europe and dominated the world coffee price. Coffee became a "cash crop, planted and harvested by serfs or wage labourers on large plantations, then exported to imperial countries" (James, 2000).

Demand for coffee in Europe rose gradually after tourists and merchants came back from Yemen. Coffee was imported into Europe and European businessmen who desired to begin a coffee house concept (Intile, 2007). Pendergrast (1999) claimed that the very first kind of selling coffee in Europe was coffee street vendors. It was initially sold by street peddlers in Italy and France by brewing coffee in portable stoves and filling customers' cups at their door. In the mid-17th century, street peddlers began selling door-to-door coffee in Italy. This kind of distribution disappeared when coffee houses rapidly spread throughout Europe. The first UK coffee house was opened in Oxford in 1650, followed by another one in London two years later (Fairtrade and Coffee, 2012).

In the 17th century, a French infantry captain nurtured a coffee plant in a Caribbean Island on the journey to America, and it became the predecessor of over 19 million trees on the island within 50 years. It is also the origin of coffee vegetation in the South and Central American world (Kuit, Nguyen Van Thiet & Jansen, 2007). Colonial countries firstly introduced coffee into Southeast Asia and the West Indies in the 17th and 18th centuries. Then, coffee became a major source of income in many countries in Central and South America, Africa and South Asia after these regions gained independence (Cleland, 2010).

In the 1950s, the coffee market suffered from "stockpiles, over-production and the growing popularity of African robusta varietals" which led the coffee prices into a rapid downward trend (Kamola, 2007). This crisis led to the signing of the International Coffee Agreement (ICA) in 1962 during the UN conference by governments of producing and consuming countries (Cleland, 2010).

2.1.2 Coffee Development in the International Coffee Agreement (ICA)

The ICA made an effort to stabilize the coffee market in the global scale by controlling the coffee prices and imposing quotas on 99% of the coffee market in the world (Kamola, 2007). After the ICA fixed price, the coffee market was expanded and maintained the balance in supply and demand from the 1960s to 1989 (Fairtrade and Coffee, 2012).

Stockman (2010) illustrates that despite the effectiveness of the ICA price band; four major loopholes still existed in the ICA. Firstly, low-priced trade with the non-member countries escalated. Secondly, the market was fragmented between coffee nations that followed their quotas and those that did not. Furthermore, importers tried to break the policies of the ICA by seeking out cheaper coffee producers in the excess demand of the coffee market before ICA quotas could be adjusted. Finally, the key factor that led to the termination of this ICA was the US Cold War between the United States and Latin American countries including Brazil, Guatemala, and the Dominican Republic. Thus, all these four issues caused the collapse of the ICA in 1989.

Just two months after the ICA's termination, the world coffee prices dropped by half to less than 80 cents a pound and still remained at a low price for five consecutive years (Fairtrade and Coffee, 2012). The governments no longer joined the fixing-price of the coffee producers and many coffee grower organizations could not control the production of exportable coffee (Ponte, 2001). The governments of producing countries started to privatize the state-controlled coffee industry and this opened them to competition from private traders ostensibly to improve efficiency (Fairtrade and Coffee, 2012). In 1994, frost suddenly hit production in Brazil. Coffee prices shortly rose to more than 200 cents and rocketed to 270 cents a pound three years later (Fairtrade and Coffee, 2012). Furthermore, Figure 2.2 shows that Vietnam unexpectedly increased their coffee production, and overtook Colombia to become the world's second coffee producers after Brazil (Stockman, 2010). The huge demand, tight supply, and low stocks pushed up intense speculator activity.

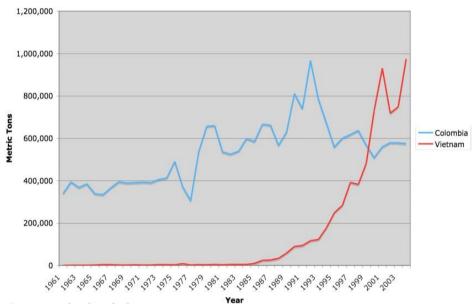


Figure 2.2 Metric tons of exported coffee

Source: Fairtrade and Coffee, 2011: Online

2.1.3 Coffee Crisis

The 1980s and 1990s witnessed a large production increase in Brazil and especially in Vietnam (Fairtrade and Coffee, 2012). As can be seen in the Figure 2.3, coffee prices fell down dramatically in five consecutive years from 1997 to 2002 (Orosio, 2002, as cited in Cleland, 2010). "Prices reached their lowest levels for 30

years in nominal terms and for 100 years when adjusted for inflation" (Consumers International, 2005: 16). Export earnings dropped from US\$10 billion to US\$6 billion (Fairtrade and Coffee, 2012).

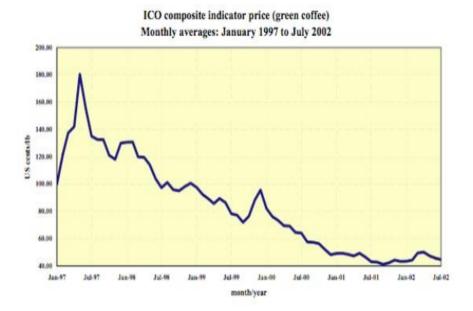


Figure 2.3 International price of coffee from 1997 to 2002 **Source:** Orosio, 2002

Economic losses for small coffee families have been estimated to be at US\$4.5 billion per year, reducing incomes and causing poverty for coffee farmers and their families (Consumers International, 2005). Small scale farming families had to abandon coffee crops, and switch to others plantations in the crisis in the coffee market.

2.1.4 Coffee Consumption

Coffee is the world's most ubiquitous beverage, with over 400 billion cups consumed every year (Kuit, Nguyen Van Thiet & Jansen, 2007). The Figure 2.4 illustrates that the world consumption almost doubled over the last 42 years, from 71 million bags of coffee to 140 million bags in 2012 (ICO).

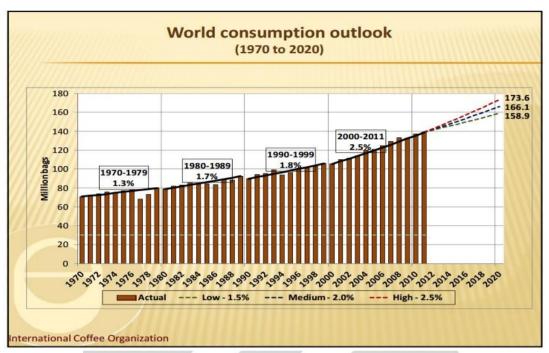


Figure 2.4 World consumption outlook 1970-2020.

Source: Fairtrade and Coffee, 2012: Online

Coffee is consumed largely in the western nations. The Figure 2.5 reports that the USA is the biggest coffee importer, consisting of 1.27 million tons per year of the world total in the period of 2006-2010, followed by Germany (546,000 tons), and Japan (431,000 tons).

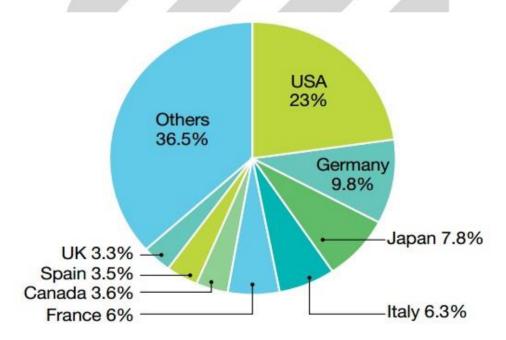


Figure 2.5 Largest importers of coffee as & of the world total 2006-2010.

Source: Fairtrade and Coffee, 2012: Online

The ICO also reported about the coffee consumption per capita over the same period from 2006 to 2010. It showed that Finland had the highest per capita consumption, consuming 12kg per year on average; followed by Norway with 9.2kg and Demark at 8.7kg. Meanwhile, American people consumed 4.1kg per year and British people consumed 2.7kg. The annual consumption in Brazil was over 5kg per capita, leading the consumers among the coffee producing countries.

2.1.5 Coffee Prices

The coffee prices are influenced by three main factors: the purchasing price, the quantity of the coffee and the coffee demand of exporters and traders (Kuit, Nguyen Van Thiet & Jansen, 2007).

The world coffee prices witnessed the wide fluctuation in the period of the coffee crisis from 1989 until 2011. According to the report of the ICE Future US, the price of Arabica coffee beans rose erratically, just jumping to 274 cents in 1997, then dropping to 45 cents in 2001, finally recovering to almost 309 cents in 2011 (see Figure 2.6). Similarly, Robusta coffee beans also fluctuated, as prices went down to 17 cents in 2001 before climbing up to 120 cents in 2011 (Figure 2.7).

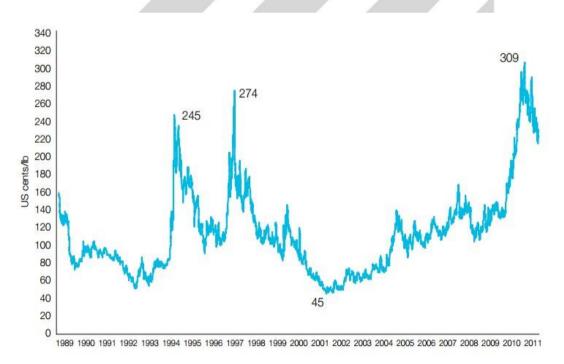


Figure 2.6 The Arabica coffee market 1989-2011

Source: Fairtrade and Coffee, 2012: Online

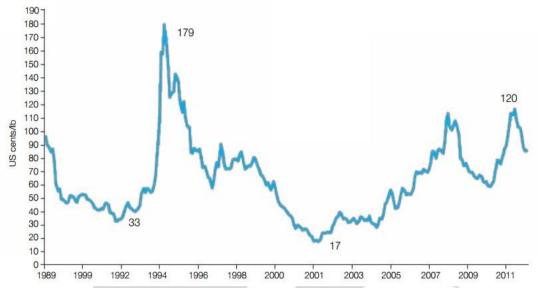


Figure 2.7 The Robusta coffee market 1989-2011

Source: Fairtrade and Coffee, 2012: Online

Nonetheless, in 2013 coffee producers experienced a downward trend in four kinds of coffee prices, the lowest level since 2009. Colombian Milds fell by 6.8% to 147.55 US cents. Other Milds decreased by 6.1% to 138.26 cents. Brazilian Naturals dropped by 7.9% to 120.01 cents. Finally, the strongest plunge was Robusta, falling by 8.5% to 90.79 cents (see Figure 2.8).

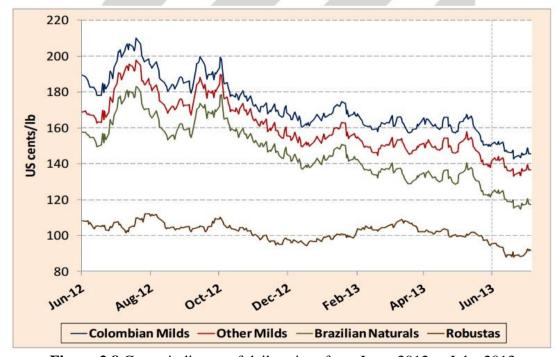


Figure 2.8 Group indicator of daily prices from June, 2012 to July, 2013

Source: Fairtrade and Coffee, 2012: Online

Moreover, there was a downward trend of the exchange rates over several months (see Figure 2.9). On the one hand, this trend could diminish the impact in price decreases of coffee farmers, rising revenue from coffee sales priced in US dollars. On the other hand, the exchange rates also influence the price of imported inputs, pushing up the production cost and mitigating investment in crops. A weaker exchange rate in exporting countries could also motivate the sale of stocks held by producers, to help increasing the supply of coffee to the world market (ICO).



Figure 2.9 Exchange rates of Brazilian real, Mexican peso and Colombian peso to US dollar

Source: Fairtrade and Coffee, 2012: Online

2.1.6 Coffee Culture

Coffee culture is defined as a social environment or a sequence of a social behavior that relates to coffee, in particular of a social substance. During the second half of the 20th century, espresso dominated the Western market and urbanized centers around the world. In many big cities around the world, espresso shops and stands can be seen everywhere. Thus, the term of coffee culture is more popular and it is used to depict the strong influence of coffee serving business into the world market (Miller, Vandome & John, 2009).

In 1822, the original espresso machine was invented in France. Until 1993, the first automatic espresso machine was operated successfully by Dr. Ernest Lily in Italy. Nonetheless, the espresso machine that is popular nowadays was a product of Italian Achilles Gaggia in 1946. Especially, the first pump driven espresso coffee machine was produced by the Faema company in 1960. The 20th century witnessed the coffee brewing boom. The introduction of espresso coffee machine started a revolution of coffee culture in coffee drinking markets. The most famous coffee drinks style is the Italian coffee culture with many kinds of coffee drinks: Espresso, Cappuccino, Latte, Macchiato, and Mocha. Besides this, the coffee filter and filter paper were invented and parented by Mellita Bentz in 1908. James Mason invented the coffee percolator in 1865. Furthermore, a Japanese-American chemist named Satori Kato from Chicago invented soluble or instant coffee in 1901. However, it was not common in the coffee market until Nestlé launched Nescafé in 1938 (ICO). Its advantage is its convenience of easy making, fast, cheap and convenient use, suitable for people in a hurry. The various coffee machines created new coffee brewing methods popped up everywhere with diversify coffee cultures (Bellis, n.d.).

Coffee is becoming a part of people's life, especially businessmen and students who need coffee as a boost of energy for a new day. The advancement of coffee brewing created the new trend in coffee house business. Despite the downturn of raw coffee bean prices, the coffee chain business is still growing every year. There is no sign of the coffee consumption decreasing and coffee chain continues to expand itself. According to Nazarali (2013), 65% of coffee lovers drink an average of 14 cups of coffee every week. 35% drink their coffee black and America spends \$18 billion on coffee every year. Recently, coffee shops started to provide a comfortable environment for customers to relax, enjoy coffee and chat with friends. Coffee business has become a huge potential market to penetrate into (Pholphasuk, 2009).

2.2 Vietnamese Coffee

2.2.1 Background of Vietnamese Coffee

In the early 19th century, the French brought coffee to Indochina by missionaries (Robequain, 1939, as cited in Doutriaux, Gesiler, & Shivley, 2008). Around 1890, the French established a striking coffee industry in the Annam Region. Although Laos and Cambodia started a coffee industry earlier, Vietnam became the

leading producer of coffee in Indochina in particular and Southeast Asia in general ("An Overview of Vietnamese Coffee") (see Figure 2.10).

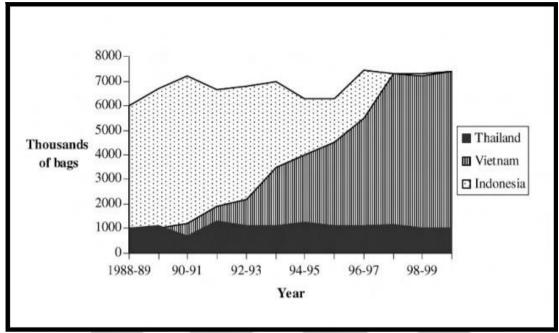


Figure 2.10 Vietnam coffee production within Southeast Asia **Source:** Fortunel, 2000: Online

Coffee was brought to Vietnam by the French in 1857, while the first coffee plantations were grown in church communities in Ninh Binh and Quang Binh provinces in 1888 (Doan et al., 2000). Due to colonial rule, the French cleared up the forests in Central Highlands and started growing coffee and rubber for export (Doutriaux et al., 2008). Initially, the majority of coffee imported to Vietnam was Arabica (Teulières 1961, as cited in Doutriaux et al., 2008). All coffee was grown mainly in state owned coffee collectivized (SOCCs), but it did not yield benefit to farmers (Phuong Tran, 2009). More than that, after World War II the fungus Hemileiavastatrix attacked Arabica coffee and it plunged considerably from 64.5% in 1945 to 1.7% in 1957. Robusta was the only one coffee that was able to survive from this disease. After that, French colonial administrators suggested farmers should concentrate on annuals such as rice; then many famers left the Central Highlands and went back to the delta to farm (Doutriaux et al., 2008). Therefore, coffee remained relatively unimportant in Vietnam until the 1980s (de Fontenay and Leung, 2001). Fortunel (2000) claimed that until 1987, Vietnam still produced coffee less in volume than thirty other countries in the world. In the 1980s, the government planned to create

a number of new economic zones across the country, 255 of which were in the Central Highlands, and they encouraged people to move there (Decree 95/CP of Vietnamese Ministerial Committee, as cited in Phuong Tran, 2009). After 1975, there were approximately four or five million people who had migrated to the Central Highlands (Doutriaux et al., 2008) and Vietnamese coffee expansion boomed in 1988 (Phuong Tran, 2009). Even though coffee was grown in many areas like the Western Highland, the Central and the Northern highlands of Vietnam, the ideal region for coffee production is in the lands in the Western highland provinces (Doan et al., 2000) (see Table 2.1). A vast amount of 85% of Vietnam's total coffee production was planted in the Western highland provinces. While Robusta coffee dominates the coffee production in Vietnam with approximately 90%; Arabica coffee consists of only 10% of the production area in Vietnam. The coffee growing area in North Vietnam increased from ca3000 ha in 1975 to 495,000 ha in 2007 (http://faostat.fao.org, as cited in P. Q. Trinh et al., 2009). In the decade between 1990 and 2000, 80% of Vietnamese smallholders cleared forests and planted approximately a million hectares of Robusta coffee (Greenfield, 2002). The government's encouragement and the increasing coffee's price motivated an upward trend of coffee plantations and coffee output in the early 1990s (Stockman, 2010). Following a policy of privatization and economic liberalization (Doi Moi) in 1986, collectivization was demolished and the state-owned coffee collectivized (SOCCs) were dispersed in the Central Highlands. "Surviving SOCCs are relabeled coffee companies; some are subsidiaries of the Vietnam Coffee Corporation (Vinacafe), which control 5% of productive coffee area and 7% of output. The rest of the state-owned coffee area is controlled by provincial administrations" (Phuong Tran, 2009: 9-10).

Table 2.1 Coffee production by region in Vietnam, 1996

Region	Yield	Production	Share in total
	(tons/ha)	('000 tons)	production (%)
Central Highlands	1.88	185,895	80.3
DakLak	2.09	134,815	58.2
Lam Dong	1.49	37,690	16.3
Gia Lai	1.59	11,457	4.9
Southeast	1.83	37,056	16.3
Dong Nai	1.87	29,894	12.9
North Mountains	0.99	4,443	1.9
North Central Coast	1.09	2,486	1.1
Soutn Central Coast	0.86	1,618	0.7
Total	1.82	231,498	100.0

Source: Minot, 1998: Online

Nonetheless, coffee has, indeed, suffered the fluctuation of the international market. Vietnam's entry into the world coffee market with the low-cost Robusta (Ponte, 2002, as cited in Dong Thanh Ha & Shively, 2007) influenced directly on international coffee prices, the coffee price dropped to 40 cents a pound in late 2001 – a three-decade low in constant dollar terms (Brown et al., 2001, as cited in Dong Thanh Ha & Shively, 2007). The Figure 2.11 shows the gate price and harvested coffee area in Vietnam between 1990 and 2002. The figure depicts the expansion of the coffee area in the latter of the 1990s and downward trend of coffee producer prices. In Vietnamese coffee's situation, de Fotenay and Leung (2001), the World Bank (2004), and Lindskog et al. (2005) (as cited in Dong Thanh Ha and Shively (2007) claimed that the downward trend in coffee prices had crucial impact on Vietnam, and reversed the fortunes of many smallholders. Famers who could get \$1.40 per kilogram of coffee suddenly earned only 40 cents (Doutriaux et al, 2008). Oxfam (as cited in Doutriaux et al, 2008) reported that 45% of all the coffee-growing small households did not meet the qualifying requirements, with 66% of them in bank debt, and approximately 50% had changed to self-employment and subsistence themselves at the time of the Oxfam surveys. Even though coffee prices recovered in the 2002-2003 production year, many smallholders in Dak Lak and its neighborhoods still struggled with very low producer prices (Dong Thanh Ha & Shively, 2007).

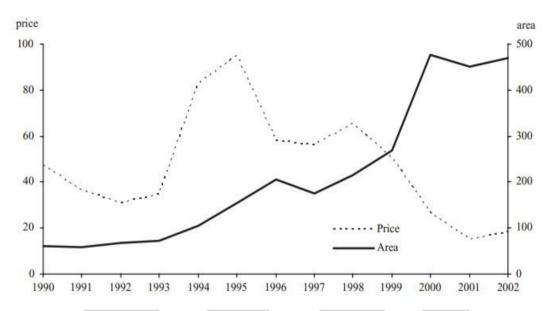


Figure 2.11 Farm gate price and harvested coffee area, Vietnam, 1990-2002 Source: Dong Thanh Ha & Shively, 2007

Due to the collapse of the International Coffee Agreement (ICA) in 1989, Vietnam officially surpassed Colombia to be the world's second largest coffee producer after Brazil in 2001 (see Figure 2.12). Until 1989, Vietnamese coffee occupied only 1.2% of the world coffee market, but it rose at a staggering pace and held 12.4% of this market after 10 years (Luong and Tauer, 2006). Between 1990 and 2000, the coffee output rose over 7.5 times, and the coffee cultivation area expanded with an average rate of 17% per year (up to 516,000 hectares in 2000). The export coffee volume made up 95% of the total output with nearly two million tons in 10 years; this gained the value of \$4 billion (Thematic Adhoc Group 1, 2002). In addition, after the collapse of the ICA, the world's coffee market became more competitive. The collapse of the ICA was an opportunity for Vietnam to break down existing barriers on Vietnamese coffee exports and accepting the exportation of an unrestricted volume of coffee on the world coffee market. The Vietnamese government took the advantage of this event to implement market-oriented policies that promoted free and global coffee production and competition (Luong and Tauer, 2006). From 1994 to 1999, Robusta coffee prices remained consistently above the entry level price, which motivated Vietnamese producers to increase their production (Luong and Tauer, 2006). The gradually increasing production area in Vietnam during the period of slump of the ICO price created a criticism towards Vietnam for the drastic and continuous decline in world coffee prices.

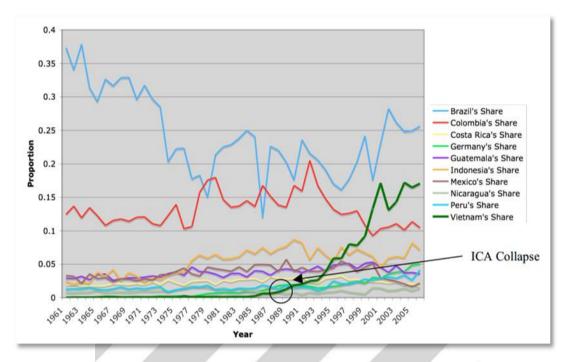


Figure 2.12 Top ten coffee producing nations: export market share (in tonnes) over time

Source: Luong and Tauer, 2006.

Meanwhile, due to the deforestation, defoliation, chemical residues, landmines, erosion and soil acidification and loss of biodiversity, the environmental issues in the Central Highlands have been harmed (Rambo and Jamieson, 2003, as cited in Doutriaux et al, 2008). Figure 2.13 illustrates the area of forests that were cleared up and replaced by coffee plantation. Furthermore, 60% of coffee plantations in Dak Gan were planted on the slope of the land, combined with the fact that coffee trees require an enlargement of the planting hole as they grow. This led to the rising of soil erosion and the risk of siltation in the downstream water reservoirs. It is acknowledged that the low quality of Vietnamese coffee remains a big problem (D'Dhaeze et al., 2005).

Stockman (2010) illustrated that Vietnam had sufficient conditions for coffee cultivation, but it was not initially realized until Vietnam transformed from being a closed economy to a more open market. It witnessed Vietnam's unexpected growth in coffee production. Coffee was depicted as a labor intensive crop due to its constant

attention of labor forces through the years for different productions stages, addition of a huge supply of labor in coffee cultivation, especially after the boomed population in the 1980s which was ready to migrate to the highlands as the recommendation of the government (Luong & Taurer, 2006).

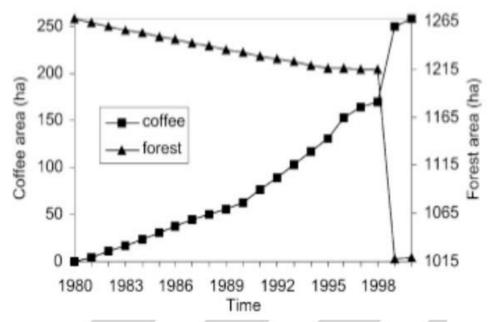


Figure 2.13 Expansion of coffee area and declining of forest in Dak Lak.

Source: D'Dhaeze et al., 2005.

In 2002, Vietnam coffee productivity reached 2,100 kilogram per hectare, almost five fold higher than Indonesia, double India and approximately triple that of the world on average. The high productivity had helped Vietnamese coffee producers reducing the production costs (Thematic Adhoc Group 1, 2002). According to Fairtrade Foundation (2012), after three decades of continuous expansion and development, the Vietnamese coffee industry had promoted Vietnam to become the world's second largest coffee producer. Coffee is now a crucial export crop for Vietnam after rice.

2.2.2 Domestic Market of Vietnamese Coffee

Even though Vietnam is a huge market with a large population, the domestic market is small which is consumed by mostly people in urban areas, meanwhile 70% of the population, living in rural areas or in the countryside, barely drinks coffee (Consumers International, 2005). Gonzalez-Perez & Gutierrez-Viana (2012) reported

that coffee consumption in Vietnam is less significant due to the influence of the tea drinking culture from the Chinese. In 2007, Vietnamese people consumed 500 grams amount of coffee per annum on average. The domestic coffee consumption of Vietnam is in the lowest group of coffee producers of the World Coffee Association (Report on coffee sector in Vietnam, 2007). Nevertheless, coffee drinking in Vietnam experienced an upward trend due to the proliferation of coffee shops and the overall changes in consumption patterns in the world (Gonzalez-Perez & Gutierrez-Viana, 2012). At present, Vietnamese consumers consume approximately 7% of the coffee produced by Vietnam every year (Huong Nguyen, 2013).

The domestic market is partly dominated by a number of famous brands that have achieved considerable popularity in the last few years. To meet the domestic demand, Vietnamese producers expanded distribution channels through supermarkets and retail shops, in addition of open their own coffee shops or franchises.

Huong Nguyen (2013) claimed that the market of packaged coffee products is divided into two sub-sectors:

Two-thirds are roast and ground coffee products which is dominated by Trung Nguyen coffee through a chain of innovative coffee products.

One-third is instant coffee products: The leading brand is G7 from Trung Nguyen Coffee Corporation (38%), followed by Vinacafe (31%) and Nescafé (27%) according to a market survey published in 2011 (as cited in Vietnam's coffee industry, 2013).

The 'Trung Nguyen' range of cafes and coffee products is the most popular coffee brand in Vietnam. This company opened the first coffee shop in 1998, and today, its brand name and presence are ubiquitous throughout the country with more than 1000 coffee shops in both the domestic and international markets (Trung Nguyen Coffee: Online).

A second company that is expanding rapidly is the Highland Coffee brand, which brings a premier coffee and service for middle and high-income people in urban areas. The first Highland Coffee shop was opened in 2002, and now Highland Coffee has expanded to operate 80 coffee shops in six cities and provinces across Vietnam (Highland Coffee: Online).

2.2.3 International Market of Vietnamese Coffee

According to Consumers International (2005), Vietnamese coffee beans are mostly produced in order to export. Coffee exportation yields more benefit for Vietnamese coffee producers than their own domestic market. Figure 2.14 illustrates that approximately 95% of Vietnamese coffee was produced purely for export.

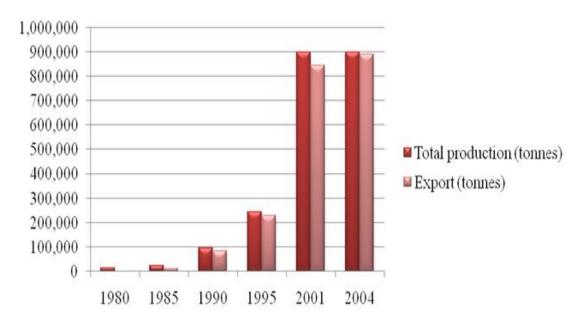


Figure 2.14 Coffee production and export in Vietnam 1980-2004 **Source:** Consumers International, 2005

According to the Fairtrade Foundation (2012), the average of Vietnamese coffee production is 1.1 million tons between 2007 and 2011 which comprised of 14% of the total world production (Figure 2.15) and coffee exporters with 1 million tons during 2007-2011, which consisted of 17% of the world exports (Figure 2.16).

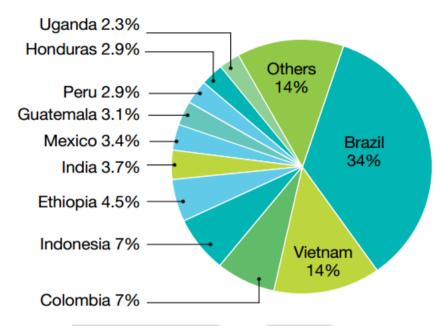


Figure 2.15 Largest producers of coffee as % of world production, 2007-2011. **Source:** Fairtrade Foundation, 2012: Online

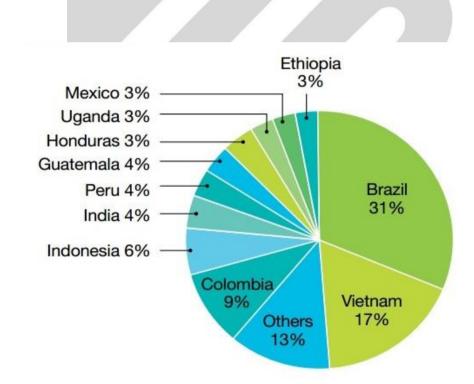


Figure 2.16 Largest exporters of coffee as % of world exports, 2007-2011

Source: Fairtrade Foundation, 2012: Online

In the first six months of 2010-2013, Vietnam exported coffee beans to 67 countries worldwide. Table 2.2 illustrates that the main export markets of Vietnamese coffee were the USA, Germany and Spain (Huong Nguyen, 2013).

Table 2.2 Key markets for green coffee exports in the 1st half of 2010-2013

	Country	2010/11	2011/12	2012/13	% Change
		(Oct. 2010 –	(Oct. 2011 –	(Oct. 2012 –	MY
		Mar.2011)	Mar.2012)	Mar.2013)	2012/13
					over MY
					2011/12
		(TMT)	(TMT)	(TMT)	%
1	United States	92	95	112	18%
2	Germany	70	113	103	-9%
3	Spain	43	37	71	92%
4	Belgium	76	25	64	156%
5	Italy	65	45	61	36%
6	Ecuador	13	26	28	8%
7	Japan	19	33	28	-15%
8	Russia	12	17	25	47%
9	Algeria	15	21	24	14%
10	France	12	14	22	57%
11	United Kingdom	15	18	20	11%
12	India	9	16	20	25%
13	South Korea	18	15	18	20%
14	China	14	15	17	13%
15	Others	114	221	151	-32%
Gran	nd Total	587	711	764	7.5%

Source: Huong Nguyen, 2013

Nevertheless, Vietnamese coffee producers mostly exported in raw coffee beans, which consisted of 99% of all production (see Table 2.3). Also, from 2000, Vietnamese instant coffee started to be exported into international markets (Table 2.4).

Table 2.3 Kinds of Vietnamese coffee exports in the Crop 2005-2006

No	Kind	Production (tons)
1	Beans	785,146,773
2	Instant	869,705
3	Others	8,890
Total		786,025,368

Source: Report on coffee sector in Vietnam, 2007

Table 2.4 Vietnam's soluble exports comparison

Year	Vietnam	India	Brazil
1999	N/A	186,820	668,162
2000	227	269,721	570,647
2001	597	281,831	701,322
2002	235	263,563	64,037
2003	594	N/A	1,104,031

Source: The Socialist Republic of Vietnam: Coffee Sector Report, 2004

2.2.4 Vietnamese Coffee Culture

Tea is still in a position of the traditional coffee of the country, while coffee is becoming a habitual drink of many Vietnamese people (Euromonitor, 2008). Coffee as a drink is served everywhere in Vietnam from the street vendors to the premium coffee shops, from rural area to big cities.

Vietnamese coffee is served with a small, metal, one-cup drip filter perched on top of the cup or glass. First, finely ground coffee was put in the bottom of the chamber, while using the insert to hold ground coffee tightly, and then pouring hot water into the filter. The hot water filters through the coffee grounds and fills into the cup. It can be served with condensed milk, and is enjoyed either hot or cold with ice (Berger, 2005). Vietnamese coffee has its own unique flavor and is rather easy in its making formula, to create a new coffee culture in the Vietnamese tradition.

Vietnam has a unique coffee culture, which differ from the western coffee style. Vietnamese people normally spend at least half an hour to enjoy a cup of coffee because they have to wait for coffee dripping from the filter into the cup. During the coffee dripping time, they can read a newspaper, smoke a cigarette, chat with friends

or just enjoy their free time. When coffee is ready to serve, they enjoy it slowly while they continue chatting, reading or smoking. In Vietnam, coffee accompanies with relaxation with family and friends. It seems very rare to see a Vietnamese national enjoying a cup of coffee while sitting entirely alone in a coffee shop. "There's an aspect of ritual to it: sitting, waiting, watching the coffee brew right over your own glass" (Zoepf, 2001: 91).

2.3 Coffee in Thailand

2.3.1 History of Coffee in Thailand

Thailand has never been considered a major coffee producing country in Southeast Asia, and is ranked third (after Vietnam and Indonesia) in Southeast Asia in raw coffee production (see Table 2.5). Nonetheless, coffee is a major source of income for Thailand's field of agriculture (Angkasith, 2001).

Table 2.5 Production in ASEAN countries in 2011/12* (Volume in 000 bags - % of world production)

	Robusta	% in World	Arabica	% in World
Indonesia	6,518	13.0%	1,733	2.2%
Lao	583	1.2%	0	0.0%
Philippines	340	0.7%	11	0.0%
Thailand	850	1.7%	0	0.0%
Vietnam	19,000	37.8%	1,000	1.2%
Sub-total	27,290	54.3%	2,743	3.4%
World total	50,291		80,087	

Source: José Sette (2012: 04)

McKee (2008) indicates that coffee was first introduced to Thailand in the 17th and 18th centuries by the French. They grew coffee in several provinces in the north near Myanmar (also known as Burma). Initially, Robusta was planted in the low-lying areas in southern Thailand in order to create a quick cash-crop for poor households (McKee, 2008). Nevertheless, Robusta coffee only started being officially developed in the 1960s after the government realized that Thailand was reported to import eight times more coffee than it actually exported (Angkasith, 2001). After that, from 1972 to 1979: "The Thai/UN Crop Replacement and Community Development Project was

implemented as a pilot project to explore the viability of replacing opium poppy cultivation with a variety of substitute crops and alternative sources of income, combined with related community development activities" (Angkasith, 2001: 119). Researchers later found that Arabica coffee yields great benefit for farmers. Today, Thailand produces both Robusta and Arabica coffee, but Robusta still consists of 99% of coffee production in Thailand. Thailand produces between 50,000 to 80,000 tons of Robusta annually, of which 60% is exported and the rest is mostly processed locally (Angkasith, 2001). According to Angkasith (2001), there are only a few thousand tons of Arabica coffee beans growing primarily in the cooler highland of the northern region of Thailand. It is mainly used in processing coffee for the domestic coffee market. Thailand started to export coffee from 1976, selling 850 tons of Robusta coffee beans and growing at a startling pace with the increase of the world market prices in the 1980s.

However, the collapse of the International Coffee Agreement in 1989 and the plunge in the world market prices posed some risks for coffee's industry in Thailand. The farmers faced an oversupply in the coffee market and the Thai government ended up with a solution of alternative crops in a five-year plan that was arranged to terminate at the end of 1992. At that point, coffee production in Thailand culminated to its peak in the time of 1991-1992 with 60,000 tons of exported coffee (Angkasith, 2001).

2.3.2 Thailand's Domestic Coffee Market

Thailand has been heavily influenced by the tea drinking culture over the last few centuries, which is the same as many other Asian countries, including China, Vietnam, Japan, India, South Korea, and so on. Since coffee is becoming popular internationally, many international brand coffee shops have been established in the larger cities, especially over the last decade. Those companies are expanding their own brands to every corner of the world. Hence, it is directly influencing Asian culture and therefore, the coffee business in Asia in general and Thailand in particular (Pholphasuk, 2009).

Domestic consumption in Thailand reached 70,000 tons per annum, rising to an average of 10% per year (Arunmas, 2012). Thai people consume approximately 200 cups per capita per year, which is still relatively low compared to 500 cups in Japan and 700-800 cups in the USA (see Figure 2.17) (Arunmas, 2012).

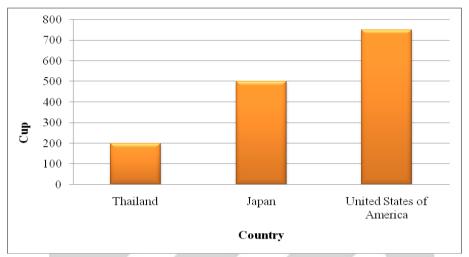


Figure 2.17 Thai coffee consumption comparing to Japan and the United States of America

Source: Arunmas, 2012: Online

Pholphasuk (2009) suggested that the coffee market in Thailand is dominated by three specific types of coffee products:

Instant Coffee: Although 60% of coffee beans are exported, the rest are used in domestic production for the instant coffee market (Angkasith, 2001). The consumption demand in Thailand for both instant and roasted/ground coffee has been escalating recently, especially for instant coffee (Pongsiri, 2013). Instant coffee accounted for less than 50% of the coffee market in 2007, whose turnover hit 12 billion baht, which was a rise of 5.3% when compared to 2006 (A research report on Thailand's Coffee, 2008).

Instant Coffee Canned: The market for 3-in-1 bottled coffee consisted of 4% of the entire instant coffee market in the last few years (A research report on Thailand's Coffee, 2008).

Beans & Ground / Filter & Sachet business is more prevalent nowadays. The target market focuses mainly on middle class and high class customers. Pongsiri (2013) claimed that both chain and independent coffee shops have just popped up considerably through the country within the last decade. The growth rate of the coffee

shop business has escalated by 10% (Pongsiri, 2013). Kimkong (2013) illustrated that in the past, the target market of this business was only businessman and travelers, but it is expanding to office people and students recently. Pholphasuk (2008) identified coffee shops as becoming the 'third home' for citizens and it pushes up the coffee business in Thailand.

In the Beans & Ground/ Filter & Sachet coffee business in Thailand, there are four common types of coffee shops in Thailand (Pholphasuk, 2009):

The foreign franchises. The biggest foreign franchise in Thailand is Starbucks, followed by Suzuki Coffee, Gloria Jean's Coffee and Au Bon Pain Coffee.

The foreign investors: Coffee World, Coffee Beans and Tea Leaf, etc.

Thai coffee shops owners and franchises: Black Canyon Coffee, Doitung Coffee, Doi Chang Coffee.

Thai coffee shop in gas stations: Baan Rai Coffee and Café Amazon.

2.3.3 Thai Traditional Coffee

Thai traditional coffee is still easily found in the street vendors. Thai coffee is not black and hot. Freshly-ground or beans is not used to make Thai coffee and it is not refined through a coffee machine like western coffee is prepared (Denny & Sunderland, 2002).

Thai people use filter socks or a gauze bag to filter coffee as a traditional method. Thai coffee is served sweet with condensed milk or sugar. This traditional filtered coffee which is served in a plastic bag full of ice is called, in Thai: "kaafae tung" (bag coffee). Thai coffee drinks have a distinguished taste and unique coffee culture in different places (Cavanagh, 2011). Denny & Sunderland (2002: 77) depicted Thai coffee forms are: "symbolic of larger cultural discourses and flows between East and West, tradition and modernity".

Since coffee is ubiquitous all over the world, coffee shops have started popping up everywhere and directly influencing the Thai drinking culture. Thailand has become an interesting market for the coffeehouse business. More international brands have gradually penetrated into the Thai market and more Thai coffeehouse brands have also opened up. Thai people prefer these brands rather than local coffee vendors, since coffee is still new and developing in Thailand (Pholphasuk, 2009).

2.4 Related Literatures

During the research process, it was discovered that there are not many previous studies that have researched the same chosen topic for this specific research project. However, there is some research that relates to the topic about the Thai coffee market, or factors influencing consumer behavior and the Vietnamese coffee industry. Related literature was collected in order to conduct a new topic of comparison between Thai and Vietnamese coffee drinkers in their consumer behavior.

Pholphasuk (2009) had previously researched a feasibility study of Okey coffee in the Thai coffee market. The research analyzed competitors in the market, the consumption for coffee in the Thai market. Based on that information, an overview of the Thai coffee market was provided.

Durmaz, Celik & Oruc (2011) studied about the influence of cultural factors on the consumer buying behaviors. Learning the culture of a country is a crucial stage in marketing. Market segmentation, target markets, product position were analyzed based on the concept of the cultural factor.

Durmaz & Diyarbakirlioğlu (2011) examined the impact of perception on the consumer decision making process. Perception is considered as an important concept in marketing because it indicates how consumers perceive the products. Perception of an individual is distinguished from the perception of other people. Understanding carefully of consumer perception is important in running marketing campaigns and approaching consumers and also attracting potential consumers.

Gonzalez-Perez & Gutuerrez-Viana (2012) compared the Vietnamese coffee market and Colombia coffee in terms of production, export as well as import.

Zoepf (2001) studied about the Vietnamese coffee culture. Drinking coffee in Vietnam is considered as a culture, different from any other western coffee style. Vietnamese coffee is drunk slowly, while enjoying the life, reading newspapers, chatting with friends or family. There is a culture of patience: sitting, waiting and watching coffee drop into the cup in the Vietnamese coffee culture.

Based on the previous research of the Vietnamese coffee industry, the Thai coffee market, and factors of consumers' behavior in general, this specific research project studied, collected and arranged a range of useful information for the researcher

to refer and then conduct new topic of comparison between Thai and Vietnamese coffee drinkers in their consumer behavior.

2.5 Factors Influencing Consumer Behavior

2.5.1 Culture

Richerson and Boyd (2005:5) claimed that "culture is information capable of affecting individuals' behavior that they acquire from other members of their species through teaching, imitation, and other forms of social transmission". In that sense, culture represents the personality of a society and it has no boundaries (Schiffman & Kanuk, 2004).

Culture is a vital concept to interpret clear details about consumer behavior. Because of the strong influence of culture on consumer behavior, Schiffman & Kanuk (2004: 408) defined culture as the: "sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society".

Schiffman & Kanuk (2004) also depicted each element in the culture concept. Beliefs reflect a person's knowledge and evaluation of something. Values sometimes are defined as beliefs; however, values account for some different criteria:

- They consist of few in number.
- They are considered as a guide for culturally appropriate behavior.
- They are hard to adjust.
- They are not based on particular objects or contexts.
- They are widely accepted by all or most numbers of a society.

Customs are social habits, consisting of everyday or routine, habitual behavior. Customs are culturally approved or accepted in a given specific context. While beliefs and values are considered as the behavioral guides, customs are traditionally acceptable ways of behaving (Schiffman & Kanuk, 2004).

The consumer behavior of an individual may be imitated or rejected by others. If it is accepted by the numbers of people in the society and mimicked, it can be the group's norm of behavior and named as being a definite part of the culture of a given population (Luna & Gupta, 2001).

There are many traits of culture to identify how culture affects consumer behavior, as noted by Odabaşi & Bariş (2003) who identified the main aspects as this:

- Culture is traditional.
- Culture is formed.
- Culture can be altered.
- Culture may be different or similar.
- Culture is organized and gathered.
- Culture is accepted and shared among people in a community.
- Culture determines demands.

Kirtiş (2001) indicated that cultural factors are distinct among consumers inside and outside a country. Cultural differences in consumer behavior creates a vast gap amongst different countries.

The model (Figure 2.18) shows the interaction between culture and consumer behavior. A behavior is the outcome of that cultural value system in a specific context (Luna & Gupta, 2001). Marketers convey the cultural values to consumer goods through marketing communication (McCracken, 1986, 1988; Luna & Gupta, 2001). Culture causes consumer behavior in order to develop a framework that can be easily implemented to compare the behavior of consumers from different cultures and removes any cultural elements that may cause any consumer behavior differences (Luna & Gupta, 2001). The components of consumer behaviors are expressed as "the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives" (Bennett, 1995, as cited in Luna & Gupta, 2001: 51). Cognition consists of awareness, perception, reasoning and evaluation. The attitude or intention process is mentioned in affect and it influences attitude evaluating things, either material or abstract. Consumer choices and a behavior model is depicted in behavior (Luna & Gupta, 2001).

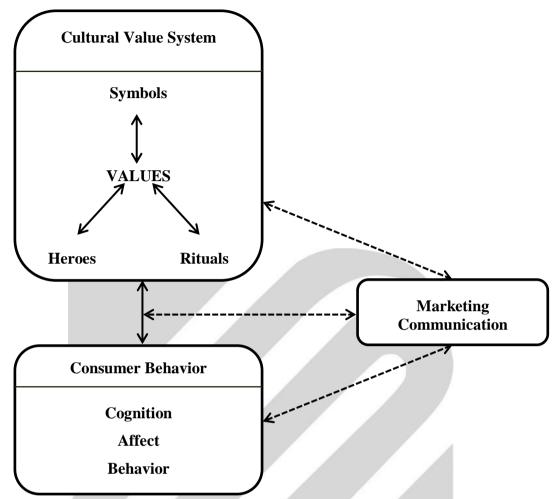


Figure 2.18 A model of the interaction of culture and consumer behavior

Source: Luna & Gupta, 2001

The marketers think that consumers would like to imitate each other in many aspects in life such as food, clothes or television programs. However, this is a misconception (Kirtiş, 2001). In order to trade in international market, the marketers must overcome the cultural and economic barriers among countries, improve the worldwide competition in the market and understand different traditional beliefs, preferences, habits, and local rituals and customs (Durmaz, Celik & Oruc, 2011; Wainwright, 1994). Culture involves society's thoughts, words, traditions, language, materials, attitudes and feelings (Czinkota, 2001). Durmaz, Celik & Oruc (2011) indicated that culture is an important factor of consumer behavior, so learning cultural elements of a country is a vital step in marketing, especially in identifying a specific market segment, target consumers, and the product position.

Culture affects consumer behavior naturally and automatically, which may reinforce and strengthen the manifestations of culture (Schiffman & Kanuk, 2004; Peter & Olson, 1998). Culture satisfies the demands of people in a community. Therefore, if a product is neglected, rejected and no longer accepted by people, it may well become modified in order to re-attract customers (Schiffman & Kanuk, 2004).

2.5.2 Personality

Society and the living environment can directly influence a person's characteristics. Personality consists of personal and individual traits that determine their reaction to the environmental stimuli. When an individual responds consistently to various environmental contexts, these conceptual models of reaction or globalized patterns of coping can be named as being a personality (Kassarjian & Sheffet, 1991).

Schiffman & Kanuk (2004: 120) defined personality as: "those inner psychological characteristics that both determine and reflect how a person responds to his or her environment". Particular qualities, attributes, traits, elements and styles that distinguish an individual with others are characteristics of a distinctive personality.

The different levels of ambition, competitiveness, and conservatism create the unique personality of each consumer (Marx & Hillix, 2006). There are three distinct properties of personality as listed below by Schiffman & Kanuk (2004):

Personality reflects the differences among people. Each individual has a different personality to distinguish from other people.

Personality is consistent and long lasting.

Personality can be modified and adapted, based on the changes in each individual's life.

One of the most critical factors in marketing is the understanding of consumers and potential consumers. Knowing the desire, trends of purchasing behavior of a consumer can help marketers make the right decision in their marketing strategies. Having a deep understanding of consumer buying behavior also recommends the vital impacts on consumer decision making (Sarker et al., 2013).

Due to the different personalities of the target market, products and brands are created with different personalities. Brands have their own personalities, and mainly consist of traits and gender factors. Brand personalities are created based on the consumer reactions, preferences and loyalties. Also, individuals have a given perceived self-image according to their traits, habits, possessions, relationships, and ways of behaving (Schiffman & Kanuk, 2004). Thus, consumers buy products to reflect their personality (Sarker et al., 2013). That is the reason why personality types of their target market play an important role when marketers develop their products or advertising and promotional campaigns (Bhasin, 2006).

With the incredible growth of the economy, society, culture, together with fashion in the world through the years, people are more concerned about their image and the status in the society. The products individuals consume are affected by the profession or occupation of the consumers. An individual's status is shown through a wide variety of symbols. Also, personalities' traits and self-concepts are reflected through their lifestyles. A lifestyle is an individual's mode of living as identified by their own activities, fascination and opinions (Bhasin, 2006).

Consumer behavior is also affected by the human life cycle. The life cycle involves maturity periods, the accumulated experiences, changes in income and social status. Human life cycle witnesses the evolved tendencies of consumer's attitude and behavior. In terms of each period in the present life cycle, marketers can identify their target consumers and the relevant market (Chowdhury, 2007).

Even though every personality is unique, individuals, members in a community or society may have a given characteristic or common interest with each other. Those interests have an effect on the assumption of products or brands. Therefore, marketing should consider the conscious perspectives as well as the more rational aspects in developing ways to appeal and understand consumer unconsciousness motives (Chowdhury, 2007).

Although personality as a single or global construct and is a good predictor, it is not easy to provide such a clear and exact behavioral evaluation without any relevant information about consumers, for instance, the demographic characteristics, attitudes, motivations, and values. The degree of the relationship with consumer behavior is affected by the levels of structure particularly. Personality is considered as being a general construct, whereas attitudes are depicted as an intermediate level, and particular characteristics depend on given contexts and behavioral aspects of consumer's nature. Therefore, the relevant hypothesis in the certain structure and

given context can create the variety of predictive validity of consumer behavior (Nakanishi, 1972; Kassarjian and Sheffet, 1991).

2.5.3 Consumer Perception

Perception is the process of individual selecting, arranging and interpreting stimuli to create a meaningful and coherent picture as defined as perception. Consumers usually make decisions through what they feel, perceive rather than the basic of objective reality. Therefore, perception has a strategic significance for marketers (Schiffman & Kanuk, 2004).

The human five senses (observe, hear, smell, taste and touch) used to be applied as the methods of understanding stimuli and measuring responses to them in the past, but they were found to be inadequate to interpret the whole environment. Even though the five senses play an important role is human's comprehension of an event, human's interpretation of a sensation may lead to false perception (Nessim & Richard, 2013). That is the reason why researchers distinguish between sensation and perception as it is extremely necessary when interpreting consumers' behavior. Sensation is immediate and a direct reaction to stimuli through sensory receptors (Schiffman & Kanuk, 2004). Perception is the individual's subjective reaction based on the physical stimuli, the stimuli's relationship to the environment, as well as the specific conditions of the individual involved. The very same objects or phenomena can create a different perception according to three perceptual processes: selective attention, selective distortion, and selective retention (Kotler, 2002).

Selective attention: people are exposed to millions of detailed information every day. In this stage, each individual tends to selectively pay attention to a limited amount of information that they are personally interested in.

Selective distortion: after selective attention, a consumer interprets information in the tendency that they support and believe.

Selective retention: in the final stage, each individual only retains the part of the information that supports their own attitude and personal beliefs.

According to Figure 2.19, perception occurs when individuals receive information, interpret it through the sensory organs (eyes, ears, nose, mouth and skin), and select given information from a series of stimuli through the cognitive filter

(Funk, 2008). Perception classifies any transmitted signal into meaningful and coherent categories, creating models, and setting names or images to them.

Perception is the transference of raw data (sensation) from stimuli into meaning through the five senses (Burnett, 2008). An individual can add or remove the sensations that are meaningful to them. Then, by considering elements associated with each alternative and context, the individual makes a subjective selection for themselves. A small percentage of the available raw data can be accessed and processed to be consistent with their desires. The culture background also has a certain influence on these expectations (Durmaz & Djyarbakirlioġlu, 2011).

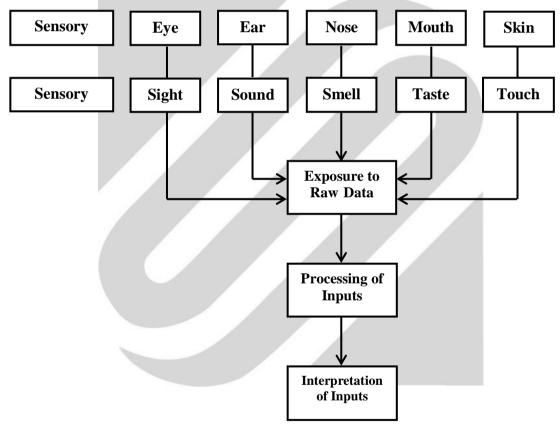


Figure 2.19 Perceptual process

Source: Nessim & Richard, 2013

Consumer perception is the most important psychological factor influencing human behavior (Durmaz & Dįyarbakirlioġlu, 2011). Perception represents the way that information about the products is collected, analyzed, processed, encoded and interpreted in the human brain. Therefore, it is directly relevant to consumer behavior (Mcneal, 2007).

Perception can measure the failure or success of products in the marketplace (Nessim & Richard, 2013). Understanding consumer perceptions are extremely important to marketers because perceptions are established based on the role of an individual in perceiving and interpreting communication (Nessim & Richard, 2013; Rajagopal, 2007). Each individual has fragments of an incomplete picture of the world; the human brain fills the gaps and connects those fragments through the process of integrating information. The process may use common rumors, previous experience or one's imagination to complete the picture of the world for each individual. The communication process can be the tool to fill-in the gaps, but it also can cause the issue of breaking through the selection and analysis process (Blythe, 2008).

Perception is a vital concept in marketing because it shows the way each consumer acquires the products, brands and services. Consumer perceptions are unique with others and they determine the purchasing behavior of consumers differently. In order to run the marketing campaigns and approach consumers, marketers need to deeply understand the current consumer perceptions within their target consumers. With that understanding, then their products will be recognized, interpreted and stored in each consumer's memory for the basics of the overall consumer perception (Durmaz & Dįyarbakirlioġlu, 2011).

2.5.4 Consumer Attitude

Each individual has a different attitude in order to respond to the products, services and advertisements that they acquire and observe. Consequently, within the field of research covering consumer behavior there is a growing appreciation of the strategy value of attitude research (Schiffman & Kanuk, 2004).

Attitude is formed selectively to satisfy consumer demands and it could be altered by external elements (Chisnall, 1995). Attitude is defined as "a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object (brand, service, or retail store)" (Schiffman & Kanuk, 2004: 253). Attitudes are shaped according to the previous experience with the specific product, and is acquired from others or exposure from the mass media. Both attitude and the consumer behavior have consistency with each other. However, consumer attitudes are affected by the individual circumstances. In specific contexts, consumers behave

in different ways inconsistently with their attitudes. Also, a person's attitude can be modified and adapted over time (Schiffman & Kanuk, 2000).

Attitude influences consumer decisions significantly in purchasing a product, brand, service or selecting a shopping place. Also, attitude is a tool to measure how marketing strategies and advertisements affect the consumers' decisions. Moreover, the consumer's demand on existing products or new products can be predicted by measuring the consumer's attitude (Blackwell et al., 2001).

Attitude can be changed based on society, trend or environment surrounding the consumers. That is the reason why many companies undertake surveys about consumer attitude on a large scale in order to catch the consumer changes over time. Even large companies can end up with some dramatic failure if they lack the understanding of society's attitude change towards their products or services on offer (Peter & Olson, 2008). Although attitude cannot predict the consumer behavior in the future, but it can show the consumption trend at the present day stage in a particular context (Chisnall, 1995).

2.5.5 Communication and Consumer Behavior

Schiffman & Kanuk (2004: 293) defined communication as: "the transmission of a message from a sender to a receiver via a medium (or channel) of transmission". There are five elements in the communication process including sender, message, channel, receiver. In addition, feedback is a necessary element in the communication process which responds to the message of the sender. Figure 2.20 depicts the basic communication model.

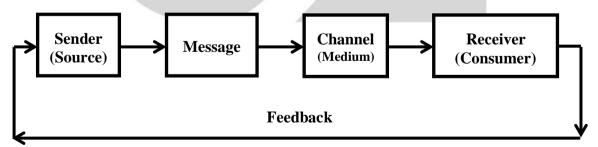


Figure 2.20 Basic communication model

Source: Schiffman & Kanuk, 2004

According to figure 2.21, the sender starts the communication process by encoding the message throughout words, symbols or gestures. The message can be

formed verbally or non-verbally. After that, the message is transmitted via a channel (or medium). The medium then conveys the message through conversation, a telephone call, email or a traditional letter. At this channel stage, noise can cause different perceptions which may distort the original message. Then, the receiver interprets the message into meaningful and coherent information. Finally, feedback conveys the message back to the sender. The sender is allowed some feedback in order to confirm whether the information has been received and understood or not (Lunenburg, 2010).

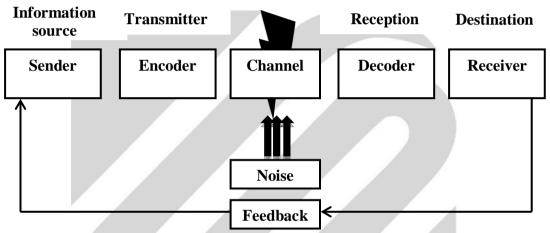


Figure 2.21 Shannon-Weaver's model of communication

Source: Shannon & Weaver, 1949

The sponsor must set the communication objectives for their products. They can be consumer awareness, promotion sales, or given practices. Identifying target consumers is the most important stage in order to establish a communication strategy and approaching consumers properly. In terms of the similar characteristics, the sponsor can set the target consumers into specified groups. It helps the marketers to create specific messages and media for each target group. Public relations is also a popular communication strategy for many companies to help them reinforce and gain a positive corporate image (Schiffman & Kanuk, 2000).

According to Schiffman & Kanuk (2004), media strategy is an essential factor in a communication plan. First, advertisers need to consider a consumer profile of the target market and develop it in order to clearly understand their target consumers. Next, a general media category needs to be selected to enhance the message. Finally,

selecting a specific medium for an appropriate consumer profile will be performed by a media company.

Schiffman & Kanuk (2000) classified advertising media into three major groups:

Cyber world: online magazines, social network, forum, search engine.

Precision Targeting: this strategy divides the market into specific target segmentations in order to find a specific niche. Marketers use selective binding to narrow down their target segments. It is the computerized system to help the marketers screening data bases to identify a specific target consumer.

Direct marketing: mail, print, broadcast, telephone, or cyberspaces are considered as the direct marketing when the advertisement is sent directly to the target consumer via their online addresses. Electronic shopping is also a tool of direct marketing, for instance, home-shopping TV channels, interactive cable, the Internet, and stand-alone shopping kiosks.

2.5.6 Consumer Motivation

Schiffman & Kanuk (2004: 87) defined motivation as "the driving force within an individual that impels them to action". This driving force is generated by a tension status, which consists as an outcome of an incomplete demand. Individuals make an effort both consciously and subconsciously to reduce this tension through behavior that they expect their demands will be fulfilled and their stress will be released.

According to Schiffman & Kanuk (2000), human needs are the nature of the marketing concept. Marketers do not create needs. There are two types of needs:

Innate needs: a natural physiological factor which is formed congenital. It relates to the required elements in a physical life such as food, water, clothes, house, sex, and safety.

Acquired needs: these are a primary physiological factor, involving love, acceptance, self-esteem, and self-fulfillment.

Goals are the search after outcomes of motivation behavior. Goal orientation influences directly on consumer behavior. There are two types of goals: (Schiffman & Kanuk, 2004):

Generic goal: is a general category of goal that may meet a certain need.

Product-specific goal: is a specific product or service selected by consumers in order to achieve the goal fulfillment.

Figure 2.22 shows that people's need and motivations are intensively connected to each other (Chisnall, 1995). Needs and goal objects are interactive, mutual support and modified to meet the individual's health condition, environment, interaction with others and experiences. After a demand is fulfilled, the new higher-order demands will be created which must be satisfied (Schiffman & Kanuk, 2004).

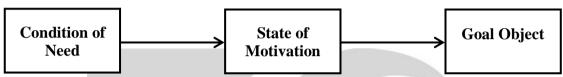


Figure 2.22: Motivation links needs and objectives.

Source: Chisnall, 1995

A model of the motivation process is presented in Figure 2.23. The model depicts the motivation as an individual in tension status. In order to satisfy the needs and reduce the tension, the individual is driven to engage with certain behavior. The satisfaction when the goal is achieved depends on the process of pursuing. The specific goals and the method of pursuing action are formed basing on the cognition understanding and the person's previous learning (Schiffman & Kanuk, 2004).

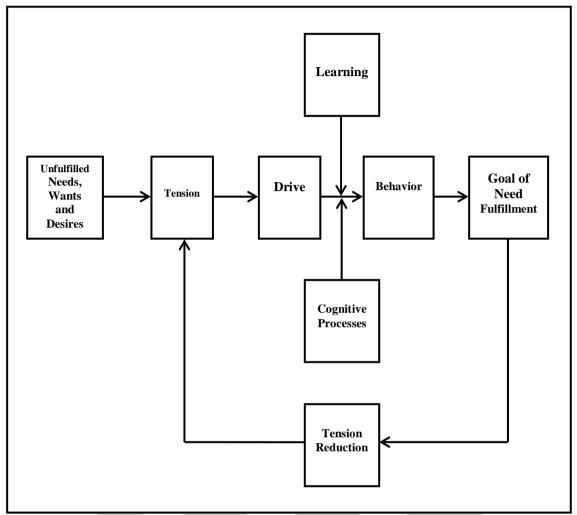


Figure 2.23 Model of motivation process

Source: Schiffman & Kanuk, 2004

Maslow's theory, as presented in Figure 2.24, was originally formulated by Dr. Abraham Maslow in 1943, in an academic paper he published entitled: "A Theory of Human Motivation" in the Psychological Review journal.

The theory divides human needs into five levels from the lowest, most basic needs for survival, to the highest level of a person's desires. When a level is satisfied, it is no longer a human motivator (D'Souza, 2008).

Physiological needs are the first and most basic level of human needs (Schiffman & Kanuk, 2004). These are basic but important needs to maintain and endure the human life. Therefore, if this level of needs is not satisfied, other motivation factors cannot work either (D'Souza, 2008).

Safety needs: this level includes concerns about physical dangers, property loss, or unemployment; it also involves the protection against negative emotional impact (D'Souza, 2008).

Social needs: In this level, an individual wants to be satisfied on the emotional side of life, including love, affection, belonging, and acceptance; to seek a human relationship with other people; and it is motivated by family love (Schiffman & Kanuk, 2004).

Esteem needs: this is concerned about egoistical needs (Schiffman & Kanuk, 2004). Self-respect, autonomy and achievements are internal esteem factors; and recognition and attention are external esteem factors. Both are involved in this level of needs (D'Souza, 2008).

Need for self-actualization: this is the highest level of hierarchy of needs for humans. The capacity to becoming what a human wants: maturity, achievement, and self-fulfillment is involved in this level. It maximizes one's potential and to accomplish something (D'Souza, 2008).

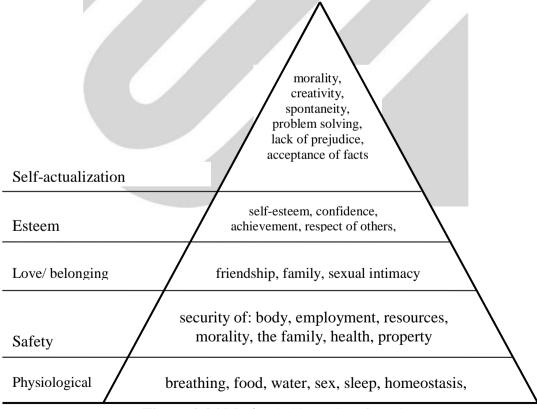


Figure 2.24 Maslow's hierarchy of needs

Source: Maslow, 1943

The main problem that exists in this theory is that it cannot be examined empirically. There is not any credible approach to measure precisely how a level of hierarchy of needs is satisfied before turning to the next higher level (Schiffman & Kanuk, 2004). However, the hierarchy of needs is easy to understand and it can be the groundwork to the theory's intuitive foundations (D'Souza, 2008).

2.5.7 Consumer Decision Making

A decision is the choice of a consumer among various alternative choices. Not all consumers' decisions receives or requires the same information (Schiffman & Kanuk, 2000). There are three specific levels of individual consumer decision making: 1) extensive problem solving; 2) limited problem solving; and 3) routinized response behavior (Howard & Sheth, 1969), which will be explained in detail below:

Extensive problem solving: at this level, consumers have either no evaluation standard towards the products or have numerous choices, and then they are in an extensive problem solving stage. Therefore, a range of criteria is needed to be established in order to make an assessment towards a specific brand or product.

Limited problem solving: at this level, each individual has already formed their product evaluation criteria for themselves, but preferred categories still have not been established. Therefore, the consumer needs to fine-tune in order to seek for additional information. Additional brand information is collected to distinguish among the variety of brands on offer.

Routinized response behavior: at this level, consumers already have previous experiences about the products, brands or services. Also, a set of criteria to evaluate the brands has already been formed. The search for a small amount of additional information can be added. A consumer's problem solving task is based on the product selection criteria, existing brand's information of consumers, and narrow categories of the brands.

Figure 2.25 below here, depicts the model of consumer decision making. The model reflects the cognitive processes, problem-solving, as well as emotional aspects of consumer decision making (Schiffman & Kanuk, 2004). The structure of the model includes five stages of the decision process: 1) need recognition; 2) information search; 3) evaluation of alternatives; 4) purchase; and finally 5) post-purchase evaluation (Schiffman & Kanuk, 2004). These decisions are influenced by two core

factors. Firstly, the consumer receives and processes various stimuli, combined with previous experiences and memories, and secondly, there are external variables in the form of either environmental influences or individual differences. Culture, social class, personal influence, family and given situation are identified as the environmental influences. Meanwhile, consumer resources, motivation and personal involvement, knowledge, attitudes, personalities, values and lifestyle are all considered as the individual influences (Blackwell, Miniard & Engel, 2001).

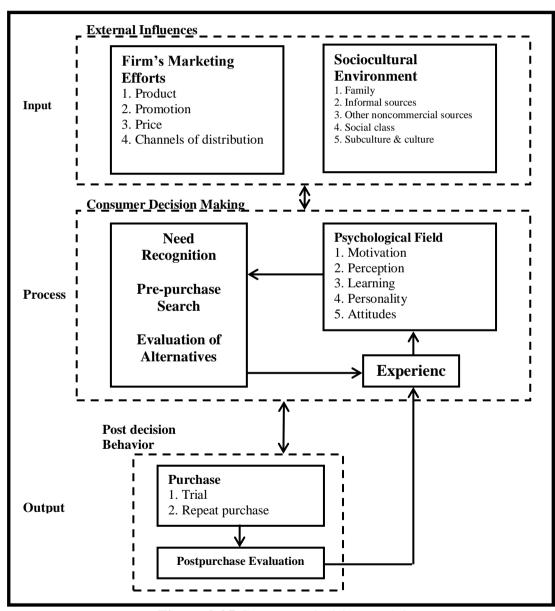


Figure 2.25 Consumer decision model

Source: Schiffman & Kanuk, 2004

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Research projects investigate unanswered questions which currently do not exist and some results respond to those enquiries (Goddard & Melville, 2004). Research is defined as a systematic attempt to acquire some new knowledge (Redman & Mory, 2009). Different criteria are used for discovering and solving the certain research problem which is stated in the methodology section. There are numerous types of methods corresponding to different sources that are used to solve the research problem. Research methodology is the tool to identify the problem of a specific matter and find out the objective outcome for it (Industrial Research Institute, 2010).

3.2 Research Philosophy

Research philosophy is the initial stage of selecting an appropriate research method and evaluating the research strategy in research methodology (Crossan, 2003). There are two typical research philosophies consisting of the positivist paradigm and the interpretivist paradigm (Bryman, 2004). On the one hand, the positivist paradigm is applied in systematic and statistical research in order to find out a unified conclusion through the test reports (Bielefeld, 2006). On the other hand, the interpretivist paradigm claims that human beings are distinguished amongst each other; people express their personal feelings and opinions differently (Bryman, 2004).

As mentioned in the objectives of this research thesis, this specific research project aimed to interpret and understand, at a deeper level, the consumer behavior of Thai and Vietnamese coffee drinkers towards Vietnamese coffee. Hence, the interpretivist philosophical approach was implemented in this research.

3.3 Research Approach

The research method plays an important role in increasing the validity of a research project (Cresswell, 2009). There are two main types of research approaches consisting of deductive and inductive (Fisher et al, 2007). The deductive approach is commonly used in the quantitative research method (Saunders, Lewis and Thornhill, 2003) in order to test the hypothesis of a study; while the inductive approach is

implemented in qualitative research in order to interpret opinions of different individuals in the society (Bryman and Bell, 2007). This study aimed to understand and interpret consumer behavior of both Thai and Vietnamese coffee drinkers towards Vietnamese coffee, based on different points of view and personal experience of the different interviewees. Therefore, the inductive approach was conducted.

3.4 Research Strategy

There are two main types of research method: the qualitative research and quantitative research (Maxwell, 2006). Qualitative research aims to achieve soft, rich and deep findings, while quantitative research brings standardized, hard and objective outcomes (Corbetta, 2003). This specific research project aimed to understand and interpret the culture, personality, perception, attitude and motivation of Thai coffee drinkers in their purchasing coffee decision, and then compare Thai and Vietnamese coffee drinkers in their consumer behavior. Therefore, the research was conducted by using only the qualitative research approach.

Qualitative research is considered to be: "an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency of certain more or less naturally occurring phenomena in the social world" (Van Maanen, 1988: 18). According to Hancock (1998), qualitative research aims to explain the social problems, help humans in their understanding of the world through different social aspects and answer the unanswered questions. Normally, qualitative research interprets why people behave and react the way they do, how opinions and attitudes are established, how people become influenced by the things happening immediately surrounding them, why cultures have been modified and altered, how culture develops, and why there are differences and similarities among groups in a community or society (Hancock, 1998).

3.5 Data Collection Method

Data collection is a crucial step of any research project. The hypothesis of the study is accredited and provided with both validity and legitimacy based on the value of the data that is collected (Blumberg, Cooper and Schindler, 2005).

3.5.1 Secondary Data

Secondary data sources are those sources which were written or used by other scholars, which provides useful sources to answer and solve the research questions (Dale, Arber & Proctor, 1988). In this study, the secondary sources used were statistics, academic thesis and dissertations, previous studies, articles in academic journals, reports, conferences, maps and textbooks. All the information gathered from website pages was also considered as being a secondary source. These were valuable sources and formed one of the basic foundations of the background information for the formation of the interviews, results and discussion.

3.5.2 Primary Data

According to Hancock (1998), in the qualitative research method, data is collected directly through the interaction between an interviewer and the interviewee or in a group setting. Data collection in qualitative research is usually time consuming and collected in a small scale. However, the acquired data is often richer and deeper points of view into the phenomena of the research when compared to ticking a box in a multiple-answer questionnaire. Raw qualitative data cannot be analyzed statistically like quantitative data can. The main methods of collecting qualitative data consists of an individual in-depth interview, observations and focus group discussion. The research in this project was conducted by several individual in-depth interviews.

According to Powney and Watts (1987), there are three types of interview: structured, semi-structured and unstructured interviews. A structured interview is a closed-ended interview in which the interviewer prepares the rigid set of questions to ask the interviewees (Gill and Johnson, 2002). A semi-structured interview includes a range of open ended questions based on fields related to the main topic. Those kind of questions lead both the interviewee and interviewer to discuss in far more detail about the topics concerned. The interviewer can also make a suggestion to expand or clarify, if the interviewee has any difficulty in responding to the questions or is giving short answers (Hancock, 1998). The unstructured interview is an open-ended interview, in which all the questions are flexible in order to achieve the natural responses from the interviewees (Klenke, 2008).

The semi-structured interview was applied in this research as the main qualitative research method, based on the merits and demerits of the three types of interview as mentioned in Table 3.1 below (Saunders, Lewis and Thornhill, 2009).

Table 3.1 Advantages and disadvantages of three types of interview

Types of interview	Characteristics	Advantages	Disadvantages
Structured	Use	Standardized format	Low social
	questionnaires	allows all the answer	interaction between
	based on a	to compare across all	researcher and
	predetermined	samples.	respondents.
	and standardized	Permits the researcher	Rigid and restrictive
	or identical set of	to easily analyze the	format lead to
	questions	response as they are	restrictive answer.
		normally pre-coded.	Constrain possibility
		Allows generalization	to gain additional
		of results to the	potentially useful
		population from which	information.
		the sample was drawn.	
Semi-structured	A list of adaptable	Enable the researcher	Answers are difficult
interview	themes and	to adapt the order and	to quantify and
	flexible questions	questions to respond to	analyze due to its use
	to be covered by	the interview situation	of an occasional
	the researcher	as appropriate.	spontaneous
		Allow the respondents	questions.
		to be equally flexible	
		to discuss about	
		question-related	
-		topics.	
Unstructured	No predetermined	Allow the interviewees	Difficult to replicate
interview	list of questions to	to talk freely about	and inability to
	work through;	events, behavior and	generalize finding to
	questions are not	beliefs in relation to	a wider population
	planned	the topic area.	Hard to analyze
		Flexible, responsive	because of the
		and natural for	different
		participators.	interpretations
			individuals might
			have

Source: Saunders, Lewis and Thornhill, 2009.

3.6 Sampling

The research was conducted by in-depth interviews consisting of four experts of Thai coffee and four Vietnamese managers of Trung Nguyen Coffee – the number one coffee brand in Vietnam, based on their experience about coffee and consumer behavior of coffee drinkers. The first interviewee was the store manager of Trung Nguyen Coffee. The second was the customer service manager of Trung Nguyen coffee headquarters. The third respondent was a professor of Vietnamese culture from the Hanoi University of Culture. The fourth interviewee was the manager of Phuc Long Coffee and Tea Express. The fifth respondent was the owner of Butter P Coffee shop in Bangkok. The sixth was the manager of Chao Doi Coffee, at the Muang Thong Thani branch. The seventh interviewee was the store manager of Café Amazon, Muang Thong Thani branch. The final interviewee was manager of the Bon Café.

3.7 The Process of Data Collection

The interview process was undertaken in April 2014 including the initial contact with the interviewees, booking the appointments and then interviewing. Due to the difficulty of any geographical distance, the interviews are able to be conducted online if the interviewees are unavailable to travel but are available online (Flick, 2009). According to Cooper and Schindler (2006), individual interviews normally take around twenty minutes (for telephone interviews) and two hours (face-to-face interviews). Therefore, the interviews were conducted through Skype with the Vietnamese interviewees, lasting for approximately 20 minutes, and a face-to-face interview with the Thai interviewees, lasting for approximately 30 minutes. Besides this, because of a language barrier, the interviews were conducted in Vietnamese with the Vietnamese interviewees but then translated into English and in English language with the Thai interviewees. After that, the researcher used a voice recorder software "Nuance Dragon Naturally Speaking v12.0 Premium ISO-TBE" to transcribe the recorded interviews into words and edited any mistakes.

3.8 Data Analysis

According to Lacey & Luff (2001), there are five stages in qualitative data analysis:

Transcription: This is the stage the researcher collects data through the interview by using tape recorders, hand-writing notes, or focus group discussion analysis.

Organizing the data: After transcription, the data must be arranged and organized into sections in order to retrieve information easily.

Familiarization: when the procedure of organizing the data is finished, the researcher has begun the process of familiarization. Listening to the recordings, watching the recording videos, reading the hand-written notes or letters are required. The researcher then selects necessary information and summaries all the data before starting the data analysis process.

Coding: preliminary coding is required before the researcher begins a provisional code, named as 'shock'. Because each interviewee gave different perspectives from the same questions, the researcher may begin to refine the codes and analyze the concept into some meaningful detail. If data falls into revised categories, then re-coding is required to maintain consistency.

Themes: after coding is finalized, the researcher has started to identify appropriate themes and concepts of the research. The re-coding is considered if the researcher wants to enhance better defined categories.

This research was undertaken by conducting by in-depth interviews. The individual interviews and group interview were all transcribed. The researcher read carefully all the transcripts in order to fully understand the context, make notes of the most important and significant opinions. After the preliminary analysis, the relevant words, phrases, sentences and sections were collected and organized. After that, the important codes were decided. All the codes were read again in order to create the new codes by combining similar previous codes. However, not all the codes were used, and the unnecessary codes were dropped out. The remaining important codes were kept and grouped together into each theme. Eventually, five themes were eventually identified.

CHAPTER 4

RESEARCH FINDINGS

4.1 Introduction

The key research finding is analyzed in this chapter through the discussion of the result of the interview conducted. Semi-structured interviews and a focus group were applied to collect the data of factors influencing Thai and Vietnamese coffee drinkers in consumer behavior. The results of the study were derived from eight participants consisting of: 1) a store manager of Trung Nguyen Coffee; 2) a customer service manager of Trung Nguyen coffee headquarters; 3) the professor of Vietnamese culture from Hanoi University of Culture; 4) manager of Phuc Long Coffee and Tea Express; 5) the owner of Butter P Coffee shop in Bangkok; 6) the manager of Chao Doi Coffee, Muang Thong Thani branch; 7) the store manager of Café Amazon, Muang Thong Thani branch; and the final interviewee 8) was the manager of Bon Café. The key findings of the study were analyzed as follows:

4.2 Factors Influencing Thai and Vietnamese Consumer Behaviors

All of the eight interviewees agreed that culture, personalities, social media, perception, and motivation were five main factors influencing consumer behavior of Thai and Vietnamese coffee drinkers. However, there were some slight differences between the impacts of each factor on consumer behavior.

Four out of four Thai respondents agreed that social media is the most important factor influencing Thai coffee drinkers' behavior. With the development of the internet and significant growth of social media users, digital marketing and social media could be applied to creating the trend and raising the popularity in the society. Furthermore, social and cultural elements and perception were undeniable factors influencing Thai customers. All of the factors supported each other to create a better image for consumers. According to the Mr. Uasiripornrit, it appeared that:

"One of the main factors affecting Thai consumer behavior is an outstanding trend, which can arise from creating a trend through digital marketing or social media. To do that, the interior design of a café should be photo-friendly.

Most of the time, the viral impact from sharing photos or check-in location can influence consumer decision making to be confident to try out new thing".

On the other hand, all of the four Vietnamese interviewees agreed that coffee culture remained its strong influence on Vietnamese coffee drinkers in their consumer behavior. The long traditional coffee history, with a unique taste created the large market share of coffee in the Vietnamese market. However, based on the different generations, the effect of other factors including social trends, perception and marketing strategies was different. Dr. Tran Binh Minh explained why this was so:

"In Vietnam, coffee has its own traditional style with a long history with a simple style. Vietnam is a developing country, a large number of the population work hard but are still poor. The bitter taste of coffee represents the bitter taste of life. Therefore, in my opinion, although there are varieties of beverages in the Vietnamese coffee market, Vietnamese traditional coffee still can beat them all and remains the number one choice in the heart of most Vietnamese people. However, nowadays, the young generation of Vietnam tends to follow the trend which is famous on the social network. They like taking photos and check-in locations on social networks to show their status. Hence, Vietnamese coffee shops adapt themselves to serve different generations."

Although each factor has certain influence on Thai and Vietnamese consumer behavior, its influence on the different markets are different. The specific impact of each element is discussed in the following sections in order to analyze the differences and similarities of Thai and Vietnamese coffee drinkers in consumer behavior.

4.3 Coffee Culture

All of the eight respondents agreed that culture plays a basic background of a country and is also a factor deciding the consumer behavior. According to the interviewee responses, the influence of culture on consumer behavior of Thai and Vietnamese coffee drinkers were significantly different.

From the interviews, it was noted that Vietnamese and Thai people have their own traditional unique coffee types and typical taste. Vietnamese people prefer the raw taste of coffee without any seasoning. Four out of four Vietnamese respondents agreed with Mr. Nguyen Thanh Phat.

Ms. Nguyen Thi Tuyet Nhung highlighted certain preferences:

"Vietnamese people prefer the pure taste of coffee making by a filter instead of from a machine. Making coffee by filter is a featured culture of Vietnam; representing a tradition of a country."

On the other hand, there are two opposite perspectives about the taste of Thai people. Mr. Uasiripornrit indicated that Thai people have the same taste of coffee with Vietnamese people, by enjoying the genuine taste of coffee without sugar or milk.

"Thai consumers are generally looking for a good quality of the product, a full-flavoured taste of coffee."

However, the other interviewee claimed the quite the opposite, that Thai people prefer a sweet taste, as Ms. Sripaoraya explained below:

"Sweet taste can be considered as a typical flavor of Thai people. Thai people like to add sugar and milk in any kind of food and beverage. Coffee in Thailand also has a sweet taste. It was shown in the traditional coffee named as kaffe yen. It was made from instant coffee with milk."

Overall, the other two interviewees, Ms. Rattasap and Mr. Silayaeng, agreed with both of them that the Thai people's tastes are divided into two opinions. This was explained by Ms Rattasap who expressed this view:

"Thai people like sweet taste. It is shown in the sweetness of Thai traditional coffee. However, people also like the genuine flavor of coffee. The selling point of Espresso or Americano in my coffee shop is usually at the peak."

Moreover, the attitude of people towards traditional coffee is different. Vietnamese people are very proud of their unique coffee style. Hence, coffee culture is an undeniable factor influencing Vietnamese consumer behavior. Vietnamese coffee still remains a certain foothold in the heart of Vietnamese people. All four of the Vietnamese participants agreed that despite the fact that global coffee brands are starting to randomly pop-up in the urban areas of Vietnam, Vietnamese customers still prefer traditional coffee over western coffee.

Ms. Nguyen Thi Tuyet Nhung clarified this point:

"Despite of the fact that Vietnamese coffee business is fluctuated by the import of a variety of global coffee firms, Vietnamese coffee still remains the leadership in the market share and the number one choice in the heart of Vietnamese people."

However, Thai people are strongly affected by western coffee and in comparison, Thai traditional coffee has been seen slighty less in the Thai coffee market. Mr. Uasiripornrit explained the reasons of the downturn of traditional coffee in the Thai coffee market, where the overall coffee market has been taken over by western coffee styles:

"As a matter of fact that Thailand adopted various cultures and traditions from many countries; it therefore shows that the coffee culture has a light impact to Thai consumer behavior. A diversity of cultures is here to handle a fast changing wants and unlimited needs. The Thai coffee market is dominated by western coffee. However, it does not mean that traditional coffee has disappeared on the market, as you still can buy it easily in street vendor shops."

That traditional coffee can be found easily in street vendor shops but it is hard to find it on the menu of famous coffee brands cafés. Meanwhile, in the Vietnamese coffee market, Vietnamese traditional coffee is served in even the most famous global coffee brand locations.

Ms. Sripaoraya made an interesting observation:

"Even though in the Thai coffee market there are many strong Thai coffee brands, but the traditional coffee is rarely served in their shops. Thai coffee can only be found in the street vendor shops or the coffee trucks".

Ms. Nguyen Thi Tuyet Nhung provided a contrast of what occurs in Vietnam:

"Traditional coffee is served everywhere even in the global coffee brands. It confirms the important position of traditional coffee in the Vietnamese coffee market."

Furthermore, the difference between Vietnamese and Thai coffee drinkers was displayed in the typical tastes and traditional coffee types.

In summary, based on the interviewees' responses, it can be inferred that the influence of culture on Thai and Vietnamese coffee drinkers is different. Despite the powerful arrival of many international coffee brands into the coffee markets in Vietnam, the coffee culture still has a certain dominant influence on the consumer

behavior of Vietnamese coffee drinkers, while the Thai coffee market is dominated by western coffee, somewhat overwhelming the traditional Thai coffee. The difference of Thai and Vietnamese coffee drinkers is also shown in their traditional coffee types of preparation and the subjective tastes for coffee, either sweet or sour.

4.4 Personalities

All of the eight interviewees in this research project agreed that personalities including age, career, gender and social status, influenced significantly the consumer behavior of both Thai and Vietnamese coffee drinkers.

The target market of Vietnamese people is huge, spread in all different age groups, gender and career and social status. In order to serve different types of customers, there are different types of Vietnamese coffee. Three Vietnamese respondents divided the target market in the Vietnamese coffee market into two generations. The middle-aged and older generation prefer the traditional genuine taste of coffee without sugar or milk. They enjoy relaxing, reading newspapers, talking with friends while waiting for the coffee to filter and then further relax while drinking the coffee. On the other hand, the young Vietnamese generation like to try the new western coffee style, but still enjoy traditional coffee as well.

Ms. Nguyen Thi Tuyet Nhung offered this explanation:

"Middle-aged and older generation prefer Vietnamese traditional coffee with the genuine taste of the coffee beans. Old people are not sensitive with the trend, they like to enjoy something familiar and tend to hold the same routine over the years. They enjoy chatting with friends, reading newspapers or relaxing while waiting for coffee to drop. The young generation, on the other hand, prefers the new coffee styles which is blended with milk, syrup, or other ingredients."

Besides, the behavior of Vietnamese coffee drinkers is also distinguished between men and women, as noted in the explanation by Mr. Nguyen Thanh Phat:

"Vietnamese men prefer the pure taste of coffee without milk or sugar, while women usually add sugar or condensed milk to make it less bitter, but still can keep the coffee flavor."

Thai people, on the other hand, are divided based on their career and social status as indicated by Ms. Sripaoraya. Moreover, Thai people have their own, only one specific kind of coffee, called "kaffe yen" (iced coffee).

"Manual labors mainly drink kaffee yen that they can buy easily at the street vendors shop. Students and officers tend to buy western coffee in coffee shops at shopping malls."

Accordingly, from the results from the eight interviews, it appeared that the influences of personalities consisting of the customers' age, gender, career and social status of Thai coffee drinkers are different from Vietnamese people. Vietnamese coffee drinkers are affected by age and genders, while Thai coffee drinkers are separated by career and social status. Different personalities make different behaviors towards Thai and Vietnamese coffee drinkers.

4.5 Social Media

Eight out of the eight respondents agreed that social media is becoming one of the main factors influencing consumer behavior in both Thai and Vietnamese people, especially in the young generation. The results from the interviews demonstrated that the success and survival of a coffee brand relies on how marketers take full advantage of the social media outlets (e.g. Facebook, Twitter, Instagram, LinkedIn, websites, emails, etc) in marketing their products.

Mr. Nguyen Thanh Phat expressed:

"Social media is a very important factor influencing consumer behavior. It can even create the trends in the society".

Mr. Uasiripornrit also indicated that:

"Social media has changed the way drinking coffee of Thai people. It's not about the taste, the smell any more. It's about following the current trend that requires Thai people to catch up and not being left behind."

From the interviews, social media can be applied as a new channel in viral marketing, where word-of-mouth is used through status on social network with location check-in and photos. The findings of this research project indicated that young people now come to a coffee shop to catch the trend rather than genuinely enjoy a cup of coffee. They like to take a selfie, and post it on a social network like Facebook and Instagram. By adding the location check-in, or adding a hashtag (#),

young people can update their lives on social network, and save the memories. It gradually becomes their open daily diary to share their moments with friends and family and even work colleagues. In this situation, it could be argued that the actual quality of the coffee is not important to consumers anymore. Ms. Sripaoraya declared that:

"Nowadays, the advance of technologies and development of globalization have been affecting the culture of the Thai people on their coffee dinking behavior. The taste and the quality of the coffee wouldn't matter to young people much. As young people, they tend to have a coffee, take a selfie and check-in location. Facebook, Twitter, YouTube, Instagram, etc. came along with viral trends that attracted the youth towards coffee drinking behavior. Not only middle aged people or those in busy jobs would drink coffee, there are young people who enjoy their coffee in some beautiful decorated shop. It is because the trend of "check-in" in these places has become a part of youth daily life these days."

Taking the advantage of the social network, marketers can promote more on the social network system by creating an attractive lively fanpage on the social network to have a productive interaction with customers, as Ms. Sripaoraya suggested:

"The more people click on the hash tag (#) or the link of the check-in place, they can directly follow to the shop and have all the detailed information of that coffee shop."

Based on the eight interviews information, the impact of social media placed an importance influence on consumer behavior of both Vietnamese and Thai young people. Social media is becoming a very effective way for marketers researching on consumer behaviors of Thai and Vietnamese coffee drinkers, especially in the young generation. In addition to considering the taste of coffee, Thai and Vietnamese people would drink coffee to follow the trend of others, with the assistance and guidance provided by the social media networking.

4.6 Motivation

According to the results from the interviews, the physiological needs and social needs are the two main motivational factors influencing Thai and Vietnamese

coffee drinkers. Nevertheless, the influence of each factor towards Vietnamese and Thai coffee drinkers is different.

It was found that coffee is commonly used as a refreshing beverage in order to stimulant the nervous system in the morning. Five respondents agreed that both Thai and Vietnamese people drink coffee to refresh a new day.

Dr. Tran Binh Minh highlighted this point:

"Vietnamese people like to start a working day with coffee. Morning is the time you can see people drink coffee the most. From the street vendor shops, take-away coffee trucks to a luxurious coffee shop, they all open up early in the morning in order to satisfy Vietnamese people's demand for coffee."

Four out of four of the Thai respondents agreed with the four Vietnamese interviewees about this need. Thai people also drink coffee for their physiological need, as Ms. Sripaoraya emphasized:

"Due to the stressful working environment, coffee is becoming popular in the Thai community as a refreshing beverage."

According to Ms. Nguyen Thi Tuyet Nhung, in fact, coffee is more common in human life, and goes beyond the limit of a refreshing beverage. Coffee can create a communication space in order to satisfy the social needs of humans. It becomes a channel of social communication. Coffee does not directly relieve the stress and fatigue of humans, but its flavor when blended in a special space, brings a relaxed and comfortable moment for people. Dr. Tran Binh Minh also stated that:

"Coffee is different with other basic communication channels like verbal or non-verbal gestures in society. Coffee is not an element that people can express their behavior, habit, or mood towards other people. However, coffee is a channel creating a space for people communicating and making acquaintances. There are many successful negotiations arising from the empathy in a cup of coffee."

Mr. Uasiripornrit clarified that coffee can connect people with similar taste, moods, an interest in a coffee space with a variety of coffee styles, in order to satisfy different kinds of customers:

"Coffee is an intermediate channel connecting people. The abundant coffee material associated with the diverse coffee styles, coffee does not only satisfy

the interest of coffee drinkers, but also motivates a coffee shop owner to creating a different style of coffee shop in order to meet the demand of different kinds of customers. In fact, each coffee shop concentrates on a specific target audience, and coffee space conveys a message connecting people with similar moods, interests, social status through coffee."

Therefore, coffee is intentionally chosen as a space for meeting or dating within the Vietnamese community. Two out of the four Thai respondents agreed with the Vietnamese interviewees. Mr. Nguyen Thanh Phat noted that:

"Vietnamese consumers have a high demand in coffee. Vietnamese people tend to choose a coffee shop as a place for business discussions, a family gathering, or friend's meeting point. They can enjoy slowly drinking a cup of coffee, chitchat, as well as relaxing."

Summarizing, it is apparent that Vietnamese and Thai people have the same motivation factors towards coffee, including the physiological needs and the social needs. It appears that coffee plays a far more social role in the current modern society.

4.7 Perception

The last factor that was mentioned in the interviews was perception. Eight out of the eight respondents stated that the quality of the coffee, the architecture design, the music and the behavior and attitude of the staff employees are the four main factors that influence the perception of Vietnamese and Thai coffee drinkers. This was explained by Dr. Tran Binh Minh, who said:

"It is not coincidence that today, coffee shops in Vietnam have become the meeting point of friends, entrepreneurs, officers, students, music lovers and so on. It is also not sudden that the books café, garden coffee shop, is growing strongly around Vietnam."

Mr. Uasiripornrit stated the actual sight and coffee taste can influence and affect the Thai consumer behavior.

"In consideration of this business, the influential keys of Thai consumer behavior are sight, taste, and smell."

It is obvious that the very first factor influencing perception of consumer behavior is the quality of the coffee. All of the eight respondents agreed that the quality of coffee is the first reason customers look for a cup of coffee. Since coffee is becoming common in both Thai and Vietnamese societies, customers have a much higher demand for coffee nowadays than in the past. Even though the product has good marketing, but its quality is not good, the customer will remove the product out of their perception. Dr. Tran Binh Minh concentrated on this issue:

"Since coffee is ubiquitous in the society, the quality of the coffee should be focused. Customers now have a high demand on coffee, so they only select and remember good coffee and remove the bad one out of their perception."

Furthermore, the more coffee shops that grow up, the more competitive the coffee market will become. Therefore, the quality of coffee and the unique architecture design will make the difference in the competitive market. Mr. Nguyen Thanh Phat explained:

"Coffee shop booms up everywhere. Therefore, in order to compete with other competitors and seek the customer's recognition, decoration has attached some special importance. The unique and one of a kind style makes the difference in this competitive market."

Ms. Sripaoraya explained that architecture design is one of the most important factors influencing perception of Thai consumers. As mentioned in the section on social media, young people in the Thai market like to check-in location, so they tend to choose the photo-friendly coffee shop to take a selfie photo and check-in on their social network.

"In the current competitive market, a customer is not only looking for a good quality of coffee, but also the nice coffee environment. Customers now come to the coffee shop to enjoy the nice atmosphere, check-in location on their social networks and take photos. Hence, a photo-friendly environment is essential. It makes the coffee owner need to focus on the shop design as well. The one which could not catch up with the social trends, or meet the customer demands will be eliminated from the market."

The next factor in perception is the staff attitude. Four out of four of the Vietnamese interviewees agreed that it is a vital factor influencing the customer behavior. Customers do really care about the service they receive. They will willingly agree to pay more in order to receive a good service, so they require the respect and nice customer service from the staff. Ms. Nguyen Thi Tuyet Nhung suggested that:

"In modern society, the customer service is paid more attention in the Vietnamese market. Customers are willing to pay more to get a good service from the shop."

Associated with the development of social networking, customers do not only report the wrong attitude to the store manager, but also post the negative comment on the social network. Ms. Sripaoraya identified this issue of concern that could lead a coffee shop to develop a bad reputation:

"There are some customers who, if they didn't like the coffee and the attitudes from the employees, they would film it and take a photo of the shop, then post it in the social media."

Two of the Vietnamese interviewees also believed that good music brings relaxing comfort to customers. Mr. Nguyen Thanh Phat pointed out its importance:

"Music playing in this coffee shop is indispensable. Especially, in traditional Vietnamese coffee with traditional coffee style, music can bring chill and comfort to customers while enjoying their coffee in the shop."

Being somewhat different to the Vietnamese consumers, it was observed that the Thai customers do not pay much attention to the music because most of the coffee shops in Bangkok are located in an open-area in the shopping mall. This tends to cause too many other noise distractions, as explained by Mr. Uasiripornrit.

"Due to the fact that most of the coffee shops in Bangkok are located in an open-area, customers also don't pay much attention into music. They like to take photos, check their social network, and chitchat rather than listen to the music at the shop."

All in all, according to the results found during the eight interviews, good quality of coffee, nice architecture design, and positive staff attitude influence the perception of both Thai and Vietnamese consumers. Besides this, Vietnamese consumers pay attention to music in the coffee shop far more than Thai customers.

CHAPTER 5

SUMMARY, CONCLUSION & RECOMMENDATIONS

The discussions, conclusion and recommendations of the study are presented in this chapter. This chapter reviewed all the findings of the research in comparison with the information given in the literature review, in order to give the overall responses for the aim and objectives of the research and answers of the research questions and hypotheses. The general overview of the study is summarized in the conclusion. Furthermore, recommendations and suggestions for future research in this area are also provided in this chapter.

5.1 Discussion

From the results of the interviews, five themes of the research were analyzed in chapter four, in order to compare the factors influencing consumer behaviors of Thai and Vietnamese coffee drinkers. The five significant themes were: 1) coffee culture; 2) social factors; 3) social media; 4) perception; and 5) motivation. In immediate association with the literature review, the discussion part provides the practical implications of this specific research study.

5.1.1 Coffee Culture

According to the theories about the consumer behaviors provided in the literature review, culture is the personality of the society including learned beliefs, values and customs (Schiffman & Kanuk, 2004). Culture influences consumer behavior naturally and satisfies people's needs (Schiffman & Kanuk, 2004). Moreover, culture is unique and different among countries (Kirtiş, 2001). Culture interprets consumer behavior (Schiffman & Kanuk, 2004). Therefore, Luna and Gupta (2001) indicated that marketers develop a framework of consumer behavior in order to compare different cultures and eliminate factors causing the differences.

In relation to the theory, the results of the eight interviews supported the theory given about the influence of culture in Thai and Vietnamese consumer behavior. Based on the results of the interviews, it is apparent that culture plays a very important role in consumer behavior of Thai and Vietnamese coffee drinkers. Coffee culture of both Thailand and Vietnam reflect the behavior of people in those two countries. The

two countries have their own different traditional unique coffee types and tastes. All the Vietnamese interviewees agreed that Vietnamese consumers prefer the genuine taste of coffee. Meanwhile, tastes of Thai consumers are divided into two main opinions, including full flavored taste of coffee and also a sweet taste. Moreover, the culture factor is also apparent in the attitude of people towards traditional coffee. Vietnamese people are proud of their traditional coffee, it is served everywhere from the high-end coffee shop to the street vendor shops. Coffee represents Vietnamese people. In spite of the introduction of many international coffee brands, traditional Vietnamese coffee culture still remains strong in the Vietnamese coffee market. On the other hand, Thailand has adopted various cultures and traditions from many countries. Thai coffee does not occupy a strong position in the current coffee market. The Thai coffee market is dominated by western coffee styles. Traditional coffee is still served in street vendor shops, but it is not common in the famous coffee shops menu.

5.1.2 Personality

Personality is defined as the inner traits that decide the reaction of a person towards their immediate environment (Schiffman & Kanuk, 2004). People buy products that seem to reflect their personality (Sarker et al., 2013). According to Chowdhury (2007), although personality is different among people, members in a society may have similar traits or interests. Human life cycle, demographics, social status, and gender can influence one's personality (Bhasin, 2006; Chowdhury, 2007; Nakanishi, 1972; Kassarijian & Sheffet, 1991).

According to the interviewees' feedback, the theory of personality is supported. All of the eight respondents agreed that age, career, gender and social status have a significant influence on both Thai and Vietnamese consumer behavior. Nevertheless, the influence of each factor towards Thai and Vietnamese people are rather different. Vietnamese coffee drinkers are affected by age and gender, while Thai coffee consumers are more influenced by the career and social status.

5.1.3 Social Media

According to the theory of factors influencing consumer behavior provided in the literature review, there is no specific factor of how social media can influence consumer behavior. However, Sarker et al., (2013) indicated that the trend of purchasing behavior of consumers is one of the most important elements influencing consumer decision making. Schiffman and Kanuk (2000) stated that social media is one of the significant modern communication channels transmitting messages from the marketers to consumers.

All of the eight interviewees stated that social media is an undeniable factor that directly influences both Thai and Vietnamese consumer behavior. It is apparent that social media currently effects both Thai and Vietnamese consumer purchasing behaviors very strongly. The Vietnamese and Thai population are young, and they catch up with the current social trend quickly. In association with the development of social networks and smartphone, a new social trend is transmitted quickly through the social network system. Young consumers generally go to the coffee shop not only to enjoy coffee, but also to take photos, selfies and check-in location. Therefore, the social media can take advantages of the social network to approach consumers very easily.

5.1.4 Motivation

Motivation is the driving force of an individual, encouraging them to take action (Schiffman & Kanuk, 2004). Motivation is related to needs (Chisnall, 1995). Or in other words, Maslow's theory in psychology divided human needs into five levels: physiological, safety, love/belonging, esteem and self-actualization. When a level of human needs is satisfied, it no longer remains a human motivation (D'Souza, 2008).

According to the eight interviews, Vietnamese and Thai consumers have two motivation factors towards coffee, consisting of their physiological needs and their social needs. In order to satisfy the physiological needs, consumers buy coffee as a refreshing beverage in a working day, especially early in the morning. However, the demand for coffee is beyond the limits of a conventional drink. Based on all the interviewees' feedback, coffee creates a communication space to meet the social demands of humans. It is an intermediate channel connecting people. All of the interview participants agreed that Thai and Vietnamese people have the same definite motivation towards coffee.

5.1.5 Perception

Perception is the progress of selecting, arranging, interpreting raw data into meaningful information (Schiffman & Kanuk, 2004). Perception occurs when an

individual receives data, analyzes and interprets it through the five senses, turning it into some meaningful information (Burnett, 2008). It could be argued that perception is the most crucial element affecting consumer behavior, because it shows how consumers perceive the products, brands and services on offer (Durmaz & Dįyarbakirlioġlu, 2011).

The results from the eight interviews indicated that the five senses strongly influence the perception of both Thai and Vietnamese consumers. All of the respondents agreed that consumers consider carefully the quality of the coffee, the nice and unique architecture design of the coffee shop, and the staff attitude and politeness. These were the most vital factors influencing consumers' perception.

5.2 Conclusion

Coffee is a common beverage around the world with diverse coffee beans and diverse manners in how the coffee is delivered. There is traditional Thai coffee (kaffe yen), traditional Vietnamese coffee, espresso, latte, cappuccino, Americano, Turkish coffee, Irish coffee, and many, many more, making the methods abundant of the coffee drinking styles. Following the concept of globalization, many global coffee brands expanded into the Thai market and built up a strong background for many other domestic as well as international coffee brands. In order to find out the successful capacity of Vietnamese coffee in the Thai market, this research project aimed to understand and compare the differences and similarities of Thai and Vietnamese coffee drinkers' behavior. Through the analysis in the literature review, interviews and discussion, the researcher clarified the objectives of the topic about the factors that influence the consumer behavior of Thai and Vietnamese coffee drinkers. The research provided the theory of consumer behavior, the overview of the world's coffee industry in general, as well as the individual Vietnamese coffee industry and Thai coffee market in particular. In association with general information of consumer behavior, the qualitative research method was applied in order to understand and interpret more deeply the factors that directly influence Thai and Vietnamese coffee drinkers' behavior.

Culture, personality, perception, communication, attitude, and motivation as depicted in the literature review were applied to analyze the factors that influence both Thai and Vietnamese coffee drinkers in their consumer behavior. Nevertheless, based

on the practical semi-structured interview of four Vietnamese and four Thai specialists working in the coffee sector; coffee culture, personality, perception, social media and motivation were recognized as the five main factors that strongly influence consumer behavior of Thai and Vietnamese coffee drinkers. The research found that Vietnamese and Thai consumers have a similar perception, social media influence and motivation towards coffee; but Vietnamese consumers were different than Thai consumers in terms of the influence of coffee culture and personality towards coffee drinkers. Vietnamese and Thai consumers had the same demands for coffee including both physiological and social needs. They all drink coffee as a refreshing beverage, but more than that, coffee was served for social needs including friends or a family meeting-up and business meetings. Besides this, the architecture design of the café, the staff behavior and their attitude, the quality of the coffee, and background music influenced the perception of Thai and Vietnamese consumers. Because social network becomes a social trend, especially in young people, the Thai and Vietnamese younger generation likes to interact by using the social network, so social media is an important factor influencing Thai and Vietnamese consumer behavior. On the other hand, the different coffee cultures between these two countries is manifested in the typical taste, and the general attitude towards traditional coffee style. Vietnamese people preferred the genuine taste of coffee but Thai consumers' typical taste was divided into two opinions: either the full-flavored coffee, or a sweet taste. Moreover, Thai people seemed to prefer western coffee style more than the Thai traditional coffee, whereas Vietnamese people were generally vice versa. Furthermore, Vietnamese people were influenced by age and genders, while Thai consumer behavior is affected by the career and social status.

In conclusion, the research results of this project indicated the main factors that directly influenced Thai consumer behavior and compared the differences and similarities between Thai and Vietnamese coffee drinkers' behavior. This was undertaken in order to provide a basic foundation for Vietnamese marketing researchers to know more about the capacity of Vietnamese coffee in the Thai market. A deeper understanding and interpretation of consumer behavior can help the Vietnamese coffee sector expanding further around the world in general and throughout Asia in particular.

5.3 Limitations of the Study

Due to various reasons, this research project had some limitations which reduced the reliability and applicability of the research, including the limitation of the sample size of just using eight people, a limitation of reference resources, and a huge geographical distance between the interviewer and some of the eight interviewees.

First of all, the research was conducted within three months including inviting the interviewes, setting up the appointments, taking the interviews, and transcribing the recordings. There was a limited time for the interview procedure because all of interview participants were specialists in the field of coffee, so were obviously very busy, because they work in a high-management position within the coffee sectors in Vietnam and Thailand. It was difficult for the researcher to invite and set-up the interview appointments.

Furthermore, the researcher had a limited budget to conduct the interviews. Those are the reasons why the research size was small. As a result, the applicability of the survey might be not high, because the sample size was not large enough to ensure the credibility, validity and exactitude of the results due to the limitation of time, a small budget and a rather small scale study. Furthermore, the specific topic of comparing the Vietnamese and Thai coffee consumer behavior is actually quite a new research topic.

Thus, there was a limitation of only a few documents, data updates and previous research projects in this specific field that could be used for reference. This considerably reduced the depth and comprehension and diversity of the research background. Nonetheless, it is hoped that both the limitation of the target sample and the limited data resources could suggest and encourage an additional direction for further research projects to be undertaken in the future.

Moreover, the research interviews were conducted with Vietnamese and Thai interviewees while the researcher lived in Thailand. Therefore, the research had to be conducted through Skype with the Vietnamese respondents. The audio connection and viewing just the person's face limited the understanding between both sides.

Finally, because it was an interview with experts in the coffee sector, there was still a limited understanding of what actual customer attitude existed in reality. Consumer attitude is one of the factors that influences consumer behavior, and it

represents the reaction of consumers towards the products. Because the researcher was unable to see the real reaction of consumers towards Vietnamese coffee in person, the attitude factor could not be investigated physically, but only by listening to an expert's opinion.

5.4 Recommendations of the Study

From the limitations listed in detail above, there are some recommendations that may serve to give the direction and guidance for further researchers to propose and conduct deeper studies in the future. The sample size was eight interviewees which is too small in order to compare the consumer behavior of two neighboring countries. Hence, it is strongly recommended that the future researchers should expand the sample size of the interviewees to be as much as possible to get better and broader results which can represent the variable opinions from coffee experts about consumer behavior towards coffee. Moreover, in order to gain the credibility and reliability of the research, the mixed research method is a suggested future option. By combining quality research and quantity research methods, opinions of the coffee experts, as well as some consumers' perspectives will be collected to support the objectives and hypothesis of the research project. Eventually, face-to-face interviews and a focus group for detailed discussion and analysis is also highly recommended in order to fully understand and get a deeper interpretation about the consumer behaviors of Thai and Vietnamese coffee drinkers.

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- 1. With diversified experience in coffee business, do you think which factors influencing coffee consumer behavior?
- 2. What do you think about the influence of culture on consumer behavior in Vietnam/Thailand?
- 3. How does personality influence Vietnamese/Thai consumer behavior?
- 4. What are the common coffee types in Vietnamese/Thai coffee market?
- 5. In your opinion, how does perception influencing consumer behavior?
- 6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?
- 7. What are consumer needs in Vietnamese/Thai coffee markets?



APPENDIX B INTERVIEWEE RESPONSE 1

Interviewee 1 – Witsawa Uasiripornrit

Question 1. With diversified experience in coffee business, do you think what factors influencing coffee consumer behavior?

In my opinion, social trend, social-cultural factors, coffee quality and price are main factors influencing consumer behavior. One of the main factors affecting Thai consumer behaviour is an outstanding trend, which can arise from creating a trend through digital marketing or social media. To do that, the interior design of café should be photo-friendly. Most of the time, the viral impact from sharing photo or check-in location can influence consumer decision making to be confident to try out new thing. Secondly, socio-cultural elements including tradition, occupation, genders, ages are vital factors in consumer behavior. Culture always plays an important role in consumer behavior. Especially in beverage industry, the common taste is one of the crucial factors influencing consumer choice. Different people have different personalities, perception, and motivation towards coffee products, so it is also considered as a crucial factor. Last but not least, the quality and price are undeniable factors.

Question 2. What do you think about the influence of culture on consumer behavior in Thailand?

As a matter of fact that Thailand adopted various cultures and traditions from many countries; it therefore shows that the coffee culture has a light impact to Thai consumer behavior. A diversity of cultures is here to handle a fast changing wants and unlimited needs. Thai coffee market is dominated by western coffee. However, it does not mean traditional coffee is disappeared on the market; you still can buy it easily in street vendor shops.

Question 3. How does personality influence Thai consumer behavior?

Speaking of individual personality, it considers as a major path to change or remain the behavioral consumption of Thai consumer. However, according to geographical and demographical studies, Asian countries are considered as a collectivist. The reflection of individual differences is minimal, but diversity enough to support those of behaviors and characteristics—which becoming personality. In other words, we want to be accepted from a certain group of society or community, the

consensus performance can change individual personality with regards to behavioral consumption. Therefore, in my opinion, Thai consumers' personalities are divided by their occupations and social class. I admit that officers and students like to buy western coffee styles, while I see workers like to just wrap up instant coffee at coffeetruck vendors.

Question 4. What are the common coffee types in Thai coffee market?

There are two main coffee types in Thai coffee market that are instant coffee and roasted coffee bean. Instant coffee is sold everywhere on the street in Thailand from the busy cities to rural areas. Roasted coffee bean is only served in the coffee shops with diversify types of western coffee styles such as Americano, Latte, Mocha, Cappuccino, Caramel Macchiato ...

Question 5. In your opinion, how does perception influencing Thai consumer behavior?

In my point of view, the five perceptions are a common sense for human to be aware or recognize of something. In consideration of this business, the influential keys of Thai consumer behaviour are sight, taste, and smell. Although the sense of touch and hearing is identified as a minor perception, it also help fulfilled consumer's experience when having coffee or staying in coffee shop or café. Due to the fact that most of coffee shops in Bangkok are located in openly-area, customers also don't pay much attention into music. They like to take photo, check their social network, chitchat rather than listen to the music at the shop.

Question 6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

In order to seek Thai customer's attention, a digital marketing or social media is the key. Social media has changed the way drinking coffee of Thai. It's not about the taste, the smell any more. It's about follow the current trend that requires Thai people to catch up and not being left behind. By promoting on social networks like Instagram, Facebook, Twitter ... can attract Thai consumers, especially young people more.

Question 7. What are consumer needs in Thai coffee markets?

In my opinion, Thai consumers are generally looking for a good quality of product, a full-flavoured taste of coffee, and reasonable price. In addition,

architecture design is also important. It can be a hub for a meeting or chilling. Coffee is an intermediate channel connecting people. The abundant coffee material associated with the diverse coffee style, coffee is not only satisfy the interest of coffee drinkers, but also motivate coffee shop owner creating different style of coffee shop in order to meet the demand of different kinds of customers. In fact, each coffee shop concentrates on specific target audience, and coffee space conveys a message connecting people with similar mood, interests, social status through coffee.



APPENDIX C INTERVIEWEE RESPONSE 2

Interviewee 2 – Ms. Srisupa Sripaoraya

1. With diversified experience in coffee business, do you think what factors influencing coffee consumer behavior?

For me, I think most common factors are social elements, perception, personal needs, and culture. For social elements, if younger age people as students, they would want to have coffee in small shop, adorable, affordable price. They would care about the money they have to spend for only 1 cup of coffee so it needs to be affordable. The quality of the coffee wouldn't matter to them because they would want a cozy environment for a coffee shop. For the age range between 25 to over 30, they have jobs, they have career, they wouldn't care about the price much, instead of that, they would care more about the taste, the quality of the coffee.

2. What do you think about the influence of culture on consumer behavior in Thailand?

At first, Thai people have their own traditional coffee and famous domestic coffee brands. However, even though in Thai coffee market, there are many strong Thai coffee brands, but the traditional coffee is rarely served in their shops. Thai coffee only can be found in the street vendor shops or coffee trucks. Additional, sweet taste can be considered as a typical flavor of Thai people. Thai people like to add sugar and milk in any kind of food and beverage. Coffee in Thailand also has sweet taste. It was shown in the traditional coffee named kaffe yen. It was made from instant coffee with milk. However, in some European, American coffee brands in Thailand, they have multiple taste of coffee such as, Americano, Mocha, Latte, etc. which have brought a new flavor and also a new "coffee environment" toward the Thai customers. And then, after stayed here for a long time, European coffee has been taking an irreplaceable part of Thai people's heart as you see Starbucks. Young people always mention it as the King of coffee. It's kind of easy for Thai people to accept and see European, American beside Thai traditional coffee as another "favorite coffee". Now, globalization has brought everyone together, coffee is not only for old, manual labor anymore, it's for everyone.

3. How does personality influence Thai consumer behavior?

They like coffee, Thai people love coffee. They can drink it for refreshment. They can drink it for waking up in the morning. They can drink it... just for fun. Thai people select coffee more based on their career and social status. Manual labors mainly drink kaffee yen that they can buy easily at the street vendors shop. Students and officers tend to buy western coffee in coffee shops at shopping malls. There are coffee trucks where old age people buy their coffee. It tends to be old age range as 35 up and who are manual labors would love this kind of coffee because of its convenience, pay and take away. They have to work individually as a motor taxi drivers, owner of a vender shop would need to move constantly, they won't have time to sit and chit chat in a coffee shop. That's why the coffee trucks are their need. On the other hand, because of the working environment, and location, most officers and students wrap up a cup of coffee in coffee shop at shopping malls before working, during break time or after a tired working day.

4. What is the common coffee type in Thai coffee market?

Thai people tend to have sweet taste based coffee. They add condenses milk, fresh milk and sugar in order to get the taste right. The smell I would say it smell more milk type than coffee smell type. That kind of Americano wouldn't be their choice for favorite coffee. The most common coffee in Thailand I would say Cappuccino, Latte. Besides, kaffee yen, traditional coffee still can be seen everywhere in the street shop around Thailand.

5. In your opinion, how does perception influencing consumer behavior?

First, the coffee shop design, the coffee shop menu, the environments and atmosphere. In the current competitive market, customer is not only look for a good quality of coffee, but also the nice coffee environment. Customers now come to the coffee shop to enjoy the nice atmosphere, check-in location on their social networks and take photos. Hence, photo-friendly environment is concerned. It makes the coffee owner need to focus on the shop design as well. The one which could not catch up the social trend, meet the customer demand will be eliminated from the market. THEN, after coming in, they will see our employees' attitudes toward the customers, it will decide if the customers want the coffee or not. The atmosphere is important too, if the decorating is beautiful, catchy, they would definitely buy the coffee. And last but not least, the taste is important too. I would buy the coffee from that shop again if the

coffee taste good, and if not, I won't come again. There are some customers that if they didn't like the coffee and the attitudes from the employees, they would film and take a photo of the shop, post in social media.

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

Nowadays, the advance of technologies and development of globalization have been affecting culture of the Thai people on coffee dinking behavior. The taste and the quality of the coffee wouldn't matter to them much. As young people, they tend to have coffee, take a selfie and check-in location. Facebook, Twitter, YouTube, Instagram, etc. came along with viral trends that attract youth toward coffee drinking behavior. Not only middle age people or busy jobs would drink coffee, there are young people enjoy their coffee in some beautiful decorating shop. It is because the trend of "check-in" in these places has become a part of youth daily life. Social media has changed the way drinking coffee of Thai. It's not about the taste, the smell any more. It's about follow the current trend that requires Thai people to catch up and not being left behind. Many famous coffee brands have reached to Thailand as examples for globalization such as Starbucks, Coffee bean and Tea leaf, Au Bon Pain Coffee, etc. "Check-in", "Take a photo", .. are the way that Thai "drink" their coffee. Additionally, Thai coffee branches have also had some media strategies that if any customers check-in in this shop can have discount for 10%. It has to say that it's a great method to use the development of social media on Thai people nowadays. The more people click on the hash tag (#) or the link of the check-in place, they can direct follow to the shop and have all the information of that coffee shop. In conclusion, the impact of social media placed an important influence on Thai coffee drinking behavior, beside considering the taste of coffee, Thai people would drink coffee follow the trend of the others with assistance of media networking.

7. What are consumer needs in Thai coffee markets?

In my opinion, Thai people normally have to demands. Firstly, due to the stressful working environment, coffee is becoming popular in Thai community as a refreshing beverage. They would enjoy a cup of pay-and-take away coffee. The nice smell of both hot and cold coffee brightens up people day. There are number of coffee trucks on streets for people to buy coffee. And those kinds are meant for in-hurry job

such as office employees or manual labor workers. They would just stop by and grabbed some cup of coffee and left. Furthermore, coffee now is also served for social needs like meeting, chitchatting or gathering among people. People go to the coffee shop in a group rather than alone.



APPENDIX D INTERVIEWEE RESPONSE 3

Interviewee 3 – Dr. Tran Binh Minh

1. In your opinion, do you think which factors influencing Vietnamese coffee drinkers' behavior?

In my opinion, culture, social elements, social media, personal needs and perception are give factors influencing Vietnamese consumer behaviors. The culture is irresponsible factor influencing consumer behavior because Vietnam has a long and unique coffee culture. Social elements including age, gender will influence purchasing decision of consumer. Coffee is not only a typical drink anymore, people now choose coffee to serve for many different demands. People also expect more for coffee, not only about the good quality, but also good service and nice environment.

2. What do you think about the influence of coffee culture on Vietnamese consumer behavior?

In Vietnam, coffee has its own traditional style with a long history with a simple style. Vietnam is developing country, large number of the population work hard but still poor. The bitter taste of coffee represents the bitter taste of life. Therefore, in my opinion, although there are varieties of beverages in Vietnamese coffee market, Vietnamese traditional coffee still can beat them all and remains the number one choice in the heart of Vietnamese people. However, nowadays, young generation of Vietnam tend to follow the trend which is famous on social network. They like taking photos and check-in location on social networks to show their status. Hence, Vietnamese coffee shops adapt themselves to serve different generations.

3. How does personality influence Vietnamese consumer behavior?

Even though personality is different from an individual with other individuals, there are still common elements among humans. Personalities of Vietnamese people toward coffee can be divided into age and genders. Age influences people's needs for coffee. Most of people in old generation (above 35) prefer typical coffee without any flavor added. On the other hand, I see young people tend to drink coffee with a little bit sugar or milk, or they like to try western coffee styles. Besides, Vietnamese women prefer sweet taste of coffee than men.

4. What are the common coffee types in Vietnamese/Thai coffee market?

There are two kinds of traditional Vietnamese coffee including black coffee and brown coffee. Black coffee is typical pure coffee made from ground coffee bean after grinding without sugar or milk added. Brown coffee is coffee with condensed milk. The name of black and brown coffee is from the color of coffee after made.

5. In your opinion, how does perception influencing consumer behavior?

It is not coincidence that today, coffee shop in Vietnam has become the meeting point of friends, entrepreneurs, officers, students, music lover and so on. It is also not sudden that books café, garden coffee shop, is growing strongly around Vietnam. Coffee is becoming a social trend which is connected people from different ages, careers ... In my opinion, coffee quality, coffee shop's style, customer service are the most important factors influencing consumer behavior. Since coffee is ubiquitous in the society, the quality of coffee should be focused. Customers now have high demand on coffee, so they only select and remember good coffee and remove the bad one out of their perception. In order to serve different kinds of consumers, different coffee shop styles with unique architecture are built up. Furthermore, I think customer service is also important influence customer behavior. The quality of life is rising, so Vietnamese people now can pay more for better quality of service rather than just a good quality of coffee with bad customer service.

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

As I has mentioned in the first two questions, people now is influenced too much by internet and smart phone. The increasing number of smart phone users and social network users make the social media change in order to adapt consumers' needs. Where they go, what they eat, what they use, what they buy, everything is exposed on social network. The target audience's age has risen to younger age. Therefore, using the right marketing strategies to attract consumers can make a big benefit for the coffee owner. Many coffee shop opened their strategies having a cute and beautiful decoration of the coffee shop with a nice and warm atmosphere in order to serve the needs of Vietnamese customers for check-in and "take a selfie" in these places.

7. What are consumer needs in Vietnamese coffee markets?

In my point of view, first demand of Vietnamese people when looking for a cup of coffee is as a refreshing drink. Vietnamese people like to start a working day with coffee. Morning is the time you can see people drink coffee the most. From the street vendor shops, take-away coffee trucks to a luxurious coffee shop, they all open up early in the morning in order to satisfy Vietnamese people's demand for coffee. Moreover, coffee also is served for social demand. Coffee is different with other basic communication channels like verbal or non-verbal in the society, coffee is not an element that people can express their behavior, habit, mood toward other people. However, coffee is a channel creating a space for people communicating and making acquaintances. There are many successful negotiations arising from the empathy in a cup of coffee

APPENDIX E INTERVIEWEE RESPONSE 4

Interviewee 4 – Nguyen Thanh Phat

1. In your opinion, do you think what factors influencing coffee consumer behavior?

In my point of view, culture, social elements; and social trend influence significantly consumer behavior. Firstly, culture plays an important role in consumer behavior. Vietnamese coffee has long history and unique coffee style. You can easily find coffee in every alley from the big cities to countryside. Target market of coffee drinkers in Vietnam is diversifying in age, social status, and gender. Personality, habit, interests can also be seen as one of the factor influencing consumer behavior. Furthermore, social media also influence consumer behavior of Vietnamese coffee drinkers.

2. What do you think about the influence of coffee culture on consumer behavior in Vietnam?

In Vietnam, coffee has its own coffee culture which is proud by Vietnamese people. With the significant change in society, economy and life style, there are currently many new coffee style in Vietnam associate with traditional coffee style. I can list three main coffee drinking styles in Vietnam now, including traditional style sit down and drink; take away coffee and western coffee style. Traditional coffee style is still considered as the main coffee style in Vietnam market. Despite of the import of western coffee culture, Vietnamese coffee still dominate the market share comparing to other global brands.

3. How does personality influence Thai/Vietnamese consumer behavior?

Old generation likes traditional Vietnamese coffee with genuine flavor of coffee. They have been drunk it for a very long time, it becomes a daily habit. More than that, old Vietnamese generation want to preserve the coffee culture and national character. Old Vietnamese generation, normally men, prefer a typical and simple coffee shop where they can just sit down, enjoy a cup of black coffee with a newspaper. They like to drink coffee in the early morning while reading news and watching the social life. On the other hand, since last decade, the introduction of global franchised coffee brands such as The Coffee Bean & Tea Leaf or Starbucks brought the western coffee culture into Vietnamese coffee market with diversity of

coffee style. Vietnamese population is young, and they like to try new things. They tend to drink different kinds of coffee including Vietnamese coffee and western coffee. However, they still prefer Vietnamese traditional coffee at the end of the day.

4. What is the common coffee in Thai/Vietnamese coffee market?

Vietnamese men prefer the pure taste of coffee without milk or sugar, while women usually add sugar or condense milk to make it less bitter but still can keep coffee flavor. Therefore, in order to satisfy different customer's demands, there are two main traditional Vietnamese coffee including black coffee with or without sugar, and coffee with condense milk.

5. In your opinion, how does perception influencing consumer behavior?

In my opinion, coffee shop decoration, music can affect five senses of human. Coffee shop booms up everywhere. Therefore, in order to compete with other competitors and seek the customer's recognition, decoration is attached special importance. The unique and one of a kind style make the difference in this competitive market. Moreover, music playing in this coffee shop is indispensable. Especially, in traditional Vietnamese coffee with traditional coffee style, music can bring chill and comfort to customers while enjoying their coffee in the shop.

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

In the current market, social media is a very important factor influencing consumer behavior. It can even create the trend in the society. Taking Phuc Long Tea and Coffee Express as an example, the brand is introduced since 1960 but nobody knows. However, when they start marketing campaign through social network by check-in location on Facebook, and Instagram, it becomes a trend in young people. There are long queues in all of Phuc Long shops at anytime nowadays. Young people get affect easily by viral marketing through social network. They rely more on word-of-mouth rather than traditional marketing strategies on TVC. Providing free internet, promotion for location check-in, friends on their social networks curious and come to try, check-in. It brings huge benefit for a coffee shop.

7. What are consumer needs in Vietnamese coffee markets?

Vietnamese consumers have high demand in coffee. Vietnamese people tend to choose coffee shop is the place for business discussion, family gathering, and friend

meeting. They can enjoy slowly a cup of coffee, chitchat, as well as relax. Coffee is served not in specific time in Vietnam. People drink coffee at any time they want from early morning till midnight. This can be seen as one of the reasons why coffee shop is popping up everywhere from a coffee trucks, small coffee shops to big garden coffee shops, and franchise coffee shop with different styles and scales. Furthermore, Vietnamese people have high requirement for coffee quality. They require the genuine flavor of coffee made from purifying coffee bean. This is the motivation for any coffee firms adapting, changing, and growing to meet Vietnamese coffee drinkers' demands.



APPENDIX F INTERVIEWEE RESPONSE 5

Interviewee 5 – Nguyen Thi Tuyet Nhung

1. With diversified experience in coffee business, do you think what factors influencing coffee consumer behavior?

In my point of view, cultural element, social factors, perception and motivation are main factors influencing consumer behavior. With experience related to coffee sector, I realize that drinking coffee is not only a habit but also a featured culture of Vietnam. Vietnamese people are proud of own unique coffee culture. However, in Vietnamese current coffee market, there are many more new beverages deriving from the penetration of global coffee franchise into Vietnam market. It makes Vietnamese coffee market diversify. Different target consumers have different tastes. For examples, officers like to enjoy a cup of strong coffee to start a day; a coffee with condense milk is suitable for afternoon or coffee break in the afternoon.

2. What do you think about the influence of culture on consumer behavior in Vietnam?

With the significant change in society, economy and life style, there are currently many new coffee styles in Vietnam associate with traditional coffee style. Vietnamese population is young, they like to catch the new international trend in the community, so Vietnamese traditional coffee is a little bit affected. Nonetheless, cultural identity is something difficult to abandon. Traditional coffee is served everywhere even in global coffee brands. It confirms the important position of traditional coffee in Vietnamese coffee market. It is shown in the way global franchised coffee shops need to add Vietnamese traditional coffee types into their menu in order to satisfy Vietnamese customers' demand. Furthermore, Vietnamese people prefer the pure taste of coffee making by filter instead of machine. Making coffee by filter is a featured culture of Vietnam; represent a tradition of a country. It makes Vietnamese coffee strong and fragrant. It is good combination between bitter and sweet flavor.

3. How does personality influence Vietnamese consumer behavior?

There are two main target consumers in Vietnamese coffee market. Middle-age and old generation prefer Vietnamese traditional coffee with the genuine taste of coffee bean. Old people are not sensitive with the trend, they like to enjoy the something

familiar and tend to hold the routine over years. They enjoy chatting with friends, reading newspapers or relaxing while waiting for coffee drop. Young generation, on the other hand, prefer new coffee styles which is blended with milk, syrups, or other ingredients. Most of them are imported from global coffee brands such as Starbucks, Illy Café, or The Coffee Beans and Tea Leaf. The coffee drinking way of these styles are modern and convenience with more choices than traditional coffee style. More than that, it takes just a couple of minutes to make. It is suitable for take away. Western coffee brings new wind for Vietnamese customers, it give us new thinkingnew option for Coffer lover, this is good chance for us to try not only famous brand name all over the world but also new flavor, we can know more kind of different coffee.

4. What are the common coffee types in Vietnamese coffee market?

The common coffee in Vietnam is ice coffee and ice coffee with condensed milk. As answer of second question, old generation like the pure taste of coffee, so they prefer ice coffee. young generation and women in general drink coffee with condensed milk more.

5. In your opinion, how does perception influencing consumer behavior?

Flavor of coffee at the shop, decoration and comfortable environment typically influence consumer behavior. Good quality of coffee is the very first reason why customers go to the coffee shop. No matter how much beautiful coffee shop is, if the coffee taste bad, customers will not come back for the second time. After that, people now like to take photos, providing a nice environment to take photos will attract more consumers. Last but not least, people go to the coffee shop to enjoy, so a comfortable space with good customer service will be praise. In modern society, the customer service is paid more attention in Vietnamese market. Customers are willing to pay more to get a good service from the shop

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

Social media does have a big influence on consumer behavior. Nowadays, I have seen most of people come taking photos around my coffee shop, posting photos on their personal social network account and checking-in location. The trend of using social network is really popular in the modern society, especially in young generation.

Therefore, in my opinion, applying social media in nowadays market is very crucial in the technological era. Through marketing on social networks such as Facebook, Instagram, YouTube people approach information of a brand faster and more accurate.

7. What are consumer needs in Vietnamese/Thai coffee markets?

In the very first place, coffee is introduced and served as a beverage. Coffee helps people reduce tiredness, sleepiness, so it is a common drink in Vietnamese society. You can see Vietnamese people drink coffee everywhere at anytime. However, in the modern society, coffee is beyond the limit of a refreshing beverage. Coffee can create a communication space in order to satisfy social demands of people. People gather, meet, and relax around a cup of coffee with friends, family or business partners. Coffee itself cannot relieve stress or tiredness of people, but its flavor associated with the nice environment of coffee shop brings relaxed and comfortable moments for people.

APPENDIX G INTERVIEWEE RESPONSE 6

Interviewee 6 - Chatchakorn Rattasap

1. With diversified experience in coffee business, do you think which factors influencing coffee consumer behavior?

In my perspective, coffee demands, social trends, perception and traditional culture are the most important factors influencing Thai consumer behaviors. The first factor is the consumer needs for coffee. If there is no demand of drinking coffee, other factors is no longer a crucial factor influence coffee drinkers consumer behavior. Nevertheless, in the era of social network, the popularity of a shop or a beverage in social networks like Instagram or Facebook can create the social trend in the community. Therefore, I think social trend is a very important factor influencing Thai consumer behavior. Last but not least, we cannot ignore the importance of consumer perception and traditional culture of a country. They affect consumer decision making and consumer selection.

2. What do you think about the influence of culture on consumer behavior in Vietnam/Thailand?

Even though I think social network is an important factor influencing coffee consumer behavior in Thailand, traditional coffee culture is an undeniable factor affect the consumer decision making. Culture helps to understand the needs and behavior of an individual in the society. In term of coffee, cultural factor appear in the typical taste of the majority of Thai population. Thai people like sweet taste. It is shown in the sweetness of Thai traditional coffee. However, people also like the genuine flavor of coffee. The selling point of Espresso or Americano in my coffee shop is usually at the peak.

3. How does social factor influence Vietnamese/Thai consumer behavior?

In my opinion, social roles, social status can influence significantly consumer behavior. Social roles are shown in the family position or genders. Men prefer strong coffee than women. Meanwhile, social status reflects the position of an individual in the society. It influences where they go for a cup of coffee. Officers and students who work near department stores or often hang out over there will go to famous coffee brands, while manual workers can wrap up a cup of coffee easily from a street vendor shops.

4. What are the common coffee types in Vietnamese/Thai coffee market?

We do have our own traditional coffee making from instant coffee blended with milk. In the traditional coffee style, we drink in a plastic bag called "sai thuung". Following the development of country, now coffee is contained in a plastic glass, but plastic bag is still used in some places.

5. In your opinion, how does perception influencing consumer behavior?

Consumer perceptions reflect how a product can influence five senses of human. In my opinion, I think the very first factor influence consumer perception is the quality of coffee. Coffee is considered as the obvious factor influence the way people perceive a product through nose and mouth. The second one is nice architecture of coffee shop, it can catch consumers' eyes. Last but not least, music can bring a relax moments to customer after a hard working day. Therefore, music affects people's ears.

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

Social media is an essential factor in communication process. Social trend can influence the consumer decision in selecting a product, service or brands, so social media is the tool to create the social trend through viral marketing, word of mouth and social networks. Social network can be considered as the fastest way to approach Thai consumers. Thai people catch the social trend on social network quickly. Therefore, using social network properly can bring a huge advantage in comparison with other competitors.

7. What are consumer needs in Vietnamese/Thai coffee markets?

In my point of view, Thai people like to drink coffee in the morning in order to refresh themselves before working. They like to wrap up a cup of coffee and drink at the office, so take away coffee chains are opened early to satisfy this consumer demand. On the other hand, Thai people now go to and stay at the coffee shop for relaxing rather than just a cup of coffee. As I has mentioned in the previous response, the development of social network has changed the way people enjoy coffee. People now go to coffee shop to seek for nice atmosphere, unique coffee shop design. People like to take photo, so a nice architecture becomes more important influencing consumer decision making.

APPENDIX H INTERVIEWEE RESPONSE 7

Interviewee 7 – Nguyen Thi Mai Sao

1. With diversified experience in coffee business, do you think which factors influencing coffee consumer behavior?

In my opinion, the consumer behavior of coffee drinkers is built based on the local culture, social factors. Vietnamese people like full flavored of coffee because of the influence from long coffee history culture. The traditional method of making coffee is very simple and unique. The coffee is made have full flavor of coffee. Therefore, they get used to it and most of Vietnamese people from different social class, gender, age is loyal with this tradition. On the other hand, young people like to catch the modern trend, be a part of the crowd. Hence, when the western style has developed in Vietnamese market, Vietnamese young people catch up quickly.

2. What do you think about the influence of culture on consumer behavior in Vietnam/Thailand?

As I had mentioned in the previous question, culture has the strong impact on the consumer behavior. Coffee culture is not exceptional. Simple making method with the unique flavor has created a unique coffee culture with the rest of the world. Vietnamese people wake up with a cup of coffee, relax with coffee, make friend with a cup of coffee or simply enjoy their own personal space alone with coffee. Coffee is a part of Vietnamese people lives.

3. How does social factor influence Vietnamese/Thai consumer behavior?

Vietnamese coffee is familiar to the people of different age, genders and occupations. Age and gender influence Vietnamese consumer behavior in term of social factor. Vietnamese young people are attracted by modern popular trend in the world introduced by global coffee brands in Vietnamese market such as Starbucks, Coffee Bean and Tea Leaf or other domestic coffee brand selling western coffee style. Young people like to discover new thing, catch the social trend. However, western coffee style cannot replace the position of Vietnamese traditional coffee in the heart of Vietnamese people. Because of the influence from long history of coffee culture, traditional coffee is considered as the number one choice for old Vietnamese people. Furthermore, men drink coffee more than women in Vietnam. Women normally order coffee with milk or other beverages instead of full flavored of coffee.

4. What are the common coffee types in Vietnamese/Thai coffee market?

We have very unique traditional coffee flavor with simple making method. Pure coffee is mixed with sugar or condense milk and drinked hot or with ice. We normally order with Vietnamese style call "đen đá" for pure Vietnamese coffee, or "nâu đá" for coffee with condensed milk. Besides, in order to serve women or people who cannot drink too much coffee, we have "bạc xửu" which is made from milk, hot water and added a little bit coffee.

5. In your opinion, how does perception influencing consumer behavior?

Consumer perceptions reflect how consumers perceive a product. I think the coffee shop design, coffee quality and customer service are directly influence consumer perception. The nice and unique coffee shop style will attract and wowed customer at the very first time when customer get in to the coffee shop. After that, good beverage is the key point that bring loyal customer to the shop. However, in the era of service minded, customer service is one of the most important points that coffee shop need to careful about.

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

Social media plays an important role in any kind of business field. It helps company reaching the consumers. Nowadays, social network gradually becomes the key channel for marketing due to the reasonable price. Social network users are increasing day by day. It becomes an online diary of people. They update their lives through photos, check in the place that they comes, or report the bad service of the shop that they try. Therefore, good marketing campaign on social network can build

7. What are consumer needs in Vietnamese/Thai coffee markets?

Coffee consumption in Vietnam has been obviously rising in recent years. Life is getting busier, so people drink coffee in order to stay concentrating on work. Therefore, take away coffee is started popular up recently in big cities in Vietnam. Furthermore, Vietnamese people like to gather in the coffee shop for meeting, chatting at any time of a day. Many coffee shops are grown up in order to satisfy huge demands of Vietnamese people.

APPENDIX I INTERVIEWEE RESPONSE 8

Interviewee 8 - Charaschai Silayaeng

1. With diversified experience in coffee business, do you think which factors influencing coffee consumer behavior?

In my opinion, culture, individual personality, and consumer perception are the traditional important reasons influencing consumer behavior. All of the factors influence the way people react with the product, service or brand. However, nowadays, the significant change in the social media also an importance factor influencing consumer behavior and consumer decision making.

2. What do you think about the influence of coffee culture on consumer behavior in Vietnam/Thailand?

Culture influences the way people behave due to the impact from family, friends, community. Culture influences the typical taste of Thai people. Thai people like sweet. Coffee in Thailand is sweeter than other countries as well. Furthermore, even though traditional coffee still stays strong in the coffee market by the easy making method, but it is less popular in the menu of the coffee shop.

3. How does social factor influence Thai consumer behavior?

Social factors are all about age, gender, occupation and social status. In my shop, men officers are the main target consumers. They often buy take-away coffee in the morning and drink in the shop at lunch time. Men consumers like bitter taste of coffee. However, women consumers like to order sweeter than as usual. Furthermore, I think Thai people also care about the popularity of the shop, which can show their social status.

4. What are the common coffee types in Thai coffee market?

I separate the common coffee drink for Thai people into two kinds: Thai traditional coffee and western coffee style. There is only one kind of traditional coffee in Thai market called kaffe yen made from instant coffee with milk. On the other hand, there are various western coffee drinks including Espresso, Cappuccino, Latte, Macchiato, and Americano. Cappuccino is the most common one in Thai coffee market.

5. In your opinion, how does perception influencing consumer behavior?

Consumer perception plays an important role in consumer behavior. It shows how a product approach consumer through eyes, noses, mouth, ears, and feeling. The beautiful coffee shop with nice environment for taking photos can catch consumer attention to try a shop. Additionally, customer service is becoming more important in this competitive market. However, the most important factor is still the taste of coffee. Good coffee is the core factor influencing consumer comeback to the shop next time.

6. What do you think about the influence of social media in the modern society? How does it influence consumer behavior?

Social media is really important in marketing of a product. As I said, the significant change in the social media can affect consumer behavior and consumer decision making. In association with the fast growing of social network and smart phone, people now can check in the laces and take photo to post on social networks channels like Facebook or Instagram at any time. A new coffee brand with the proper marketing on social network can become ubiquitous quickly.

7. What are consumer needs in Thai coffee markets?

Coffee is served throughout the day as a refreshing drink, help people conscious for the long working day. In order to satisfy the conscious demand, coffee shop is normally opened up ealy, especially take-away coffee shop. Moreover, coffee shop is becoming a familiar place for friend meeting, business meeting or gathering for Thai people. So coffee, itself, becomes an invisible channel connecting people via a cup of coffee. Overall, coffee satisfies two demands of Thai consumers, consisting of as a refreshing drink and invisible channel connecting people.

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