



**A STUDY OF FACTORS INFLUENCING CHOICE OF
COFFEE BEANS USED BY INDEPENDENT COFFEE SHOPS**

BY

MISS PRECHAYA WATHANAKUN

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE PROGRAM IN MARKETING
(INTERNATIONAL PROGRAM)
FACULTY OF COMMERCE AND ACCOUNTANCY
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2016
COPYRIGHT OF THAMMASAT UNIVERSITY**

**A STUDY OF FACTORS INFLUENCING CHOICE OF
COFFEE BEANS USED BY INDEPENDENT COFFEE SHOPS**

BY

MISS PRECHAYA WATHANAKUN



**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF SCIENCE PROGRAM IN MARKETING
(INTERNATIONAL PROGRAM)
FACULTY OF COMMERCE AND ACCOUNTANCY
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2016
COPYRIGHT OF THAMMASAT UNIVERSITY**

THAMMASAT UNIVERSITY
FACULTY OF COMMERCE AND ACCOUNTANCY

INDEPENDENT STUDY

BY

MISS PRECHAYA WATHANAKUN

ENTITLED

A STUDY OF FACTORS INFLUENCING CHOICE OF COFFEE BEANS USED
BY INDEPENDENT COFFEE SHOPS

was approved as partial fulfillment of the requirements for
the degree of Master of Science Program in Marketing (International Program)

on..... 8 MAY 2017

Chairman



(Professor K. Douglas Hoffman, Ph.D.)

Member and Advisor



(Professor Paul G. Patterson, Ph.D.)

Dean



(Associate Professor Pipop Udorn, Ph.D.)

Independent Study Title	FACTORS INFLUENCING CHOICE OF COFFEE BEANS USED BY INDEPENDENT COFFEE SHOPS
Author	Miss Prechaya Wathanakun
Degree	Master of Science Program in Marketing (International Program)
Major Field/Faculty/University	Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Professor Paul G. Patterson, Ph.D.
Academic Year	2016

ABSTRACT

This study is a contemporary topic in applied marketing focusing on the choice of coffee beans by independent sellers. The first objective is to understand purchasing behavior of the decision maker when selecting a type of coffee beans to use in an independent coffee shop. Second is to determine influential factors when purchasing coffee beans to use in an independent coffee shop. Findings of this study illustrate customer's needs, expectations, and factors influencing the purchase of coffee beans to use in the independent coffee shop in Thailand; while the results assist the reader on decision making in marketing strategy. Data and insights were obtained through primary and secondary data. Qualitative research was employed through face to face semi-structured in-depth interviews of 16 owners or key decision makers of the independent shop in Thailand. The sampling method employed a non-probability, snowball sampling procedure.

The significant findings that most decision makers or owners of the independent shop found most important have been summarized into three factors: **Product Attribute, Value Attribute and Supplier Attribute**. It would give the benefits to a reader or a coffee roaster who prospects to serve the coffee industry, the insights for coffee bean product to decide on a strategic business direction. Also, this study would be of interest to Thai government officials, coffee farmers, coffee roasting companies or related industries.

Keywords: Coffee bean choice, Independent coffee shop, Coffee shop, Coffee



ACKNOWLEDGEMENTS

The completion of this independent study could not have been possible without great support from my advisor. I would like to express my gratitude to Associate Professor Dr. Professor Paul G. Patterson, his expert guidance, insightful comments, understanding, and encouragement throughout my research. Thank you for giving me the opportunity to learn and pursue my interest in healthy diet. It was a pleasure working with such a great advisor.

I would also like to extend my deepest appreciation to all respondents of young Bangkok urbanites, who are friends, colleagues, and all beloved classmate of MIM 29. All information and data were helpful and highly contributed to my study. Thank you for such a great cooperation, and interesting opinions. The one who I should not forget during the study at Thammasat is MIM office. I would like to thank you for the thoughtful assistance throughout the program and the fulfillment of independent study.

Lastly, thank you to my parents who always support me in every step of my life, and also this study.

Miss Prechaya Wathnakun

TABLE OF CONTENTS

	Page
ABSTRACT	(1)
ACKNOWLEDGEMENTS	(3)
LIST OF TABLES	(4)
CHAPTER 1 INTRODUCTION	1
1.1 Problem Statement and Research Propose	1
1.2 Research Objective	2
CHAPTER 2 REVIEW OF LITERATURE	
2.1 Coffee shop industry in Thailand	3
2.2 Coffee culture in Thailand	3
2.3 Type of coffee beans	4
2.4 Coffee selection	4
2.5 Coffee tasting or cupping	5
2.6 Business buying decision process	5
CHAPTER 3 RESEARCH METHODOLOGY	7
3.1 Secondary data	7
3.2 In-depth interviews	7
3.3 Sampling plan	8
3.4 Identification of key research variable	8
3.5 Data collection plan	9

	(5)
3.6 Research findings	9
CHAPTER 4 RESULTS AND DISCUSSION	10
4.1 Secondary research key variable	10
4.2 In-depth interviews key result and findings	11
4.2.1 Objective 1	11
4.2.2 Objective 2	15
CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS	21
5.1 Conclusions	21
5.2 Limitation of the study	23
REFERENCES	24
APPENDICES	
APPENDIX A: The in-depth interview questions	26
APPENDIX B: Summary of respondents' profile	27
BIOGRAPHY	29

LIST OF TABLES

Tables	Page
1. Table of influential factors	15



CHAPTER 1

INTRODUCTION

1.1 Problem Statement and Research Purpose

Regarding the rising trend of coffee shop around the world including Thailand, Thai consumers have changed from drinking instant coffee to freshly brewed coffee from the coffee shop or café instead. According to the research from the National food Institute, Thai coffee café and coffee shop value 14,083 million baht in 2009. Since 2014, they have grown from 17,400 million baht and it is expected to grow to 22,500 million baht in 2018, representing a CAGR of 5.4 percent (Euromonitor, 2015)

Over the past ten years, coffee shops have reported a healthy growth in Thailand due to fresh coffee drinks from coffee shops have become more and more popular among Thai consumers. Moreover, many coffee drinkers become more sophisticated, they tend to drink high quality and favorable coffee. Each coffee shop, especially independent shop tries to find the unique and high quality coffee beans to make their signature coffee drink that later can attract and satisfy their targeted customers. (SCB EIC, 2014)

In accordance with, the consumer behaviors of drinking coffee in Thailand have shifted to the more sophisticated style. (Manager online, 2016)

In order to survive in this changing and competitive landscape of coffee shop business nowadays, the owner needs to know not only the good management as a business enterprise but also the suitable coffee knowledge of the coffee beans and brewing techniques to win and retain consumers by creating a memorable experience.

The Study of factors influencing choice of coffee beans used by independent coffee shops” has been chosen as an independent study which represents a contemporary topic in the area of applied marketing, which focuses on market opportunities and upcoming social trends. Consequently, the findings will illustrate new knowledge and insightful information that will be extremely useful for Thai coffee industry especially for Thai coffee farmers, coffee roasters and coffee shops

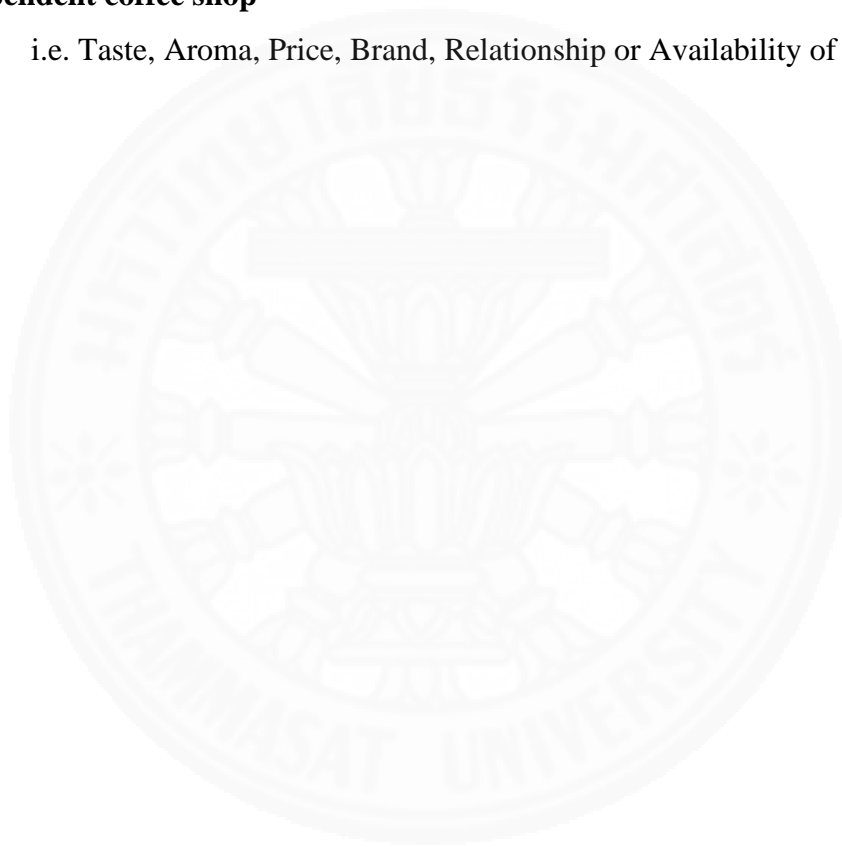
1.2 Research Objective

1.2.1 To understand purchasing behavior of decision maker when selecting a coffee beans to use in an independent coffee shop

i.e. Problem recognition, Information processing, Brand evaluation, Purchase and Post purchase evaluation

1.2.2 To determine influential factors when purchasing coffee beans to use in an independent coffee shop

i.e. Taste, Aroma, Price, Brand, Relationship or Availability of the supply etc.



CHAPTER 2

LITERATURE REVIEW

This section of the report contains information about Coffee shop industry in Thailand, Coffee culture in Thailand, Type of Coffee Beans, Coffee Selection, Coffee Tasting or Cupping and Business buying decision process.

2.1 Coffee shop industry in Thailand:

Bangkok Bank SME (2015) claimed that “According to the research from the National Food Institute, Thai modern coffee shop is forecasted to grow from 17,400 to 22,500 million baht in 2018”, representing a “Compounded annual growth rate of 5.4 percent” (Euromonitor International, 2015). Drinking coffee is a culture that has been a part of Thai society for many decades. However, the coffee shops are expanding rapidly because Thai people’s behavior has changed from consuming instant coffee at home to more sophisticated fresh coffee drink at a modern coffee shop.

2.2 Coffee culture in Thailand:

“At the beginning of the 1990s, there were two options. *Kafe Boran* (a rich, sweet, and cheap drink) or instant coffee. Fast-forward a decade and that had changed: we saw a greater choice of coffee shops, a willingness to pay more, and a thirst for good but convenient coffee” (N. Kunavivattanon). As a younger Thai generation influenced by oversea, this group of people has changed a lot of Thai coffee industry and culture. They love to own a locally independent coffee shop to develop the quality of the coffee shop to satisfy the sophisticated customers themselves. They are often involved in every stage of the supply chain and decision making of the coffee shop.

Apart from the independent coffee shops, the chain coffee shops are also expanding rapidly all over big cities in Thailand due to the higher willingness to purchase of Thai customers (from Thai customers or Thai customers’ higher willingness to pay). Therefore, customers later become more knowledgeable of the specific types or origins of the coffee beans. Subsequently, coffee shop owners or

decision makers seek for the suitable coffee beans in order to fit their shop's characteristics and their target market. However, the customers expect not only a new experience or a decoration and ambience, but also a qualified and unique coffee drink from the modern coffee shop to satisfy them (Siam Commercial Bank Economics Intelligence Center, 2014)

2.3 Type of Coffee Beans:

There are two principal types of coffee cultivated for drinking; Coffee Arabica and Coffee Robusta. Coffee Arabica, which mostly sold nowadays in the world, is much more popular to use and drink in a coffee shop. The two types are different in terms of taste, growing conditions, and price. Arabica beans, which are claimed as a better quality character, tend to have a lot lower caffeine but greater acidity with a sugary, mild and winery taste. On the other hand, Robusta beans are simpler to grow because they could be grown in lower altitudes, less sensitive to any natural condition and diseases and also give larger yield compared to Arabica Coffee. Robusta coffee beans are likely to have harsher and bitter taste with higher caffeine. Finally, Arabica coffee beans end up with the higher price and definitely more popular among standardized coffee shops around the world. (Coffee choice guide, 2013)

2.4 Coffee Selection:

Coffee beans become more demanded throughout the world so the cultivation is bringing to high standard and quality to show the superior of the coffee beans. While coffee roasters are also trying to bring the distinctive flavor characteristics that could offer a signature taste and a new experience to customers. In order to find the desirable coffee beans, some elements would be taken into consideration before making a purchase by a coffee roaster. Firstly, Roast style which offers wide range degree from golden brown to charcoal black, is one of many preference features that consumers take into account before making a decision. Secondly, as an agricultural product, labels and certifications are needed to give a better perception of the coffee beans. There are many packaging labels and certifications such as organic certified eco certification and coffee

sustainability certification for traceability and to help improve the lives of the coffee farmers. Finally, Tasting Notes which help evaluate the most desired coffee beans before making a choice. To pick the right choice of the flavorful coffee beans, the consumers need to trust their tongue and also the reliable roaster. (Konecny and Brown, 2013)

2.5 Coffee Tasting or Cupping:

To make a decision on selecting the coffee beans, coffee tasting is necessary. “Coffee tasting is not only about the taste but also aroma, flavor and feeling for that type of coffee beans” (Coffee Tasting) There are six rules used to decide the most desired coffee bean choice which are fragrance, aroma, taste, after taste, nose and body. The difference between fragrance and aroma is a smell of fresh ground versus a smell of extracted coffee shot. The taste includes bitter, acidity, sweet, hash or salty but the after taste is the left taste in the throat after drinking. Lastly, the nose is the scent of the nostril and body is the mouth feel of the intense of the coffee. However, all criteria or factors might not be needed when deciding coffee bean choice. (Coffee Tasting)

2.6 Business Buying Decision Process:

To get into customer’s mind especially the decision makers, the buying decision process is unavoidable. There are eight stages of business buying decision process which are Problem recognition, General need description, Product specification, Supplier search, Proposal solicitation, Supplier selection, Order-routine specification and Performance review. Customers normally go through the eight stages model but not on every occasion. On the other hand, every stage in this model will be highly involved when making a new purchase or a new product. The theoretical frameworks of general process in purchasing decision identified are (Kotler & Keller, 2012, P.217)

1) Problem recognition

This stage represents a problem that needs to be solved from the real situation and the recognition of that need.

2) General Need Description and Product Specification

The customer decides the needed characteristics and demanded quantity or the buyer will work with others to design the right product.

3) Supplier Search

The customers try to find the most suitable supplier through many connections. They are looking for the brand that can most deliver the benefits.

4) Proposal Solicitation

This stage of the detail of proposal will be required and submitted to the company.

5) Supplier Selection

The customers will evaluate the supplier that can deliver the value that meets or exceeds their need and want.

6) Order-Routine Specification

This stage shows the negotiation between supplier and the company. The specification of the company and the supplier need to be included at this stage.

7) Performance Review

This stage the company evaluates the performance of the chosen supplier.

CHAPTER 3

RESEARCH DESIGN

In order to achieve all of the objectives previously stated, marketing research was the most effective tool to collect secondary data and qualitative interviews were the most effective way to collect primary data.

This research was conducted into two parts. Firstly, the researcher conducted a comprehensive reading and analysis of many studies. This has given a better understanding of the influential factors towards the coffee bean choice and has helped the researcher to come up with important factors of coffee beans and other factors that affect the final decision of owners or decision makers. Secondly, validate these factors with numerous qualitative interviews with owners or decision makers of the independent coffee shops in order to test whether or not the results of the previous studies are similar to the results. Therefore, the exploratory research method was aimed to gather more insightful information with regards to the factors influencing coffee bean choice by the independent coffee shops. However, since the research topic is incredibly specific and requires many strict criteria for the respondents to satisfy as well as the time limitation, the research will be conducted only through qualitative research methods.

3.1 Secondary Data

Secondary data were obtained from highly credible sources and scholarly articles before the collection of primary data can begin. These sources include publications, credible websites, academic publications, relevant journals, newspaper, pocket books, as well as existing research articles. The secondary data obtained will help identify and understand the current situation, industry analysis, trends, opportunity assessment of the coffee industry in Thailand and the factors influencing choices.

3.2 In-Depth Interviews

The in-depth interview represents the most important part of this independent study. The in-depth interview intends to study the choice of coffee bean by understanding perception, attitude and purchasing behavior toward the key decision maker. The interview (one-on-one discussions) contained many open-ended questions and through applying the Probing and Prompting techniques, meaningful information was obtained to help this study achieve its objective of understanding the customer behavior. The Probing technique helped to encourage the respondents to elaborate and explain more on their point of view, which also helped to get to the core of the respondent's thinking. The Prompting technique helped uncover specific details and was used when the respondents failed to mention some specific or in-depth information with regard to the questions. These techniques sought to:

- Be able to make a decision on the choice of coffee bean to use in the coffee shop.
- Be able to identify the desired characteristics of the coffee beans and compare it to other coffee bean choice.
- Be able to identify the other influential related factors when deciding a choice of coffee beans.

3.3 Sampling plan

The respondents were key decision makers or owners who make a decision on the coffee bean choice to use in the coffee shops. The focus was on Stand Alone (The prominent coffee shop, which has the large area over 50 square meters). The respondents were from the independent coffee shops in Thailand. (Local and lifestyle coffee shop with few branches) The coffee shops had to be operated more than two years.

3.4 Identification of key research variables

According to the research objectives, the criteria determining the important variables in this study are as follows

- The coffee shop's characteristics such as size, targeted customers and revenue.
- Internal and external factors of the decision maker that influence purchasing behavior. For instance, the internal factors are past experience, characteristics and motivation. The external factors are environmental, social and marketing stimulation.
- Purchasing behaviors of the products such as brand, price, place to buy, origin, frequency, relationship, purchasing objectives and satisfaction
- Coffee bean attributes such as taste, aroma and roasting profile

3.5 Data collection plan

Due to the limitation of time and financial constraint, respondents were selected through non-probability sampling and acquired through personal connection. The in-depth interviews with the key decision makers or owners of the independent coffee shops were semi-structured face to face interview, which approximately took between 30 to 40 minutes. The interviews were standardized as much as possible to ensure that all key topics are covered. Each interview was recorded and later transcribed.

During October to November 2016, total of two in-depth interviews were conducted to identify the framework and to complete the question guide or 14 in-depth interviews, which were carried out during December, 2016 to March 2017. The interviews including the interview with the key decision makers of the coffee bean choice to use in the coffee shops were for the purpose of obtaining data to meet the objectives accordingly.

3.6 Research Findings

The data from the in-depth interview were analyzed and summarized individually to define the key findings of purchasing behavior towards the coffee bean choice and the data obtained were also grouped into category to define three most influential factors which are **Product Attributes, Value Attributes and Supplier**

Attributes. The related important direct quotes of the decision makers also include for strengthening the influential factors of coffee choice of the independent coffee shops.



CHAPTER 4

Data Analysis and Results

4.1 Secondary Research Key Findings

4.1.1 Thai coffee shop industry overview

According to the research from the National food Institute, Thai coffee cafés and coffee shops value 14,083 million baht in 2009. Since 2014, they have grown from 17,400 million baht and it is expected to grow to 22,500 million baht in 2018, representing a CAGR of 5.4 percent (Euromonitor, 2015). Since Thai people's behavior has changed from consuming instant coffee at home to fresh coffee drink from a modern coffee shop instead because of the attractiveness of pleasant and nice atmosphere. Moreover, Thai consumers tend to drink more coffee from 0.5 Kilogram per year in 2009 to 0.9 Kilogram per year in 2012. However, it is still considered a low consumption rate when comparing to other countries both in Asia and Europe (International Coffee Organization, 2016).

Considering the consistently growth trend during the past years, both foreign and Thai investors are interested in this business therefore a lot of coffee shops both chain and independent arose in Bangkok and other major cities in Thailand to capture the spreading target market. According to Asia focus from Bangkok Newspapers, these coffee trends trigger higher coffee consumption, resulting in a healthy 7% compound annual growth rate (CAGR) between 2008 and 2012. (Siam Commercial Bank Economics Intelligence Center, 2014) Since a higher price of coffee drink compared to instant coffee and traditional coffee, customers are absolutely looking for a likable place, service, atmosphere and taste of the coffee beverage itself. Due to an increasing growth mentioned earlier, a high competitive situation of a countless coffee shops in every corner is unavoidable. As a consequence, a good management as a business enterprise, the shop owners or the decision makers try to differentiate themselves from competitors by providing the wide range of the beverages thus the coffee bean choice is one of the important parts to offer a unique experience to the customers and to show

that the shops provide good knowledge and culture of specialty coffee bean and unique brewing techniques.

4.1.2 Coffee consumption in Thailand

The coffee culture in Asia including Thailand is under a huge progress, there are many stages of the coffee culture development. Normally the first stage is the mass-produced brew coffee that offers a low-priced coffee drink. However, the second stage is when the chain coffee shops such as Starbucks, Coffee beans and tea leaves and Black Canyon etc. become the main players in the market. These coffee shops deliver high quality drinks and standard services with higher price. Finally, the last stage is when the coffee drink is like a craft, the highest quality or specific types of coffee beans are maintained. A unique experience is often delivered to the customers with a reasonable to a premium price of the coffee. The barista and coffee growers are also introduced to coffee drinkers at this stage since customers become more sophisticated. (Siam Commercial Bank Economics Intelligence Center, 2014). To be an outstanding coffee shop, the differentiation is needed. In Australia where coffee culture is matured, small local coffee shops or cafes are often more successful than the chain coffee shops. (Siam Commercial Bank Economics Intelligence Center, 2014) These local coffee shops must offer a unique experience by providing a pleasant service and nice decoration with the high quality of foods and drinks. Thailand is also gearing toward the last stage of coffee culture where the coffee flavor is essential.

4.2 In-Depth Interviews Results and Key Findings

4.2.1 Objective1: Understand purchasing behavior of decision makers when selecting coffee beans to use in the independent coffee shops.

The study aims to study business buying decision process towards the coffee bean choice. This is examined by drawing upon the academic literature together with

published information and interviewing with the successful independent coffee shops in Thailand.

After conducting the 16 in-depth interviews, the researcher discovered some significant findings in the behavior of the key decision makers or owners of the independent coffee shops when deciding the coffee bean choice to use. These findings were summarized into the business buying decision to show the key decision maker or owner's behavior. The results of the study are discussed under the **following Problem recognition, General need description, Product specification, Supplier search, Supplier selection and Performance review** as follows.

The buying process usually takes a long time before the real purchase and also has an effect afterward.

Problem recognition

This is where the buying starts. The in-depth interviews revealed that the key decision makers definitely need the coffee beans to make the coffee beverages in their own shop when it is newly open or when it runs out of stock. Some independent coffee shops rather keep changing the coffee bean choice until they satisfied with the current choice. However, the key decision makers or owners would attach to the current choice if they and their end consumers are still delighted with this choice of coffee beans.

General need description and Product specification

“The buyer determines the needed item's general characteristics and required quantity” (Kotler & Keller P.218)

The customers normally find the suitable product for their own company. Similar to the independent coffee shop, the key decision makers or owners will look for the coffee beans that match with their shop's characteristics, target consumers, location and beverages price.

From the in-depth interviews, it revealed that the key decision makers or the owners prefer the coffee bean choice that matches with their beverages price to gain some profit for their shop. Moreover, for the independent shop with one or few grinder

the key decision makers normally have some specific coffee bean choice to make both perfect hot and iced coffee drinks.

Supplier search

For the usual products, the consumers normally get the information from the commercial which is the advertising or salespersons. However, from the in-depth interviews of the independent coffee shops in Thailand, during deciding the coffee bean choice to use in the shop the decision makers or the owners have studied the details and information of each coffee bean choice that tends towards their preferences and suits the shop's characteristics and their end consumers.

For in-depth interviews, firstly, when deciding each new choice of coffee beans, the owners or the decision makers of the independent coffee shops look for the information in the public source especially the coffee related websites or talking to knowledgeable friends or acquaintances in the coffee industry. Moreover, getting the information from the suppliers or salespersons from the commercial sources for the specific product about the taste and the characteristics of the beans such as origin, roasting profile, price and delivery service, is critical. Lastly, examining or testing the coffee beans by themselves until they are satisfied before real launching is mandatory for them.

In order to response to the customers' needs, the supplier has to deliver the benefits to satisfy them. However, each independent customer has different believes and attitudes towards each coffee bean choice and type, since each coffee shop has different location, shop's characteristic, target consumers, price and etc. The key decision makers or owners made their own judgments major on a conscious and rational basis. Finally, from talking with the key decision makers or owners, they will choose a coffee bean choice that has the attributes of: taste, quality, price, roasting style and etc. Moreover, the supplier reputation is also count as one of the factors when making a decision such as well-known roaster or company reputation, service reliability. The decisions could be influenced at this stage by having enough of company and product information provided to them.

Belief: “A descriptive thought that a person holds about something” (Kotler & Keller, 2012, P.190)

Some independent coffee shops have a strong believe the origin of the coffee bean. The imported coffee beans often have the better quality and taste.

Attitude: “A person’s enduring favorable or unfavorable evaluations, emotional, feelings and action tendencies toward some object or idea” (Kotler & Keller, 2012, P.190)

Most independent coffee shops in Thailand have the attitudes that the mild roasting profile coffee and the strong aroma coffee bean can enhance the taste of the coffee beverage for end consumers.

Supplier selection

“The choice of attributes and their relative importance varies with the buying situation. Delivery reliability, price, and supplier reputation are important for routine-order products” (Kotler & Keller, 2012, P.199)

Before placing an order with the chosen supplier, the decision makers or owners of the coffee shop negotiate price, discount, finance arrangements and payment terms, as well as confirming delivery dates and any other contractual matters. There are intervening factors at this stage which are (Kotler & Keller, 2012, P.192-193)

1. Attitudes of others: The influence of another person’s attitude especially the gurus in the coffee industry, friends or family or acquaintances who have a knowledge about coffee.
2. Unanticipated factors: The sudden or risk factors that could interrupt the purchase decision. For example, Functional Risk which is the product not value for the money or Functional risk, which is the product, does not exceed the customer expectation.

The key decision maker or the owner of the independent coffee shop has to taste or experience the coffee beans by themselves until they are satisfied before providing for the consumers in the shop.

Performance review

“A satisfied consumer is more likely to purchase the product again and will also tend to say good things about the brand to others” (Kotler & Keller, 2012, P.192)

Similar to coffee bean purchasing, when the key decision makers or owners are satisfied and made the final decision on the coffee bean choice, they rarely change-to the new choice of coffee beans unless some problems occur so the relationship, consistency performance, convenience and service are desirable for the independent coffee shops. This stage may include the imposition of penalty charges if the product fails to meet the agreed specifications.

4.2.2 Objective2: To determine influential factors when purchasing-coffee beans to use in the independent coffee shops.

Top influential factors	Factors
Product Attributes	X1: Taste
	X2: Aroma
	X3: Origin
Value Attributes	X4: Price
	X5: Brand
Supplier Attributes	X6: Relationship
	X7: Availability of supply

Table 1: Table of influential factors and hypotheses

From the 16 in-depth interviews, researcher discovered there were some significant findings that most key decision makers or owners of independent coffee shops in Thailand found most important. Those findings have been summarized and grouped into three most influential factors; **Product Attributes, Value Attributes**

and Supplier Attributes when deciding coffee bean choice used by independent coffee shops.

Product Attributes

For the independent coffee shops, the quality of the coffee drinks is well-known for many customers nowadays so the coffee bean choice is the important feature to deliver the better coffee beverages. From the in-depth interview with key decision makers of the independent coffee shops, when choosing the coffee bean choice, the most important factor is the product itself.

Product

Three product attributes were identified: Taste, Aroma and Origin.

Taste

There are two main types of coffee beans which are “Arabica” which provides more delicate and mild taste with slightly acidic taste. On the other hand, “Robusta” is normally very dark roasted with very strong and bitter taste. In general, “Robusta” provides higher caffeine than “Arabica” (Durand, 2008) which can cause unpleasant feeling for some people after drinking. From analyzing with the independent coffee shops in Thailand, the key decision makers or owners prefer the mild taste of the “Arabica” choice. The coffee bean should not be roasted so dark that can ruin the real coffee taste. They normally prefer medium to light dark roasted which represent the consumers’ smoother taste and higher quality. Arabica’s body offers the good after taste in the mouth after drinking. Moreover, these key decision makers also consider their coffee preference taste or design their preferred taste and then match with the shop’s characteristic and their target market to make it the most suitable or desirable taste for their independent shop when making a decision of coffee bean choice.

“At first, our shop used medium roasted Arabica bean to serve the consumers but later we changed to darker roasted Arabica but the consumers still did not complain about the taste. Until the last time, we changed to Robusta blend to reduce the cost but the consumers complained a lot that they have headache symptom and would like a new glass of drink so I switched back to light dark Arabica beans to suit the shop and my consumers’ taste.”

Aroma

The coffee scent consists of many chemical compounds. To sense the coffee aroma, it is either during brewing the coffee beans or after drinking the coffee drink so the coffee aroma is one of many factors that help enhance the taste of the coffee. Generally, the aroma is different depending on the type of coffee bean choice; “Arabica” offers stronger aroma with fragrant and fruity smell but “Robusta” has less aroma with earthy smell. (BeanPoster, 2013) As from an in-depth interview, these decision makers from the independent coffee shops in Thailand indicated that they fancy the coffee bean choice that provides stronger aroma with sweet and richly scented smell to help creating the atmosphere of the shop and also raising the sense when drinking the coffee.

“The coffee beans that I use to serve in my shop need to have a strong aroma of coffee because it will please and satisfy the consumers who are especially a regular coffee drinkers. I also believe that the coffee aroma will create great ambience and draw consumers to the shop. Before I ended up using the current coffee beans, I had tried varies coffee beans but I think the strong aroma is one of the essential factors so I am willing to pay more for the right coffee bean choice for my shop and my consumers.”

Pimpan(28), Minna Cafe

Origin

Since the independent coffee shops have spread widely in Thailand so consumers also give more importance to the unique taste of each coffee bean choice. The different environment and altitude of origin affect each coffee bean to have unique characteristics in terms of taste, aroma, touch and acidity. (BeanPoster, 2013) The taste and quality of the coffee beans depend largely on the environment in which they grow. The key decision makers or owners from in-depth interviews claimed that in order to raise awareness, shop's image and brand, they flavor the special imported coffee bean choice which is rare or hard to find so that consumers feel special when drinking that coffee. Moreover, the imported coffee bean can provide the competitive landscape in terms of differentiation in the coffee shop market. However, some independent coffee shops provide as another adding option to provide imported beans as choices to give more variety because it is normally higher cost compared to the domestic coffee beans.

“To strengthen my premium position of my independent coffee shop, I always use the imported coffee beans from South America. I believe those coffee beans provide the best quality and the greatest taste which fit my independent shop's characteristic and target consumers”

Paniti(29) Kay's Cafe

Value Attributes

The product that can be sold well, it needs not only the great quality but also perceived value. Especially for business to business model in order to gain the profit, perceived value becomes the major role when making a decision.

There are 2 identified Value attributes which are Price and Brand.

Price

Price is one of many significant factors that always is considered when making a purchase. Price is ordinarily compared with product attributes, service or others related benefits from the customers' perspective. Price is not the only key variables that affect the purchasing decision but customers will trade off the price with product benefits or perceived value.

**An easy way to see this is to view value as a calculation
(pricingmentiontutorial, 2017)**

**Value = perceived benefits received
perceived price paid**

For the coffee industry, especially when it comes to business to business model, price becomes one of the most influential factors for these key decision makers. In order to gain the profit for the shop and also to satisfy the consumers at the same time, they stated that they will choose the product or the coffee beans that value for the money by comparing to the bean quality and other related factors. The bean choice's price is commonly compared to the drink's price in their coffee shop to make sure that the coffee shop makes some money and profit. Moreover, the coffee bean choice needs to have a reasonable price which matches the shop's characteristics and its target market by making sure that the price is well fitted with the end consumer's perceived value.

“Differentiation is important in a high competitive situation due to many coffee shops arose in every corner. However, we have to look at our location and target market, sometimes the best quality for us does not mean the same to the end consumers. We have to make sure, our target market are willing to pay, the price needs to match with the consumer's perceived value”

Veerayuth(30), 5th Avenue cafe

Brand

Brand matters to most for the products and services, so do the coffee beans. A brand can save time on decision making process because the brand has created a perception of good quality, consistency, trustworthy and reliability. (Haskins, 2015)

From the in-depth interviews of owners or decision makers, some of them prefer branded coffee bean because it is more reliable and standardized. These famous branded coffee beans also better represent the image of coffee shop when they put the sign of the brand on the counter. The decision makers are willing to pay a higher price to reduce the risks that might happen; each batch of the coffee beans could be almost the same in terms of quality and taste and finally will not disappoint their consumers. Moreover, the famous branded coffee beans also come with its convenience, service, delivery, availability and others related factors which make the coffee beans purchasing become easier for the owners or key decision makers.

“Famous coffee brand helps me decide faster and easier, it even helps to create trust for the new consumers when they see the famous brand coffee beans sign on the counter. I love how the famous coffee brands have the professional management which can deliver consistency and performance. Thus, I decided to use Lavazza, famous coffee beans from Italy”

Nitiwan(40), Caffè Undici

Supplier Attributes

The business will not be complete without any good supply side. To be a great supplier, the company has to do many important things to win the customers' mind, switch and retain them as a loyal customer. A good supplier is considered as a good partner of the business for a successful company, supplier is one of the most influential factors.

There are 2 Supplier Attributes which are Relationship and Availability of supply.

Relationship

According to business dictionary, customer relationship is the development of an ongoing connection between a company and its customers. The relationship involves marketing communications, sales support, technical assistance and customer service. The relationship is measured by the degree of customer satisfaction through the buying cycle and follows the receipt of goods.

To be a successful company, build and maintain customer relationship is essential in the business. From the behavior of these decision makers implied that relationship is important in the coffee business. These owners tend to ask other shop owners and experts in the coffee industry before making a coffee bean purchase especially for the first time. Moreover, they would follow the recommendations and suggestions from the experts who are their acquaintances. Eventually, to build a good relationship and later create good word of mouth is the key elements of success which lead to more purchase and new opportunity.

“The way I choose the coffee beans is from the recommendation from the experts in the coffee industry. Their recommendations were really useful and insightful and could become the most reliable source of information. Finally, I picked the coffee bean choice according to the expert who is also my partner’s acquaintance and I was really satisfied”

Pisitpol (29), Perfect Piece Café

Availability of supply

To become the reliable company, availability of supply is the key advantage on the supply chain. For the coffee bean industry, which is the agricultural product that means the availability and consistency is an important risk factor for this business. Coffee beans are the agricultural product whose important risk factors are availability and consistency. The availability and the consistency of the coffee beans also create the convenience to these decision makers of the independent coffee shop.

Furthermore, not only but also other services such as delivery and time are also the important part of the availability service.

“Sometimes it is a problem that my coffee shop is not in the big city like Bangkok so convenience becomes an essential factor for me. I used to use the coffee beans from other supplier which was cheaper but not convenient at all. However, I am willing to pay more for the same quality of coffee beans for the convenience such as delivery service, availability when the coffee beans is out of stock and attention of the salesperson”

Sunata(55), SoFit Cafe



CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Product Attributes Factor

The interviews revealed that key decision makers or owners prefer to use the “Arabica” beans which are mostly grown in the northern part of Thailand. It is normally higher price than “Robusta” which are mostly grown in the southern part of Thailand. “Arabica” is normally considered as higher quality beans compared to “Robusta” but “Robusta” can be produced a lot more than “Arabica” in Thailand. **“Arabica” beans also provide the stronger aroma which is perfect for the independent shops.**

Moreover, most of the small independent coffee shops that have limited budget or space normally set up few grinders to make both hot and cold coffee beverages. Hence the choice of coffee beans needs to have the desirable taste for both hot and cold drinks after brewing. In general, these shops choose **the medium to dark roasted beans to do hot and cold coffee beverages.** However, the imported coffee beans which represent the premium quality in the eyes of the end consumers, are often used as an option to provide more variety to the niche target audience or to enhance the new experience to the consumers.

Value Attributes Factor

These key decision makers or owners are always focusing on “Value for Money” of their coffee bean choice. **The price of coffee beans needs to match with their coffee beverages price, shop’s characteristics, location and the target consumers.** The perceived value of the end consumers need to be fitted well with the price of coffee bean choice. Normally, the people in upcountry are willing to pay less than people in Bangkok. For some independent coffee shops especially in Bangkok and big cities, these key decision makers or owners prefer famous branded coffee

beans to create trust for end consumers and reduce the other risks related to coffee bean choice.

Supplier Attribute Factor

To be a reputable supplier in coffee industry, a good relationship is vital. **Satisfied key decision makers or owners tend to spread the good word of mouth and recommendation to other decision makers.** However, in order to become a reputable supplier, not only the great product can answer all the solutions of the customers but there are also other related factors such as Salesperson, delivery service, availability and after sales service, etc.

Coffee bean choice is not the only success factor of the coffee shop.

Due to the rising trend of the coffee shop in Thailand especially in those big cities where there is a high competition. More specifically, Thai consumers are gearing towards the third wave culture which is the specialty coffee bean choice and they definitely are willing to pay more for the new experience or the more sophisticated style to express their social status. **Good coffee bean choice will help the independent coffee shop to differentiate from other competitors in the market.** However, coffee bean choice is not the only success factor but other factors play a big role as well. For example, good location, excellent service, clean and tasty of foods and drinks, variety and good marketing strategies will attract consumers and retain them to the coffee shop.

The buying decision process will be diminished after determining the satisfied choice of coffee beans.

Coffee beans for these key decision makers or owners are considered as a high involvement product because it is the part that creates value to their shop and consumers. It is also one of the important costs of the coffee shop. At the beginning

the buying decision process seems to be long because a lot of new information has to be processed by these key decision makers or owners of the coffee shop. **Finally when they get the right choice or the satisfied choice of coffee beans, the buying decision process does not play the major role.** They will just reorder the same choice when they need or when the stocks are out. However, when new choice of coffee beans or alteration is required, the buying decision process will play a significant role again. **Thus, in order for customers to switch or add the new choice of coffee beans, experience or try the coffee beans will shorten the buying decision process.**

Experience the coffee beans before purchasing is mandatory.

Before deciding the coffee bean choice to use in the coffee shop, every key decision makers or owners has to taste the coffee beans themselves until they are satisfied. Even if the coffee bean company does not provide the sample; they will buy a few of actual size just to taste. **As a consequence, to win the customer's mind and to create the good business relationship, providing varies sample size for customers will help influencing the purchase of these key decision makers or owners.**

5.2 Limitation of the study

Due to the limit of time and resources, this study aims to be a preliminary research exploring the factors influencing choice of coffee beans used by independent coffee shops. The limitations are as follows:

1. Regarding a small sample size through non-probability sampling method, findings from the in-depth interviews may not represent the entire independent coffee shops in Thailand.
2. In order to complete this research, the researcher needs to design the study and collect both primary and secondary data. The total time was considered a short time to do a large number of in-depth interviews.

3. The limitation of this study insignificantly affects the report in summary and recommendations for the factors influencing choice of coffee beans.

Overall, the limitations of this study did not vary the findings and result, but the small sample size may cause an inappropriate use of this study for case study or proof supporting business decision. Therefore, the further quantitative study may generalize the data to represent the entire population of the target group.



REFERENCES

- Arabica vs. Robusta. (n.d.). Retrieved April 06, 2017, from
<http://www.barkingdogroasters.com/our-coffee/arabica-vs-robusta/>
- Coffee Tasting. (n.d.). Retrieved November 27, 2016, from
<http://www.preda-roastinghouse.com/Articles-กาแฟเรื่องน่าอ่าน/Cupping.html>
- Grind, P. D. (2017, March 24). 5 Reasons Thai Specialty Coffee Is Blooming – And 4 Challenges It Faces. Retrieved April 06, 2017, from
<https://www.perfectdailygrind.com/2016/06/5-reasons-thai-specialty-coffee-blooming-4-challenges-faces/>
- Kotler, K. (2012). *Marketing Management*. Pearson Education Limited.
- Paquan Lertsawatwicha, (2013).
Purchasing Decision factors on healthy conscious consumers towards healthy bakery in Bangkok. Thammasat University.
- PCL., P. P. (n.d.). Bangkok Post article. Retrieved April 06, 2017, from
<http://www.bangkokpost.com/print/388172/>
- Poosuwan, B. (2016, February 13). เส้นทางกาแฟไทยสู่ตลาดกาแฟสากล: มุมมองจากสองผู้เชี่ยวชาญด้านกาแฟระดับโลก.
 Retrieved April 06, 2017, from <http://thaipublica.org/2016/02/fuadi-4/>
- Price vs. Value. (n.d.). Retrieved April 06, 2017,
 from <http://www.knowthis.com/pricing-decisions/price-vs-value>
- Siam Commercial Bank Economics Intelligence Centre. (2014, January 06).

Cafe culture in Asian countries. *Asia Focus*. Retrieved November 27, 2016,
from
<http://www.bangkokpost.com/print/388172/>
The Roasterie. (n.d.). Retrieved April 06, 2017, from
<https://www.theroasterie.com/blog/whats-the-difference-between-robusta-and-arabica-coffee/>

What is customer relationship? definition and meaning. (n.d.). Retrieved April 06,
2017,
from <http://www.businessdictionary.com/definition/customer-relationship.html>

คอกาแฟไทยมีมากขึ้น ส่งธุรกิจกาแฟสดใส่ห้างตลาด - Bangkok Bank SME. (2015, November 27).
Retrieved November 27, 2016, from
<http://www.bangkokbanksme.com/article/459>

ธุรกิจร้านกาแฟในประเทศไทย. (2014, August). Retrieved November 27, 2016,
from <http://fic.nfi.or.th/MarketOverviewDomesticDetail.php?id=78>

APPENDIX A

THE IN-DEPTH INTERVIEW QUESTIONS

1. What are the main factors when deciding the choice of coffee beans to use in the coffee shop?

Taste, Aroma, Price, Availability of supply, Quality or other personal factors

(Please rank the factors from the most to the least important)

2. Do you know the origin of your coffee bean choice?
3. Does the origin of the coffee beans affect your decision?
4. What is the price range of your coffee drinks?
5. How do you normally choose the choice of the coffee beans before making a purchase?
6. Have you looked for any information before deciding?
7. Where or whom do you normally get the information from?
8. Which is the most reliable source of information for you?
9. Have you changed the coffee beans before the current one in the shop?
10. How is your process when purchasing or re-ordering the coffee beans from the coffee roaster?
11. Have you done any surveyed whether your customers like the taste of your coffee beans choice?
12. Do you think the coffee beans choice is one of the coffee shop success factors?

APPENDIX B

SUMMARY OF RESPONDENTS PROFILE

No.	Company
1.	Perfect Piece Cafe
2.	Minna Café
3.	Coffee No.9
4.	Zero Celcius Cafe
5.	A Cake
6.	Casa Lapin
7.	Roast Coffee
8.	Bar Storia del Caffè
9.	Casa Lapin
10.	Roast Cafe
11.	Behnd the tree cafe
12.	So Fit Cafe
13.	Caffe Undici
14.	5 th Avenue Cafe

15.	PH1B Cafe
16.	J' Huay Coffee



BIOGRAPHY

Name	Miss Prechaya Wathanakun
Date of Birth	August 4, 1989
Educational Attainment	2017-2015: Master's degree program in marketing (MIM), Thammasat university 2012-2008: Bachelor of Arts, Chulalongkorn university
Work Position	Manager at Perfect Piece Cafe
Work Experiences	Guest Relation Officer at Anantara Riverside Resort and Spa

