

CHAPTER II

HISTORY OF COFFEE IN THAILAND

This chapter aims at providing the history of coffee and coffee houses in Thailand. To understand the new coffee culture in Thailand, it is necessary to study the history of coffee and coffee houses including Starbucks. In the first two sections, I will briefly explain the social context of coffee drinking and then describe Thai traditional coffee or the so called “*Kafae Boran*”. Finally, I will describe Starbucks operation in Thailand in the third section.

2.1 Coffee: only known by elite

It is said that there is no reliable evidence indicating when exactly Thai people began consuming coffee, or even who first brought it into the country.¹ Based on the available historical record, at least as early as in the early Rattanakosin period, coffee was known in Thai society. Monsignor Jean-Baptiste Pallegoix, who was in Siam from early 1830s for many years as a missionary and later as Bishop of Siam and neighbouring countries, mentioned that coffee began to spread in Siam when King Rama III and high-placed persons set up considerable plantations.² When Pallegoix visited Chanthaburi in 1848, he found that the inhabitants were engaged in agriculture including coffee plants, which was by order of the King of Siam. He also reported that he drank excellent coffee at the Governor’s house.³

At that time, coffee plantations seemed to be special domain for the privileged classes. King Rama III ordered government officials to plant up to 5,000 coffee trees in the royal

¹ Sombut Plainoi. 1996. “*The history of Thais' coffee consumption*”. *Sarakadee*. March, volume 133. Thailand: Bangkok Printing

² Pallegoix, Monsignor Jean-Baptiste. 2000. *Description of the Thai Kingdom or Siam, Thailand under King Mongkut*. Thailand: White Lotus. p.110

³ Pallegoix, p.36

gardens covering the eastern area of The Grand Palace, which is known “Ratchapradit Satitmahasrimaram Temple” today.⁴ In the reign of King Rama IV when Sir John Bowring arrived at the country in order to make a treaty with the kingdom of Siam, Somdet Chaophraya Borommaha Prayurawong proposed to sell coffee to him.⁵

Drinking coffee was not really popular for Thai people in general. It was popular only among the elite. However, it is unknown how they brewed coffee. It is said that King Rama III ordered the young servants in the palace to make coconut-shell pots for boiling coffee.⁶ According to this information, it seems likely that coffee, either ground or un-ground, was boiled with water. Then the top clear layer was for drinking.

2.2 The emergence of the coffee house

The Bowring Treaty (1855) signed during the reign of King Rama IV concentrated on the tariff issues and, among other matters, effectively integrated Thailand into the world rice market.⁷ Thailand realized a lot of income and profit from free trade with foreigners as a result of the Bowring Treaty. This also led to the advent of foreigners who were interested in doing business in Thailand. They arrived the kingdom bring with them the Western lifestyle including coffee drinking. In the reign of King Rama V, Westernization was a significant phenomenon in Thai society. King Chulalongkorn (Rama V) considered that the development of the country along Western ideas was important and many people believed that it was good to follow the western lifestyle and cultures so as to be a ‘civilized’ person. Western culture flourished in the reign of King Rama V. Sons and daughters of the royal

⁴ Plainoi, *ibid.*

⁵ Bowring, Sir John. 1969. *The kingdom and people of Siam*, vol. 2. Malaysia: Oxford University Press. p.277-278

⁶ Plainoi, *ibid.*

⁷ Mead, Kullada Kesboonchoo. 2004. *The Rise and Decline of Thai Absolutism*. UK: Routledge Curzon. p.8

family and nobles were sent to study abroad for the first time. Elite wanted to live their life the same way as Westerners and thus liked to buy imported products, such as hats, jumpers, neckties, etc. They also built Western style houses decorated with modern furniture, and they enjoyed Western-entertainment, such as horse back riding and having dance parties to which they invited many westerners as special guests.

The custom of drinking coffee along with Western style snack was also widely spread among officials and high class people. This report by H.R.H. Prince Paribatra Sukhumbanhu, Prince of Nakom Savan mentioned coffee drinking as shown below.

“ There was a meeting with a minister Senabordi⁸ at 4 o'clock, then coming back to take a bath, there is no time for having snack, and hurried for another conference ... so drinking coffee and western light-meal instead of breakfast become a new choice”

(Princess Siriratana Busabong, 1991, p152)

As to the first coffee house in Thailand, it is said that *Tung Who* Coffee, which was established in 1870 by a Chinese immigrant named Yib Yon Fu in the reign of King Rama V.⁹ *Tung Who's* first shop was on Charoen Krung Road near the Assumption College. The shop thrived after World War II, when many allied soldiers were stationed in the area. In the past, *Tung Who* was just a store named “*Tunghu Store*”¹⁰, because *Tung Who* sold not only coffee, but also many kinds of goods and products mostly imported from abroad such as cheese and canisters, which were popular among the nobles and members of the upper class who worked in the palace. While it claims to be the oldest coffee house in Thailand, *Tung Who Coffee*, named after the original shop, was established sometime later than 1870. *Tung Who* currently has an outlet on Convent Road (Photo 2.2-1 & 2.2-2), where they offer several kinds of steak, sandwiches, pizza, toasts, noodles, rice-porridges along with freshly brewed coffees.

⁸ A minister of state of the old regime before the revolution of 1932.

⁹ The Nation. September 14, 2003. “*Costly cups*”

¹⁰ Puchatkamraisapdaa, weekly newspaper, no. 44, December 1995

Photo 2.2-1: Tung Who Coffee, Convent Rd., Bangkok

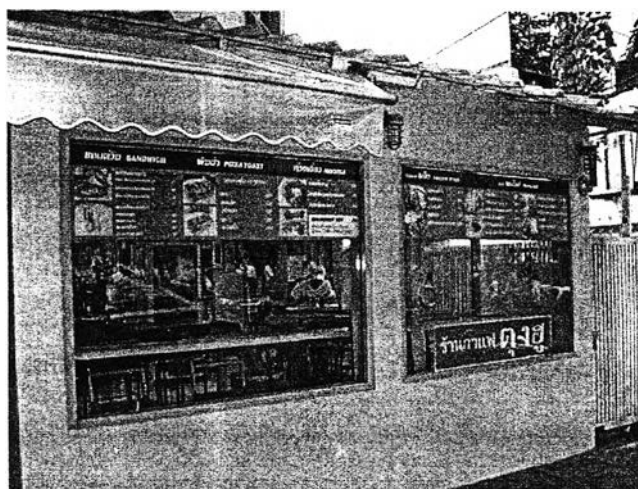


Photo 2.2-2: Sign-board



Source: Photographs taken by author in January 2006.

While *Tung Who* may call themselves the first coffee house, in fact, the first coffee house in Thailand was the “Red Cross Tea Room”, set up by a German named “Misco”¹¹ in 1917 during World War I. This shop was opened only on Thursdays from 15:00 to 18:00. In front of the shop, there was a flag with a Red Cross symbol to signify that this was a coffee house for charity. The owner donated the profit from selling coffee to the Red Cross, and accordingly, this shop was supported by many middle class people, officials and foreigners.¹²

Another famous coffee house was “*Norasing Coffee House*” which started operating from 1922 during the reign of King Rama VI (1910-1925). It was the royal coffee shop, located at the corner of Sri Ayutthaya Road near the equestrian statue of King Chulalongkorn. It served both dessert and beverages. A temporary stage for Thai classical music performance was also situated by the coffee house. Since the owner of this coffee house was

¹¹ Plainoi. Another source says that an American named “Miss Kyle” on True Coffee “*Coffee History on True Coffee*”. Available from: <http://www.coffeeattrue.com>.

¹² Plainoi

Chaophya Ramrakop Wacharasatien who was one of the most prosperous person at that time, most customers were officials working in the palace or the well-off people. Naturally, this created the impression that *Norasing Coffee House* was considered to be the place only for upper class people.

During this period, there were many different styles of coffee houses set up, including many that were nice and splendid like *Norasing Coffee House*. However, sooner or later they went out of business because these shops were too luxurious and thus many people hesitated to frequent them.

Ea Sae Coffee, a coffee shop was established in the place specifically for commoners, Yaowarat (Chinatown). The founder of *Ea Sae Coffee* was a Hainanese immigrant from China, who established *Ea Sae Coffee* in 1926.¹³ The next year he started operating a coffee house in *Yaowarat* and he rented a small shop near *Wat Chaiyaphoomkaram* at the beginning of Phat Sai Road which is the same road *Ea Sae* is located today but at a different location. Most of the customers in those days were labourers who pulled rickshaws or Chinese labourers who worked as porters. Those people worked hard and got hooked on coffee because it stimulated them and gave them strength most probably because of the caffeine in the coffee. They drank many glasses of black coffee, without sugar. At that time, coffee in *Ea Sae* was imported from Hainan, and could be bought in *Sampheng* market.

In the era of the family's second generation, their business developed favourably. From the 1920s to 1930s, the middle class Chinese families in Thailand could afford three meals a day, however, many Chinese families ate only twice a day, usually make their first meal either congee (rice porridge) or coffee and toast.¹⁴ Coffee and toast for breakfast was an innovation that had become very popular with business men at that time. Between meals Chinese resorted

¹³ Bangkok Post. February 28, 2001. "The coffee shop mystery"

¹⁴ Landon, Kenneth Perry. 1973. *The Chinese in Thailand*. USA: Russell & Russell. p68

to local fruits such as bananas, durian, and papaya and to cold drinks such as iced coffee, iced tea and iced chocolate. Those kinds of drinks became a regular part of the Chinese diet and in many homes replaced hot tea because of the hot climate all year around in Thailand.¹⁵ It is likely that those Chinese diet habits are one of the aspects that supported *Ea Sae* business during the first and second generation.

Ea Sae has continued doing business for nearly 80 years. Mr. Prinya Thongviriyakul, who is the Managing Director and the fourth generation of the original family, runs the business mainly according to the original business strategy, but update to meet the present urban life style. (See the *Ea Sae Coffee* case study Page 73.)

During the period of King Rama VII (1925-1935), the number of coffee houses were increased because a group of Chinese called "*Chaozhou*"¹⁶ opened coffee houses to meet the demand of drinking coffee among Chinese, Thai and foreigner workers.

In conclusion, during the period after coffee was introduced to Thailand until early 20th century, the custom of drinking coffee was limited primarily to elite and middle class people. Coffee was considered a new custom, part of a new culture, and an extraordinary thing that came from a foreign country. People were intrigued by this exotic beverage and often drank coffee when they gathered socially. In addition, a person who drank coffee in a café or in a coffee house was thought to be a person who had refined taste and was modern.

The reign of King Rama VII was the time that Thai society and economy was affected by World War I and by people who came back from studying abroad, leading to the emergence of a new middle class of people. Those well-educated people played an important role in academia, mass-media, literature and business which had a great influence on society. In such big waves of social context and change, the *Ea Sae Coffee* house started its operation as

¹⁵ *ibid.*, p69

¹⁶ Inhabitants of small region in northeast part of Canton province who migrated to Thailand in large number.

a place for commoners. For the first time it meant that coffee and the coffee house was not only for elite any more, but also for commoners.

Until the early part of the 20th century, the coffee culture in Thailand was most likely created mainly by the elite and middle class people. With the establishment of coffee houses such as *Ea Sae Coffee* by commoners, a wider class of common people also became members with those who appreciated coffee at that time. Interestingly, the coffee houses established by working class people have remained up to the present day but those of the elite have not.

From in the past, most coffee houses in Thailand have been located at the center of the community where people usually meet such as markets.¹⁷ Coffee houses served as meeting places where people gathered in the morning and talked about any topic, especially politics. Consequently, the term “*Sapha Kafae*”, the morning café group¹⁸ or the coffee forum, was coined and has been used to describe this kind of social gathering at coffee houses. Coffee houses played a significant role in that information such as gossip, political and economic issues could be collected, exchanged and transmitted to the people in the community. Another reason why many people gathered at coffee houses was that coffee houses had newspapers, which people could read for free, and some coffee houses had convenience goods for sale. Moreover, coffee houses offered space where people could stay for hours by just ordering a cup of coffee. Hence, the coffee houses were lively places and the center of the community.

¹⁷ Ratjaroenkhajom, 2001. pp27-35.

¹⁸ *ibid.*

2.3 Thai traditional styled coffee: *Kafee Boran*

Photo 2.3-1: Coffee cart, Sukhumvit Soi 22, Bangkok



Source: Photograph taken by author in February 2005

In the previous section, I described the emergence of coffee and coffee houses in Thailand. While it is not clear how upper-class people in Thailand brewed their coffee, it is possible they used what is one of the most popular and handy ways today that was the drip brew by paper filter invented by Ms. Melitta Bentz in the early 20th century, Dresden.¹⁹ A different method is used to brew espresso coffee.

In this section, I will explain about Thai traditional style coffee called in Thai, *Kafee Boran*, the most popular style of serving coffee and widely known among Thais. Previously Thais referred to traditional style coffee, which is a traditional method of cloth-bag brewed coffee, as *Kafee* (coffee). Later, after modern style coffee, the term *Kafee Boran* (ancient coffee) has been used for differentiating it from machine brewed coffee. When coffee became a popular drink for not only the upper class people, but also commoners, many coffee shops could be seen on the streets in Bangkok. Today, we can easily find a small coffee shop and a coffee hawker stool/cart on streets and in fresh markets. They are called *Ran Kafee* (coffee shop) or sometimes *Ran Kafee Boran* (traditional coffee shop). To brew coffee in traditional Thai style, the ground coffee is put in a narrow cloth brewing-bag attached to a

¹⁹ Vantal, Anne. 2004. *Book of Coffee*. UK: Hachette. p80

steel-handle. It is said that the most important thing is that the bag must steep in hot water all the time.²⁰ Dripped hot black coffee is kept in a big steel mug and kept warm by steam, which comes up from a boiling water tank built-in the cart. When the dripped-coffee runs out, another steel mug of black coffee is brewed. Some *Kafae Boran* carts sell only iced-drink, because installing the boiling tank in the cart is costly and makes the cart heavier. In this case, they can prepare several steel mugs of coffee and tea in advance, and sell them by pouring the beverage into the plastic cup or bags full of crushed ice.

Nearly all *Ran Kafae Boran* have the same menu; *Oliang* (iced coffee with sugar), *Kafae Yen* (iced coffee with sweetened condensed milk and sugar), *Kafae Ron* (hot coffee with sweetened condensed milk and sugar), *Cha Yen* (iced tea with sweetened condensed milk and sugar), *Coco/ Ovaltine* (powered malt and sugar mixed with chocolate flavoured, and dissolved with hot water), and some other syrup (green and red coloured) based iced drinks. Customers can request what tastes they prefer, for example, less sugar, without sugar, more sweetened condensed milk, add other syrup and so on. Customers can also ask for the drink to be poured it into a small plastic bag, which used to be a common way to take drinks to go, but these days plastic cups printed some illustration or shop-logo have become popular.

The price of Thai traditional style coffee is between 6 to 12 baht. One cup of coffee at a stand shop is about 10 baht, and it goes up slightly to 12 baht at a non-air-conditioned coffee house that has a drinking area.²¹

It is said that *Kafae Boran* originated by Chinese immigrants. “*Oliang*” (iced coffee with only sugar), one of the most common drinks served at a *Ran Kafae*, derives from a Chinese term “黑冰” meaning ‘black and cool’. “*O-yua*” (hot coffee with only sugar) is another loan word from Chinese, meaning ‘black and hot’. These names, using Chinese

²⁰ Bangkok Post. February 28, 2001. “*The coffee shop mystery*”

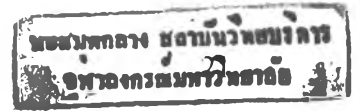
²¹ As of April 2006, research area is central Bangkok.

characters, can still be seen in coffee houses in China town, Bangkok. So, it seems likely that, based on these loaned coffee terms, the origin of these types of Thai traditional coffee is China or Chinese immigrants.

I will briefly explain about Robusta and Arabica coffee beans, since studying the character of these two kinds of coffee beans helps to understand the coffee house business in Thailand. For example, Ea Sae Coffee, one of the oldest local coffee house chains, uses Robusta beans at the Ea Sae Original outlets and Arabica beans at the Ea Sae Plus outlets. Additionally, Starbucks Coffee, one of the leading coffee house chains, announced they use only Arabica bean, and some shops clearly mention using 100% Arabica bean on their signboard for the purpose of attracting people.

Robusta and Arabica coffee beans differ in taste, caffeine content, disease resistance, and optimum cultivation condition. Natural variation in soil, sun moisture, slope, disease, and pest condition dictate which coffee bean is most effectively cultivated in each region of the world. Arabica typically grows at altitudes between 1,500 and 6,000 feet, depending on location. Arabica beans tend to be more susceptible to poor soil and diseases than Robusta beans. According to this, Arabica commands a higher price than Robusta and are more often used in fine, specialty coffees and as a flavour component to Robusta blends.

Robusta species grow from sea level up to 3,200 feet, and tolerate warmer temperatures and higher humidity than Arabica but is more sensitive to cold weather. Robusta tends to yield smaller beans than Arabica. It has an inferior flavour but more caffeine and a distinct bitterness. They are; however, easier to grow, as they demonstrate a wider tolerance to most diseases, soil conditions, and hotter climates. Following World War II, with the attempt at national development through coffee cultivation in West Africa and South East Asia, Robusta production grew and its consumption expanded. With harsher flavour and greater ease in



cultivation, this variety commands a lower price in the market than Arabica and is commonly used in both instant coffee and the mass-produced ground coffees seen in large grocery chains.

2.4 Starbucks Coffee (Thailand) Company

In this section, I will focus on the Starbucks style and Starbucks service in order to study the new style of coffee house in Thailand. As I will explain, Starbucks in Thailand has brought about significant impacts on the coffee market in the country. In terms of globalization, Starbucks is considered as not only a trans-national company, but also a part of global advent. Therefore, after Starbucks started to operate in Thailand, many Starbucks-like coffee houses emerged. In addition, studying Starbucks' style and service is helpful to contrast it with the operation of the traditional style of coffee houses.

2.4.1 History of Starbucks Coffee Company

The first Starbucks Coffee's outlet in Thailand was opened in the Central Department Store Chidlom, one of the most prestigious department stores in Thailand, on July 17, 1998.²² It is run by the Starbucks Coffee (Thailand) Company, established by Starbucks Coffee Company in USA. Since then, Starbucks has expanded its business and as of January 21, 2006 there are 68 outlets in the kingdom. Starbucks business plan aims at expanding its business globally from its home country, the US to worldwide overseas markets, starting in the Pacific Rim area, with Thailand is one of its targets countries.²³

Before exploring the detail of Starbucks' style and service in Thailand, I will briefly introduce the history of Starbucks Coffee Company. Starbucks is well known as an

²² Ms. Sumonpin Jopitbuwkana. 2006, April 27. Director of marketing and communication, Starbucks Coffee (Thailand). Telephone interview.

²³ Simmons, John. 2004. *My sister's a Barista*. Japan: Softbank publishing

international super brand and a giant coffee company. However, it was started just in 1971 in Seattle, Washington by three young Americans tied by friendship. This was during the middle of a severe economic recession in the area due to the poor business performance of the Boeing Co., the airplane manufacturing company located in Seattle. The number of employees of Boeing Co. decreased drastically from 100 thousand to 38 thousand. Consequently, many companies depending on Boeing Co. had gone bankrupt.

Three young American, who shared a passion of good tasting coffee that was difficult to find in the US at that time, established Starbucks Coffee Company. The company name, “Starbucks”, comes from a historical mining camp named “*Starbo*” in Seattle. One of the founders of Starbucks was fond of “*Moby Dick*”, the well-known novel written by *Herman Melville*, and there is a whaling ship called *Pequod* in the story and the name of the first mate of *Pequod* is “*Starbuck*”.²⁴

Starbucks Coffee Company did not run a coffee house at the beginning; it imported coffee beans, then roasted, blended and sold them at a store. However, since *Howard Schultz* joined Starbucks in 1982, Starbucks started to expand its business by operating a coffee house. While on a business trip in Italy, Howard visited Milan’s famous espresso bars. He was impressed with their popularity and culture, and he saw their potential in Seattle. After Starbucks tried *latte* (espresso coffee with steamed and foamed milk) and *mocha* (espresso coffee added mocha syrup), people in Seattle loved those and quickly became coffee-crazy. Coffee is a daily drink for Americans, but usually they drink instant coffee. Generally they did not pay very much attention to the taste, smell, and the differences of coffee beans and their origins, types, and ways of roast.²⁵ Thus, the new types of coffee, which Starbucks introduced, were most likely a sensation.

²⁴ *ibid.*

²⁵ For example, the coffee of McDonald, the fast-food restaurant, is served by big plastic cup and its taste is often described as being very ‘thin’. The ‘thin’ tasting coffee is named American coffee, which is made by normal rather thickness regular coffee added some boiled water.

In 1990s, Starbucks expanded beyond Seattle, first to the rest of the United States, then the entire world. As of January 2005, the company has already 8,700 outlets²⁶ in 34 countries²⁷, North America, Latin America, Europe, the Middle East and the Pacific Rim. As a transnational firm whose products are distributed world widely, Starbucks can be considered an agent of globalization similar to McDonald and Coca Cola.

2.4.2 Starbucks Style and Starbucks Service in Thailand

Before discussing the impact of this globalized coffee business on Thai coffee culture, it is necessary to understand the style and service of this company which brought new image of coffee to Thai society.

Various coffee menus described by Italian words

Starbucks introduced a large variety of coffee, and also the way customers can create their own taste, which is quite different from the traditional Thai style with only a few kinds that Thai namely *Oliang*, *O-yua*, *Kafae Ron* and *Kafae Yen*.

According to the company brochure placed in the every outlet, Starbucks has a drip-brewed coffee and five kinds of basic espresso-based hot coffee: *Espresso Shot*, *Caffè Latte* (espresso coffee with steamed and foamed milk), *Cappuccino* (like *Caffè Latte* but with less steamed milk *Caffè Latte*), *Caffè Americano* (*Espresso* coffee with hot water), and *Caffè Mocha* (espresso coffee with mocha syrup). Also Starbucks offers special menu including *Ristretto* (a short pull of espresso coffee, capturing only the sweetest part), *Caffè Misto* (a combination of drip coffee and steamed milk), *Espresso Con Panna* (espresso coffee with whipped cream), *Espresso Macchiato* (espresso coffee topped with a tablespoon of foamed milk) and *Wet* (more

²⁶ Bangkok Post. January 28, 2005. "Starbucks plans to open 1500 new outlet"

²⁷ Starbucks Co. has outlets in 36 countries as of mid-January 2006. Available from: <http://www.starbucks.com>

milk, less foam) and *Dry* (more foam, less milk) *Cappuccino*.

Starbucks, of course, has cold coffee drinks which are based on hot coffee items, such as *Iced Coffee*, *Iced Caffè Latte*, *Iced Caffè Mocha*, *Iced Caramel Macchiato*, and *Iced Americano*. In addition, Starbucks offers its own original drink called “*Frappuccino*”. “*Frappuccino*” is an integrated-word made-up by another American coffee house, which is a mixed of the French word meaning, “iced”, “*Frappe*” and the Italian word “*Cappuccino*”. It is basically made from coffee blended with milk and ice. *Frappuccino* became so popular that many kinds and seasonal *Frappuccino* items are occasionally introduced.²⁸

The serving size is also various including *short* (8 oz), *tall* (12 oz), and *grande* (16 oz). Noticeably, these are adopted from Italian coffee culture. Basically, all drinks in Starbucks, except syrup-added menus such as *Mocha* and *Frappuccino*, are served with not added sugar, sweetened condensed milk, or syrup. Every Starbucks outlet has installed a small table with small packets of sugar, syrup pitchers, milk pitchers, and tiny bottles of coco and cinnamon power. After customers received their drink, they can go to this table to flavour.

The variety of drinks, serving size and seasoning/additional ingredients makes ordering a cup coffee at Starbucks becoming a kind of ritual.²⁹ This also caused ordering a cup of coffee a complicated activity. Customers need background knowledge about its style and service in order to get the cup they want.

High price and wide price range

The price of Starbucks coffee is much higher than what Thais are used to pay for a cup of coffee. According to the company’s beverage menu (researched in January 2006), the price range for items is 55 to 150 baht. Compared to the food prices in Thailand, one dish of noodles

²⁸ Starbucks Thailand is currently offering as of January 2006 *Coffee Frappuccino*, *Mocha Frappuccino*, *Rhumba Frappuccino*, *Caramel Frappuccino*, *Espresso Frappuccino*, *Vanilla Cream Frappuccino*, *Chocolate Cream Frappuccino*, *Caramel Cream Frappuccino*, *Rhumba Cream Frappuccino*, and *Green Tea Cream Frappuccino*. There is tea-based *Frappuccino* as well such as *Mango Tea Frappuccino* and *Raspberry Tea Frappuccino*.

²⁹ Ratjaroenkhajorn, 2001

or fried rice costs 25 to 40 baht at most food stands or food courts situated in supermarkets and department stores. Given that one cup of coffee at Starbucks is two to three times this amount, one can say that the coffee prices at Starbucks can be considered relatively expensive in Thailand. The cheapest drink 55 baht is for a short size of drip-brewed coffee, and the most expensive one 150 baht is for a grande size of *Green Tea Cream Frappuccino*.

Mermaid Logo as brand creating strategy

Companies established a logo-mark to brand its products and to represent the companies' identity. Many different types of companies, fast-food restaurant chains, coffee house chains, banks, computer manufacturers and electric-appliance manufacturers have recognizable logos. Starbucks selected the image of a siren mermaid logo with two tails as its logo. This logo is based on a wood block print of an ancient Scandinavian myth from the 16th century. Starbucks' first shop is located near the fish market of Seattle, thus the mermaid logo is appropriated for the shop.

This logo is decorated at the outlets and is printed on the cups and napkins. The company use this logo together with the name "Starbucks" to create the brand for both for the coffee and the coffee house in order to distinguish itself from other companies.

Illustration 2.4.2-1

Starbucks logo



Photo 2.4.2-1: Starbucks drinks



Photo 2.4.2-2:³⁰

Iced coffee



Photo 2.4.2-3:

Strawberry Frappuccino



Photo 2.4.2-4:

Raspberry & Mango Frappuccino

Coffee education and Commitment to origin

Every Starbucks outlet has a brochure-rack on the flavouring table and they keep brochures elsewhere around the outlet. There are at least 5 kinds of brochures prepared in both Thai and English for each brochure. These documents provide knowledge about coffee, specifically Starbucks coffee, for customers.³¹ Consequently, this makes ordering coffee at Starbucks an activity for educated and skillful people, not just ordinary people. Here are the 8 brochure titles found in most of Starbucks outlets.

- ❖ **Starbucks Beverage Order Guide:** How to customize any Starbucks Beverage.
- ❖ **Experience the perfect cup**
- ❖ **The world of coffee:** A guide to Starbucks whole bean selection
- ❖ **The best coffee at home:** The seven pillars of coffee brewing wisdom
- ❖ **Commitment to origins:** Starbucks involvement in coffee-origin countries
- ❖ **Starbucks *Muan Jai* blend**
- ❖ **Starbucks and Fair Trade:** Supporting a better life for coffee farmers
- ❖ **We'd love to hear your thoughts**

Each brochure is colour-printed with photos and illustrations to help customers understand the company and its services. To give some examples, as already mentioned, the coffee choices are various and the way to order a drink at Starbucks is complicated. Two brochures, “Starbucks Beverage Order Guide” and “Experience the perfect

³⁰ Source: Photo No. 2.4.2-1 to 2.4.2-4 and illustration No. 2.4.2-1, available from:
<http://www.starbucks.co.th>

³¹ Ratjaroenkajorn, 2001

cup”³², help customers to order their drinks step by step, and also explain the drink name and the contents of 5 espresso-based drinks offered at Starbucks. The brochure “The World of Coffee” shows the list of Starbucks roasted-blend coffee beans. Another brochure “The best coffee at home” explains how to brew cup of coffee for good taste. This brochure tells about the appropriate brewing equipment, the approximate times for grinding and the appropriate way to store and protect coffee’s freshness.

Muan Jai, which is a blend of coffees from Northern Thailand and other islands in the Pacific, is the first Asian coffee in the line of “Starbucks commitment to origin” that they started selling in 2003. *Muan Jai* means “wholehearted happiness” in the Northern Thai Language *Kum-Muang*, one of the unique dialects still found in the Thailand. The brochure “Starbucks *Muan Jai* blend” says that this name reflects that customers are not only enjoying the best coffee but they are making a difference, helping to improve the livelihood of the coffee farmers who grow it and preserve the environment where coffee is grown.

Starbucks Coffee (Thailand) Company started exporting *Muan Jai* blend to five Asian countries; Singapore, the Philippines, Malaysia, Hong Kong and Shanghai, after a successful year-run in Thailand and has become the second-best seller in the Starbucks shop in Thailand.³³ In 2003, Starbucks brought three tons of raw Arabica coffee beans from 50 households in the Huay Hom community at about 50 baht per kilogram. In 2004, it added 400 households in the Doi Chang community of Chiang Rai and 30 households in the Nong Lom community in Chiang Mai.³⁴

As to coffee education that Starbucks gives customers in terms of learning the subtleties that define good coffee, some outlets hold informal events that include coffee tasting. The Barista, the professional who brews the coffee, demonstrates brewing coffee by several

³² Only the Thai version of this brochure has been found by author.

³³ The Nation. September 8, 2005. “*Hilltribe coffee: Starbucks plans exports*”

³⁴ *ibid.*

ways, espresso machine or the plunger (French-press), in front of the customers and serves it for free. Starbucks also sells some coffee equipment at the shops. Hence, this kind of event can be said to be a form of sales promotion as well. At the coffee tasting event, the Barista describes the taste of each coffee using those word; aroma, acidity, body (weight or thickness of beverage) and flavour.

Photo 2.4.2-5: Coffee tasting event at Starbucks, Camp Davis outlet, Sukhumvit soi 24, Bangkok



Source: Photograph taken by author in May 2005

Regionalization

Mr. Andrew Nathan, managing director of Starbucks Coffee (Thailand) Company, said “we at Starbucks aim to introduce the culture of coffee drinking as a part of people’s life style”.³⁵ Every country, however, has different culture, so that Starbucks must first understand the local culture, then they look for links before creating original products for local market.

For example, the Chinese Lunar Festival which takes place on the day of the full-moon on the eighth lunar calendar month, a variety of moon-cakes can be seen at many kinds of shops, supermarket, department store, hotel, restaurant and bakery during this festival. To celebrate this festival, Starbucks produced a coffee moon-cake. The success of coffee

³⁵ The Nation. May 7, 2004. “Java’s New Hut”

moon-cake in Hong Kong promoted Starbucks to add them to the menu in Thailand, where many people are of Chinese origin.³⁶ In 2005, Starbucks Thailand sold two flavours of moon-cake; durian (95 baht) and espresso (105 baht), which a moulded Starbucks mermaid logo on the surface.

The aforementioned *Muan Jai* blend and the coffee moon-cake are the example of regionalization whereby Starbucks takes local ideas and creates new products, then spreads it to other regions.

Hip locations

Since Starbucks came and opened outlets in Thailand from July 1998, as of January 2006, as mentioned-above, there are 68 outlets in the kingdom. Black Canyon Coffee and Ban Rie Coffee, both are local coffee house chain companies, have 150 outlets and 104 outlets, respectively (as of January 2006). In terms of the number of outlets, those local companies exceed Starbucks, but Starbucks would also seem to be successful.

When the Starbucks' outlet locations are examined carefully, some of the Starbucks' characteristics can be seen. First of all, they are centralized in Bangkok. 68 outlets are placed in 8 provinces of Thailand's 76 provinces, and 52 of those are in Bangkok. The other 16 outlets are in 7 provinces as follows: Nontaburi 4, Chon Buri (Pattaya) 3, Chiang Mai 4, Phuket 2, Surat Thani (Samui) 1, Chachoengsao 1, Prachuap Khiri Khan (Hua Hin) 1. Pattaya, Phuket and Hua Hin are famous beach resort and Chiang Mai is also a popular tourist destination. These are well-known places for tourists to visit, but the average household monthly income and expenditure for local people is not high. Therefore, given the fact that the beverage price of Starbucks, as I mentioned-above, is relatively expensive in Thailand, it is clear that at the outlets outside of Bangkok and its vicinity, Starbucks targets mainly tourists.

³⁶ Bangkok Post. August 27, 2004. "Mooncakes on the rise"

The situation in Bangkok is a bit more complicated. Bangkok is apparently the main business battlefield for Starbucks, because it has placed 76% of its outlets, 52 outlets of the total 68, in Bangkok. Why has Starbucks concentrated its outlets in Bangkok? Bangkok is the capital of Thailand, and it is not only a prime tourist destination, but also the centre of the economy, politics, culture, and education of the kingdom. That is why that Bangkok is the most populous city in Thailand, with an official population of 5,782,159, 9.2% of the total population 62,799,872, as of December 2002.³⁷ The average monthly household income of Bangkok and surrounding vicinity for 1998, 2000, and 2002 was 24,929 baht, 25,242 baht, and 28,239 baht respectively.³⁸ This is much higher than the average for the whole kingdom, which was 12,492 baht, 12,150 baht, and 13,736 baht, respectively.³⁹ Consequently, the emphasis on doing business in Bangkok is natural for the company.

Furthermore, after examining the location of Starbucks outlets in Bangkok, it seems evident that they are wisely and effectively chosen to compete with other coffee house companies. Starbucks outlets are located at prestigious department stores, private hospitals, business and commercial complexes, quality residential complexes and the places generally called “hip” such as Thonglo in the Sukhumvit Road area. Location is the most important factor for what Starbucks aim to be, that is offering a new style and new service to Thai people that they may have never experienced.

Strive for the quality and taste of coffee

Starbucks believes that the coffee growers cultivating coffee beans are very important for the company, because if they would not provide the finest coffee beans, the company cannot continue its business. Thus, Starbucks created the slogan “Commitment to origin”, and buys coffee beans at an appropriate and fair price, which sometimes may be higher than the price

³⁷ Source: Bureau of Registration Administration Department of Local Administration, Ministry of Interior

³⁸ Source: Report of the 2002 Household Socio-Economic Survey-whole kingdom, Ministry of Information and Communication Technology.

³⁹ Ibid.

other coffee companies offer. Getting the finest beans that meet the Starbucks standard is one of the most important factors for what Starbucks is to be, because it is the part of their branding strategy.

Starbucks is proud of their coffee. Hence, they were initially reluctant to sell the flavoured coffee as flavoured coffee might extinguish the original coffee aroma. Also they believed that “whole milk” should be used to match with Starbucks coffee, as low-fat milk and soymilk have a taste that can destroy the original coffee taste. However, since Starbucks realized that their customers are priority, Starbucks needed to meet customers’ demands but keeps the coffee quality at the same time.

Another piece of evidence that shows how Starbucks is proud of the taste of their coffee is that Starbucks does not allow smoking inside the outlets, because they believe that the tobacco smoke from cigarettes and cigars spoils the coffee aroma. However, some outlets are equipped with a smoking room because Starbucks also recognizes that smokers are important customers.

Maintaining their standard quality is a strategy to create impressive image of Starbucks coffee. This image benefits the company directly. Also, it brings about new and exotic perception of coffee for people.

The third place

Another important Starbucks philosophy, similar to using only the coffee with standardized quality, is offering “the third place” for customers. “The third place” means that it is not their home, neither their office nor classroom, but Starbucks is their place. Starbucks offers the customers a comfortable space and atmosphere so they can do as they please. This is why Starbucks offers electric extension outlets for notebook computer users, decorates the seating areas with beautifully appointed and comfortable furniture, and plays soothing music, mostly easy jazz or *bossa nova*. For Internet users, Starbucks offers wireless high-speed internet connection at the outlets for which users can buy a connection card at the outlets for 150

baht for one hour. Furthermore, Starbucks encourages customers to stay longer. The staff will never ask customers to leave even when they have finished their drinks.

As to the outlet decoration, some of them are remarkably beautiful and luxurious. Khao San Road outlet (photo 2.4.2-6 and 2.4.2-7), which is Starbucks' 44th outlet in Thailand, is located in a 97 year-old colonial style house, complete with Art Nouveau interior. According to Mr. Andrew Nathan, the managing director, each Starbucks outlet in Thailand was designed to blend in with the building and the neighbourhood.⁴⁰

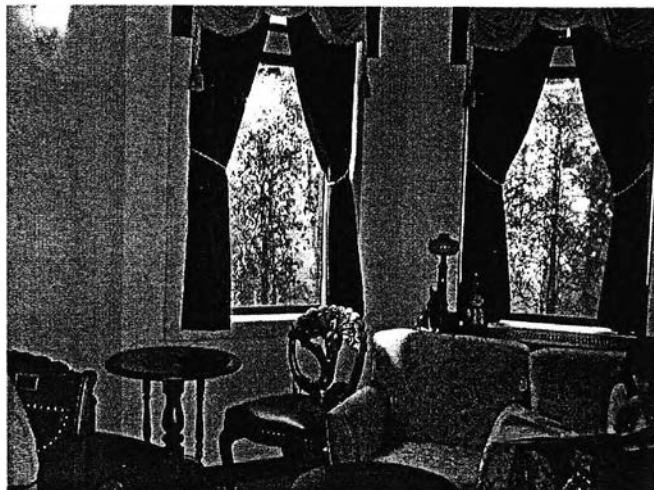
The Camp Davis outlet (photo 2.4.2-8) is located Sukhumvit soi 24, an expensive residential area in Bangkok, and its decoration is in modern style. The smoking room is situated on the second floor in this outlet. These are just few of the many outlet styles that customers can choose according to their preference. Through the many conveniences Starbucks offers such as wireless high-speed internet connection circumstances, beautifully or luxuriously decorated drinking space, comfortable chairs and smooth music. Starbucks has attempted to make the outlets a "third place" for their customers.

It is noteworthy to point at that this concept of coffee house as a third and luxurious place is new for Thai society. Generally, coffee houses or *Ran Kafae* in Thailand simply provide tables and chairs for customers. Some may offer daily newspaper and/or television. Nonetheless, coffee houses with luxurious decoration like Starbucks coffee were very limited.

In this section, I have described the Starbucks styles and services offered by Starbucks in Thailand. It can clearly be seen that Starbucks introduced novelty and modernity to the coffee house business. These elements have had a significant impact not only on the coffee market, but also on different type of businesses, such as restaurants, Internet cafes and petrol stations. I will discuss these newly emerging coffee businesses started by the different type of non-coffee house company in the next chapter.

⁴⁰ Bangkok Post. May3, 2004. "Starbucks opens new outlet inside Khao San Road icon"

Photo 2.4.2-6: The room named Victorian Room, Khao San outlet, Bangkok



Source: Photograph taken by author in September 2005

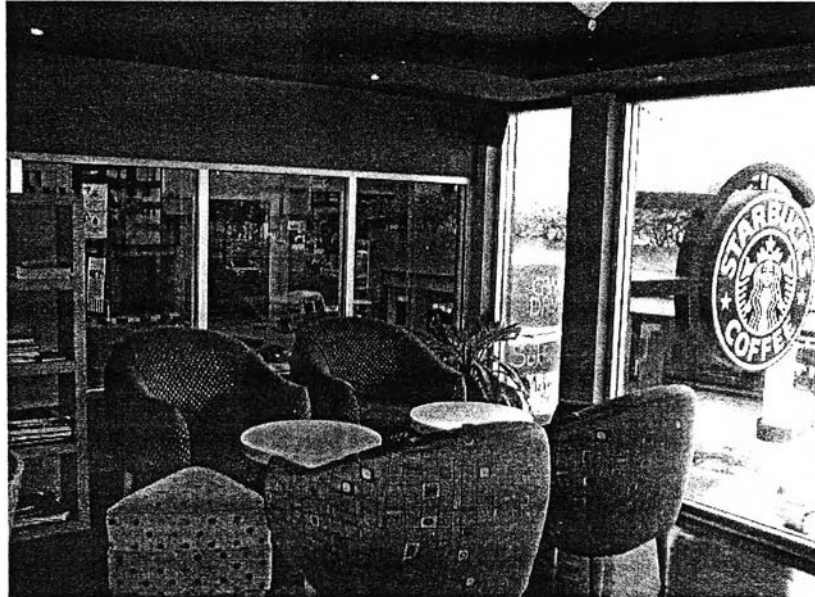
The 97 year-old house belongs to diplomat Krit Kraichitti, the grandson of the first owner of the house, Khunying Chuey Kritarajsongswadi. It is a part of cluster of old houses, called Sunset Street, rented out for business activities under the management of the Sawadi Group. Mr. Krit reserved the house's second-floor space for his forthcoming Kraichitti Museum and Gallery, featuring the history of Khao San Road and other areas of old Bangkok.

Photo 2.4.2-7: The entrance of Khao San outlet



Source: Photograph taken by author in September 2005

Photo 2.4.2-8: The Camp Davis outlet, Sukhumvit soi 24, Bangkok



Source: Photograph taken by author in October 2005