

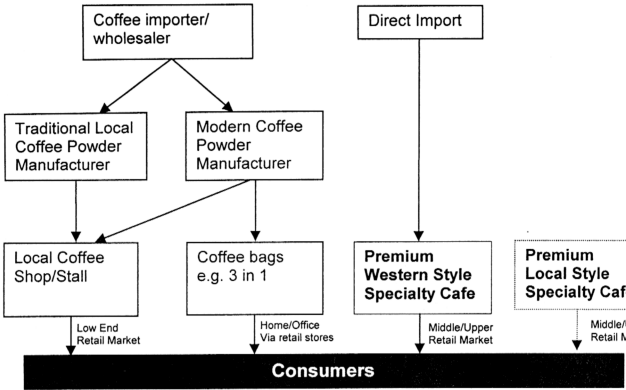
## CHAPTER 1 COFFEE INDUSTRY CHAIN IN BRIEF

The following diagram depicts a summary of non-instant coffee industry chain in Malaysia. Traditionally, coffee powder manufacturer purchases coffee bean from the wholesaler. The coffee bean for local coffee consumption is normally imported from Java, Indonesia due to its low price. The market price for raw Java coffee bean is about RM 2.30 per kg. Higher quality coffee bean from the Central America and Africa are also available, but they are two to four times more expensive than Java bean.

Coffee bean must be roasted before it can be consumed. In Malaysia, black coffee and white coffee are the most common variety of end product for consumer market. The ingredients to roast 'black coffee' are coffee bean, sugar and butter. Black coffee has been around for a long time and widely available at the local coffee shops. White coffee is popular during the recent years. There is no additive when roasting 'white coffee' but the right temperature and timing to release the true aroma of the coffee bean.

White coffee is now widely available in 3 in 1 package. However, it is still not widely offered in the local coffee shops because it is more expensive than the traditional black coffee. End consumer price of black coffee is RM 10 per kg while the white coffee fetches RM 20 per kg. It is believed that the white coffee was made popular first in Ipoh, Malaysia. Ipoh Old Town White Coffee has been around for more than ½ century. In 1958, the first white coffee shop located in Jalan Bijih Timah, Ipoh was called Nam Heong. [[www.oldtownwhitecoffee.com](http://www.oldtownwhitecoffee.com)]

FIGURE 1 COFFEE INDUSTRY IN MALAYSIA



The traditional local coffee roasting is a cottage industry. The coffee manufacturer or 'roaster' normally supplies the coffee powder to local coffee shops and stalls directly. The remaining is made available to end consumers through sundry shops or mini markets. Some modern roasters/manufacturers have ventured into convenient 3-1 coffee bags. The target market is household through retailers and supermarket/hypermarket chains.

Till recently, coffee is hardly made a premium item in the local café industry. However, Malaysians have become more affluent since the last 10 years. Affluence has brought about a change in taste and consumption among Malaysians with Western style premium cafes mushrooming in Klang Valley. For instance, there are currently 21 Coffeebean and Tea Leaf outlets while Starbucks have 10 outlets in Klang Valley.

While western style premium café has made successful inroad in Malaysian cities, it is seen as a great opportunity for a local premium café to share the pie of a growing market.

## 1.1 Company Name

Proposed company name: **Borneo Café**

Borneo is the name of an island in the South East Asia. The name is chosen during concept development stage. It traces back to the product positioning of Borneo Café. The name fits in very well in the mix of Malaysian content because East Malaysia is located on Borneo Island.

## 1.2 Company Logo



- Font: True Type Rockwell
- Colour: Earthy Brown with dark grey shadow
- The logo: Striking Earthy Brown colour for easy recognition of great coffee and brand memory.

## 1.3 The Business

Borneo Café is established to provide consumers with a new choice of a convenient café. The café will provide consumers around highly populated area to take a short rest with a cup of drink and finger food under comfortable and warm, local ambience similar to premium western style specialty coffee café at attractive prices.

The business is to be differentiated from other players in the dimensions of local food contents and ambience. The idea behind the business concept is to capture both local and foreigner customers. Borneo Café will focus on delivering the best of locally roasted white coffee. At the same time, Borneo Café has set the vision to promote local specialty drinks (e.g. white coffee) and finger food in the international market equivalent or exceeding the success of Starbucks & Coffee Bean.

As an additional service, special roasted coffee bean will also be sold after freshly ground at the store. Customer may be invited to experience the grinding process by pouring the freshly roasted coffee bean into the grinder. A container with collection design will be given to the customer to pack the coffee powder. Attractive container design would make it a perfect gift or personal collection. It is envisaged to incorporate some of Malaysian arts, landmark, cultural picture, or other attractions. This will make Borneo Café a truly Malaysian cafe.

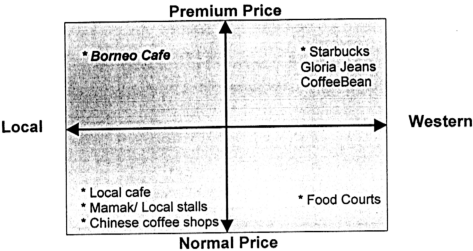
#### **1.4 The Concept: Why Borneo Café?**

Borneo is renown for its beautiful rain forest, richness in natural resources, handicraft, natural attractions, multi-racial culture and beautiful island resorts. It is an ideal place to relax, be close to nature and of course enjoy the natural taste and aroma of premium coffee. Malaysia is not a coffee producer country, thus the concept is to capitalise on the unique beautiful nature of Borneo.

The brand Borneo will captivate the consumer's mind of a natural product, local yet unique in taste with varieties of specialty coffee and delicacies to suit the soul. The ambience will remind our customers of a layback and relaxed environment that is close to nature yet modern in design.



1.4.1 Product Positioning Map



1.4.2 About Borneo

Borneo, is the third largest island in the world. Borneo is about 400 miles (640 kilometers) east of Singapore in the East Indies. Borneo has a tropical monsoon climate. Teakwood is the most valuable forest product from Borneo. Benzoin, camphor, rattan, and cutch, a gumlike mangrove-bark product used in tanning, are also gathered in Borneo. The west coast of the island produces about 8 percent of Indonesia's rubber exports. Other exports include cinnamon, cloves, coffee, cotton, nutmeg, pepper, rice, sugar, and tobacco. Most of Borneo's inhabitants are Dayaks. The Dayaks follow traditional local religions. Some Dayaks have preserved ancient handicraft skills, and carve beautiful articles out of wood.

1.5 Ambience

Borneo Café emphasize on relaxation and comfort whereby customers would come into the store, order a drink with some finger foods, and sit and relax to the soothing music and cool atmosphere around. The sound of moving water, creaking ceiling fans and dim lightning adds to the mood of being transform to the past Borneo era. Black and white photos depicting

past Borneo daily life adorns the walls around the café. Customers could choose to sit on three different settings:

- a) Fabric sofas
- b) Wooden "pangkins" (a wooden raised platform used by the village folks to sit and chat)
- c) Basic coffee tables and chairs

## **1.6 Product**

### **1.6.1 Are we comparable to Coffee Bean and Starbucks?**

No. Coffee Bean and Starbucks are promoting specialty western coffee menu under modern western ambience. Borneo Café is going to promote localised specialty drinks and food amidst local ambience.

### **1.6.2 Product differentiation**

In order to avoid direct competition with the international chain like Coffee Bean and Starbucks Coffee, local beverage like white coffee, 'teh tarik' will be introduced as part of the menu. The closer to home theme, Borneo mentioned above will entice the customers with a slightly out of the ordinary ambience and serving methods.

### **1.6.3 Quality and Variety**

From our observation, the foreign specialty coffee such as Espresso, Cappuccino and Ice Blend have been popular among the locals who frequent the international coffee chains. As such, we have maintained such specialty coffee flavours as part of our menu beverage in addition to the local brew like white coffee, local coffee, 'tea tarik' and coftea (integration of local coffee and tea)

1.6.4 Beverage

Table 1.0 Beverage items

Category	Item	Local	Variety	Name
White Coffee	1	Y	Local Roast	House Blend
	2	Y	Java	Java White
	3	Y	Ipoh Roast	Ipoh White Coffee
	4	Y	Melaka Roast	Melaka White Coffee
White Coffee Espresso	5	N	Plain	White-presso
	6	N	With milk	Double White-presso
	7	N	With steam milk and foam	Cappuccino
Local Brew	8	Y	Penang Coffee	Penang Coffee
	9	Y	Ipoh Coffee	Ipoh Coffee
W-Mocha	10	Y	White coffee mocha	White Mocha
Coftea	11	Y	Coffee + Tea	Kop-T
Tea	12	Y	'Teh Tarik'	Bubble Tea
	13	N	Earl Grey	Earl Tea
	14	N	Darjeeling	Darjeeling
Coffee - Shaved Ice	15	Y	White Coffee	Iced White
	16	N	Mocha	Iced Mocha
	17	Y	Local coffee	Iced Kopi
Non coffee - Shaved Ice	18	Y	Watermelon	Red Borneo
	19	N	Orange	Sunny Brook's
	20	Y	Lime	Vita-C
	21	N	Cocoa	Chocolate

1.6.5 Food

As for snacks, our new coffee concept will come with the local favourite finger food including but not limited to the followings:

Table 1.1 Food items

Category	Item	Local	Variety	Name
Local Mini Buns	1.	Y	Kaya	House Kaya Bun
	2.	Y	Lotus	Lotus Bun
	3.	Y	Red Bean	Red Bean Bun
Local Biscuit	4.	Y	Crispy roasted bread	Roti Biskut
Fritters	5.	Y	Sugar coated	Sweet twins
	6.	Y	Plain	Simply twins
	7.	Y	Red Bean	Red twins
Toast	8.	N	With egg	Egg Toast
	9.	Y	Kaya	Local Toast
Variety of Malaysian Delicacies	10.	Y	Nyonya 'Kuih'	Nyonya Kuih
	11.	Y	Malay 'Kuih'	Malay Kuih
	12.	Y	Indian Cakes	Indian Cakes
Morning Pan Cake	13.	Y	Flour + Kao Choy	Borneo Pan Cake
	14.	Y	Plain	Long House Pan Cake
Typical Borneo /Sabah/Sarawak Local Delicacy	15.	Y	To be identified and outsourced	To be named

1.6.6 Serving

Some food items are to be served in small rattan baskets. Preparation of food is using modern technology.

In order to maintain quality of each beverage, standard proportion of specialty beans of pre-determined weight should be used for each serving at a specified water temperature. This enables a better quality control, eliminating variability of coffee taste and quality due to human factors.

- b) Human beings have 5 basic sensory perceptions. Borneo Café intends to capture all this 5 sensory perceptions by
- i) Smell- the aroma of coffee
  - ii) Taste bud- the good tasting drinks and finger foods
  - iii) Sight- the layout of the café, dim lighting
  - iv) Sound- the sound of soothing music and running water
  - v) Touch- quality ceramic plates, cups, mugs with wooden utensils

#### 1.6.7 Packaging

The basic colours for Borneo Café would be Black, White and Earthy Brown.

By having only 3 basic colours, Borneo Café intends to portray the past era (the colours of Black and White) where individuals practically lived off the earth by being close to nature (Earthy Brown).

Being an environmental conscious company, Borneo Café packaging would consist mostly of biodegradable products, such as paper bags, paper cups made from recyclable paper. Styrofoam and plastics are avoided as much as possible, except for non-replacement items like straws. The cost of this packaging would be higher than plastic packaging, therefore takeaway will be priced at a fixed surcharge.

To cater to the different consumption patterns of consumers, Borneo Café would offer 3 sizes for drinks: a) small b) regular and c) large. Food would be mostly nutritional finger food.

1.6.8 Price of Drinks and Food

The following tables suggest the pricing of Borneo Café after studying the market price.

Table 1.2 Beverage price

Category	Name	Price, RM (Regular)	Price, RM (Large)
White Coffee	House Blend	6.50	8.00
	Java White	7.50	9.00
	Ipoh White Coffee	7.50	9.00
	Melaka White Coffee	7.50	9.00
White-presso	White-presso	6.50	7.80
	Double White-presso	7.50	9.00
	Cappuccino	7.50	9.00
Local Brew	Penang Coffee	4.50	5.40
	Ipoh Coffee	4.50	5.40
W-Mocha	White Mocha	5.80	7.00
Coftea	Kop-T	5.00	6.00
Tea	Bubble Tea	4.50	5.40
	Earl Tea	5.00	6.00
	Darjeeling	5.00	6.00
Coffee - Shaved Ice	Iced White	6.50	7.80
	Iced Mocha	7.00	8.40
	Iced Kopi	5.00	6.00
Non coffee - Shaved Ice	Red Borneo	6.80	8.00
	Sunny Brook's	6.80	8.00
	Vita-C	6.80	8.00
	Chocolate	6.80	8.00
Overall Average		6.21	7.44

**Table 1.3 Food pricing**

Category	Name	Price (RM)
Local Mini Buns	House Kaya Bun	3.50
	Lotus Bun	3.50
	Red Bean Bun	3.50
Local Biscuit	Roti Biskut	3.00
Fritters	Sweet twins	3.00
	Simply twins	3.00
	Red twins	3.00
Toast	Egg Toast	4.50
	Local Toast	3.50
Malaysian Delicacies	Nyonya Kuih x 3 pieces	3.50
	Malay Kuih x 3 pieces	3.50
	Indian Cakes	3.50
Morning Pan Cake	Borneo Pan Cake	5.00
	Long House Pan Cake	5.80
Typical Borneo /Sabah/Sarawak Local Delicacy	To be identified and named	-

#### **1.6.9 Service**

Borneo Café is a self-service café with customers going through the following sequence:

- a) Ordering their meals at the cashier counter, pay and get a receipt
- b) Collecting their food and drinks at the service counter

A stand-alone kiosk is available for customers to alter the final taste of the beverage or food with sugar, salt, pepper, mustard and sauces and warm or cold water. Food that takes slightly longer to be prepared will be sent to the respective table by the service staff.

Service staff would perform the following duties:

- a) Taking orders/suggestions for orders and receive payments at the counter
- b) Prepare drinks
- c) Clear tables after customer leaves
- d) Maintain the cleanliness of the café and equipments