CHAPTER 2 MARKET RESEARCH AND ANALYSIS

2.1 Customers

A general description of Borneo Café's target market would be middle and above white-collar income earners with a formal education. The policy in life would be "money earned money spend". After a hard workings day in office, evenings and weekends are spend having a cup of coffee with a loved one or chatting with friends in a cosy environment. We've divided our potential consumers to three main groups:

a) working adults (age between 25 – 50 years old)

   Borneo Café's main target market. As time is an essence to them, the fast service and convenient location fits into their weekday lifestyle of grabbing a quick bite for breakfast and lunch while enjoying a chat over a cup of coffee during weekends. This group would be located at business districts.

b) college students (age between 18 - 25 years old)

   2nd main target market. Borneo Café would be a conducive place for college students to discuss group assignments and projects together. As most of them come from a reasonably wealthy family, the cost of our products is compensated with the ambience of the café. The café location would be within the college vicinity.

c) tourists

   A place to sample the Malaysian culture. As we strive to be a shopping haven in South East Asia, Borneo Café would cater to the tourists by having cafes in shopping complex and malls.

2.1.1 Customers purchasing process

Pre-Purchase Decision Making Process- For working adults, the decision making process would largely depend on convenience (location of outlets, parking availability, etc) and the quality of food rather than the price of products. College students would emphasize on both price and quality of products.

Choice of brand or outlet- Service plays the most important role in Borneo Café. As a customer walk into the café, the service starts immediately with greetings from the service staffs to make them feel welcome. Customers are given time to decide on what they want. Purchase decisions are based on the variety of food available, serving size, temperature of the food / drink, duration to prepare and price. Service staffs are trained to give suggestions for customers that are undecided or first time to the cafe. After placing an order, the customer pays for the food / drinks and proceed to the collection counter. All food and drinks are served warm except for chilled items. The customers are given a choice to refine the taste of their food and drinks at the self-serving kiosk providing food enhances, e.g. salt, sugar, pepper etc.

Post-Purchase Evaluation- depending on the customers expectation and satisfaction, the brand would either be remembered and recommended to other individuals or discarded from memory.

2.2 Potential Customers

Borneo café intend to cater to the following potential customers:

a) School going children living in urban areas

   With the current trend of both parents working in the family, children after school would have to find their own lunch. By having outlets around townships, Borneo Café would cater to the need of this group with a kid's menu at a discounted price compared with the normal menu.

b) Corporations

The previous trend of having a tea lady in the office would now be replaced by a systematic ordering system between the company and Borneo Café whereby Borneo Café would provide the equipment and products to be placed in the office pantry. Companies will benefit in the long term from the hassle of maintaining a pantry. As this concept is new in Malaysia, we foresee the project to happen only in a two-year period from now.

2.3 Market Size And Trends

2.3.1 Malaysia Population

Based on census carried out by the National Population and Housing Census in 2000 (The Star), the Malaysian population had grown to 23.27 million people (inclusive of 1.38 million non-Malaysians comprising legal and illegal foreign workers in the country) - an increase of 4.89 million over the last 10 years. Of the total, 11.85 million were males and 11.42 million females. The average annual population growth for the last ten years was 2.6%.

Table 2.0: Ethnic* composition *of the Malaysian - 2000

RACE	Percentage of Increment/Decrement	Total Percentage of population
Bumiputra	Increase by 4.5%	65.1%
Chinese	Decrease by 2.1%	26%
Indians	Decrease by 0.2%	7.7%

(The Star Newspaper)

Table 2.1: Ethnic composition of the KL Population in 2000

RACE	Total Percentage of population
Bumiputra	>40%
Chinese	>40%
Indians	>3%
Others	>17%

(The Star Newspaper)

Based on the statistics in Table 2, Kuala Lumpur has approximately similar number of Bumiputra and Chinese population. These two main ethnic groups will be the target market for Borneo Café together with the inbound tourist numbers to Malaysia.

Table 2.2:* Age *groups of the Malaysian Population in 2000

Age Group	Total Percentage
Below 15	33.3%
15 to 64	62.8%
65 and above	3.9%

(The Star Newspaper)

The number of people below 15 years old in 2000 dropped from 36.7% in 1991 to 33.3% in 2000 while those in the 65 years and above age group was higher at 3.9% in 2000 compared to 3.7% in 1991. With the decrease in birth rates and increase in average population age, we project an increase in the purchasing power of middle-income earners as priorities have changed form starting a family to career development and material gains. Consumer spending has increased by 1.9 per cent in 2001 and is expected to grow by more than three per cent for the year 2002 (New Straits Times). As individuals put in more hours in office to achieve their aim in life, there is an increase need of outlets to cater to them.

Factors affecting market growth are:

a) People continue to migrate from rural to urban. Urban population increased to 62% in 2000 compared to 50.7% in 1991. Therefore, Borneo Café's expansion strategy would concentrate on opening more branches in urban cities.

b) Increase in foreign companies setting up business in Malaysia. Malaysia, comparatively to Singapore and Hong Kong is relatively much cheaper for foreign companies to operate a business and live in while the political turmoil in Indonesia makes Malaysia a safe heaven.

c) As individual income increases, they seek higher standards in life and comfort. Consumers are willing to pay RM10 for a cup of coffee in an upmarket café compared to RM1 at a local coffee shop.

d) The western culture influence on Malaysians increases with more students going overseas for education, the influence of television and media and the availability of information on the Internet. With this, our lifestyle would change as well.

e) The improvement in technology would involve the participation of consumers in services. Consumers are no longer passive agents waiting to be served in restaurants and banks but involves themselves in obtaining what the want from the service.

2.4 Competition And Competitive Edges

2.4.1 Strength and Weakness of competitors

The following strengths and weakness are based on observation and internet surveys carried out by the group members on current market leaders comprising of The Coffee Bean and Tea Leaf, Starbucks Coffee, San Francisco Coffee Co and Gloria Jeans. The other smaller foreign and local players are not taken into consideration based on Borneo Café target market, product positioning and product variety.

2.4.2 Strengths

a) Well established brand names in Malaysia. The concept of drinking coffee from a specialty café was western in nature. Malaysian previously drank coffee from local coffee shops until the arrival of American coffee chains in our shore. Brand names like Coffee Bean and Starbucks are very well established in US and now in Malaysia.

b) Foreign brand name. Locals conceptualise foreign brand names with quality and higher class.

c) Wide network of cafes in Klang Valley, Penang and Johor. All cafes are located a strategic locations, e.g. shopping malls, high population density business districts. Specialty cafes are convenient for customers to locate.

d) Wide variety of food and drinks. Consumers can choose from finger foods to main dishes, e.g. pasta to sandwiches, to pastry etc

e) Systematic processing and short waiting period. The service process is well structured. Consumers know where to order, how long the estimated waiting time is and the place to collect their drinks and food.

f) Extensive marketing and strategic alliances with other institutions, e.g. discounts given to credit card holders or certain financial institutions

2.4.3 Weakness

a) No local offerings in terms of products. All their food and drink offerings are based on western recipes.

b) All the cafes mentioned above have similar café set up, e.g. modern furniture's, usage of metal and glass for the structure of the café, similar variety of food

c) Have been around for a couple of years without any new innovations

d) No Malaysian identity and it is a foreign product.

e) Product pricing is catered to the middle upper income.

2.4.4 Substitute and or alternative products and services

a) local coffee shops or restaurants

b) drink vending machines, kiosks

c) packaged drinks sold at supermarkets or convenience shops
d) fast food outlets
e) cafeteria provided at offices

Based on the observation survey conducted in major shopping complexes around the Klang Valley, The Coffee Bean and Tea Leaf and Starbucks Coffee dominate the coffee drinking share market. Their strategy of having an outlet at most major shopping complexes builds brand loyalty among consumers as a customer is guaranteed a fixed price, similar quality and variety, service and delivery no matter which outlet he or she goes to. This similarity extends among competing outlets as well.

2.4.5 Comparison with competing and substitute services

Table 2.3 **Comparison**

	Competing Services	**Substitute Services**
Market share	Middle upper income group	Lower income group
Quality	The same level of high quality provided from every outlet	Depending on the suppliers. No standardisation
Performance	Highly reliable	Below expectation
Delivery	Fast and efficient	Depending on the suppliers
Service	Customers are first. Excellence service	Profit oriented with customers second.

Note:

i) Competing Services are based on Coffee bean, Starbucks, Gloria Jeans and San Francisco Coffee

ii) Substitute products are based on item 2.4.4

iii) For price comparison, please refer to the Appendix

2.4.6 Fundamental Value of Borneo Cafe

For Borneo Café, we intend to fill in the gaps not offered by these foreign coffee outlets. Our fundamental value is a concept based upon the Malaysian local tastes. Borneo Café's product variety would consist of local delicacies compared to foreign fare available at Coffee Bean and Starbucks. In terms of ambience, Borneo Café utilises materials made out of wood and water to create a relaxing atmosphere.

2.4.7 Current issues on café patronage

a) New concept of coffee shops have gained popularity among the younger generation with its comfortable surroundings, e.g. air-condition, located at shopping complexes and music.
b) Convenient location. Specialty cafes no longer can only be found at shopping malls but also in housing districts as well.
c) Consumers can drink coffee at any time of the day.
d) Quality of product is constant though out all specialty café outlets where else the quality of product varies according to the server in the local coffee shops. This is achieved with the usage of modern technology and equipment, intensive training, responsibilities and trust given to service staffs
e) A choice given to consumers to choose between full-fledged restaurants, food courts, fast food outlets and coffee cafes.
f) The disadvantage of finding a car park space, huge crowds during weekends and finding a table to sit are some of the problems encountered in the process of enjoying a good cup of coffee.

2.5 Competitor Review: Financial and Resources

Table 2.4 Competitor *Review*

	Coffee Bean	Starbucks	San Francisco	Gloria Jeans
Financial Position (earnings per share)	-	2001 (39.6 cents)	-	2000 (1.86 cents)
Resources				
Outlets in Klang Valley	29	20	14	11
Figures are based on:	-	Restaurants and Cafes	-	TT Group
Costs (RM)	-		-	-
Profitability (before taxation)	-	Revenue increase by 14% compared with previous year	-	Contributed RM3.7 million or 3.6% of the total companies earning
RM	-	2001 (321,533)	-	2000 (999,960)
RM	-	2000 (96,003)	-	1999 (2,274,166)
Revenue				
RM	-	2001 7,723,803	-	2000 1,717,243
RM	-	2000 7,799,217	-	1999 1,923,637

Note:

i) Sources are from corporate websites obtained from the internet

ii) Coffee bean and Tea Leaf is a privately held company. Therefore, no financial report was obtainable.

2.5.1 Key competitors and why customers buy from them

a) **The Coffee Bean & Tea Leaf ®-** founded in 1963, The Coffee Bean & Tea Leaf ® is the oldest and largest privately held specialty coffee and tea retailer in the U.S. With a reputation for excellence, the company serves over 30 million coffee and tea beverages annually world-wide. The Coffee Bean & Tea Leaf® currently has over 170 company owned stores in California, Arizona, Singapore, Malaysia, Taiwan, UAE, Korea and Israel and continues to expand both domestically and internationally.

Outlets and Location:

There are 29 Coffee Bean outlets in Malaysia with 21 outlets in the Klang Valley, 5 in Penang, 1 in Johor, 1 in Melaka and 1 in Genting Highlands. The formula of success for Coffee Bean can be attributed to the high standards that were established from the beginning to trend setting drinks like the World Famous Ice Blended® and employees who become a part of the communities they work in.

Product Variety:

The drinks are divided into 9 main groups with a total of 50 different varieties to choose from comprising of coffee, tea and juices.

The food is divided into 5 main groups with a total of 30 different varieties.

Pricing:

Items are priced from RM4.50 for a cup of espresso to RM13.80 for a smoked salmon special sandwich.

b) **Starbucks Coffee**- founded in 1971. Starbucks purchases and roasts high-quality whole bean coffees and sells them along with fresh, rich-brewed, Italian style espresso beverages, a variety of pastries and confections, and coffee-related accessories and equipment -- primarily through its company-operated retail stores. In addition to sales through its company-operated retail stores, Starbucks sells primarily whole bean coffees through a specialty sales group, a direct response business, supermarkets, and online at Starbucks.com. In 1992, Starbucks completed its initial public offering with Common Stock being traded on the NASDAQ National Market. By the year end of 2000, Starbucks has more than 3,500 locations world wide and in Malaysia to date, there are 13 outlets in the Klang Valley, 4 in Penang, 2 in Johor and 1 in Genting Highlands. Berjaya Coffee Company (M) Sdn Bhd, a subsidiary of Berjaya Group holds the franchise rights to Starbucks in Malaysia.

c) **San Francisco Coffee Co**- locally incorporated company. Currently there are 14 outlets in the Klang Valley and one outlet in Manila. The philosophy of San Francisco Coffee Co is product quality come first *"we aim to taste great first because, after all, we are in the coffee business"* and good looking dêcor second.

d) **Gloria Jeans Coffee-** The first store opened in 1979. Today, there are more than 280 stores around the world. Their growth and success depend on the ability to provide the best coffee in the world and the best customer service. Gloria Jeans Coffee is respected as the leading specialty coffee retailer, specialising in flavoured coffees! The Swiss Water Process is use to decaffeinated Gloria Jeans original blend, and flavour coffees. Now consumers can enjoy all the flavour love without any chemicals or caffeine (99+%caffeinefree). IN 1999, Gloria Jean's Coffees division has signed a franchise area development agreement in Malaysia with TT Resources BHD. There are currently 11 outlets in Klang Valley, 2 each in Johor and Penang.

2.5.2 Estimated Market Share and Sales

Borneo Cafè speciality would be the famous Ipoh White Coffee. Customers no longer need to drive to Ipoh City to enjoy white coffee. We are bring it to the Klang Valley. Furthermore, Borneo Cafè comfortable ambience with a Malaysian concept would set it apart from the established American coffee chains.

Table 2.5: Estimated* market *share and sales

		Year1		Year 2		Year 3	
		Ringit	**Unit**	**Ringgit**	**Unit**	**Ringgit**	**Unit**
Market	**Share**	2,678,288	281,925	6,628,388	697,725	10,578,488	1,113,525

Note:

i) No. of units= Total Revenue / RM9.50 per average order

ii) No financial information was obtainable from Coffee Bean and San Francisco Coffee.

iii) Revenue was based on observation survey on consumer traffic conducted at Coffee Bean and San Francisco with the following formula:
Number of Customers Per Hour X Total Operating Hours in a Day X 30 Days in a Month

2.6 Evaluation of products/consumers preferences for Borneo Cafe

An on-going market evaluation technique would consists of:

i) Continuous product tracking will be done with information technology such as the cash register system to obtain information on kind of drinks and food that is selling better than the rest, raw product database and consumers demographics obtained through loyalty programs.
ii) Simple survey questionnaires are placed on every table for the convenience of consumers to present feedbacks to management. Questionnaires received will be rewarded with discounts to encourage consumer's participation.
iii) Competitors market strategy are constantly followed through physical store visits and information obtained from the web sites.
iv) The price of raw materials are constantly monitored on a monthly basis to keep track on price changes and trends

With a better understanding of the change in market environment, Borneo Café could implement product improvement programs in terms of new product launch or discontinue products which are sitting too long on the shelf.

2.6.1 Interview with a café operator

The management team of Borneo Café has interviewed a café operator to gain a little more insight into similar business. Mr Yee Wen Liang has operated a Bistro Café at IOI Mall, Puchong Jaya. Mr. Yee, an MBA holder at mid 30s has operated the Bistro Café from 1996 until 1998. The outlet was forced to close when the building management did not renew the tenancy contract in order to give way to a major anchor tenant, Jaya Jusco.

Mr. Yee started up the business with another five business partners. The Bistro Café was set up on franchise scheme where the set up fee is RM250, 000. The set up fee includes the purchase of food preparation equipment and coffee brewing machine. The average operating cost including food materials, human resources, water and electricity bill ranged from RM20,000 to RM30,000. The operating fee excludes the floor rental. For a space of 200m2 the rental fee was only RM5000/month (i.e. RM25/m^2). Today, the rental fee at IOI Mall remains low, starting from RM8 to RM215 per square meter.

Various suggestions from Mr. Yee have been adopted in the other part of this business plan. Contact information of Mr. Yee can be obtained from Mr Lim Choon Weng.

2.7 BUSINESS RESEARCH DESIGN

2.7.1 Purpose

There are two purposes to conduct this research. First we intended to study the consumer behaviours and the decision making process of customers who currently visit specialty cafes. The second purpose was to understand what consumer wants from Borneo Café and to collect demographic information of them.

2.7.2 Design

The research design were divided into two parts:

i) consumers were given self-administered questionnaire surveys consisting of 3 parts of questions. Notes stated after the questions are the reasons for asking these questions.

Part A- How consumers perceive Borneo Café.

1) Have they tasted local white coffee?

(The answers would give us an overall view of respondents knowledge of white coffee. With this, we could structure the advertising and promotions plan).

2) Would they purchase white coffee from a speciality café?
(Are respondents prepare to pay premium price for white coffee compared to paying RM1-2 at a local coffee shop)

3) Is a foreign brand name important?
(will respondents prefer local brand name compared to a foreign brand name)
4) Local delicacies in a speciality café?
(Borneo Café intends to offer local delicacies)

5) What do respondents associate "Borneo" with ?
(Our concept of Borneo café is nature and we want the respondents to have the same idea as well)

Part B- Speciality cafes currently operating in Klang Valley.
Questions asked were:
1) Have respondents patronize a speciality café?
(Are respondents aware of speciality cafes)

2) How often?
(by studying the visit pattern, we could analyse traffic and sales volume)

3) Favourite speciality café
(by observation survey, we noticed that CoffeeBean and Starbucks are the favourites)

4) Attractions to speciality cafes
Product Quality- measured by consistency in taste, we intend to carry out a blind test on respondents comparing different products

Ambience- samples of outlet designs are given to respondents with brief description for each design. Respondents are asked to choose the outlet they fancy and would like to visit

Cleanliness- outlet floor, service counter, tables, kitchen, surroundings

Convenience- in terms of reading the menu, ordering food, outlet layout, payment etc
Service- service offered by front-line employees

5) Orders?
(what are the usual orders by respondents)

6) Amount spend?
(for financial assumption and analysis)

7) Who do respondents visit speciality cafes with?
(who are the frame of reference for our respondents)

Part C- questions pertaining to demographics information of consumers whom patronise specialty cafes

ii) observation where researchers recorded the consumers behaviour and decision making process at specialty outlets around the Klang Valley.

2.7.3 Sample

Non-probability sampling. Non-probability sampling is chosen due to time and resources limitation to organise a probability sampling. Sample criteria would be based on the target market mentioned under Part 3:

Market research and analysis- Quota sampling would be utilised to obtain the different race population in Klang Valley.

2.7.4 Data Gathering / Field Work

i) Questionnaires were e-mailed to respondents through the internet

ii) Self-administered questionnaires were given out to respondents at shopping malls, business districts and, townships

iii) For participant observations, researchers would visit specialty cafes

2.7.5 Data Processing / Analysis

There were a total of 108 respondents to the survey. The data were coded (refer to appendix for coding forms) an entered into SPSS for tabulation of results.

2.8 Analysis of Results

2.8.1 Concept Test

The following table summarises the experience of the respondents with white coffee. The results show that 65 % of the respondents have tasted local white coffee. This indicates that while there are still about 1/3 of the respondents are not aware of white coffee, the consumption of white coffee could be at the growth cycle.

Table 2.6 Tasted local white coffee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	70	64.8	64.8	64.8
	No	38	35.2	35.2	100.0
	Total	108	100.0	100.0	

Thus, unlike normal taste tea or coffee, market awareness on this product is still required to educate and stimulate consumption.

The respondents were further asked if they would like to buy white coffee at a specialty café. The following table depicts the results. There are 68.5% of the respondents would like to buy white coffee at a specialty café. This is very positive for Borneo Café.

Table 2.7 Buy white *coffee at specialty cafe*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	74	68.5	68.5	68.5
	No	34	31.5	31.5	100.0
	Total	108	100.0	100.0	

In order to gauge the acceptance of specialty café concept, the respondents were asked if they have patronised any specialty café like Starbucks, Coffee Bean & San Francisco. 61% have patronised and 38.9% of the respondents have never patronised a specialty café.

TABLE 2.8 PATRONISED SPECIALTY CAFE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	66	61.1	61.1	61.1
	No	42	38.9	38.9	100.0
	Total	108	100.0	100.0	

The main reason given for not patronising a specialty café are that the price is expensive. In fact, the target markets for specialty café are those with reasonably good income and thus are affordable to enjoy good food and drinks at specialty café.

2.8.2 Branding Test

Today, all specialty cafes are named with Western origin. As the name Borneo Café implies an Eastern or more specific a South East Asia origin, the survey also seeks to find out if a foreign sounding name is important to respondents. The result shows that there are equal percentage of responses for both disagreement and agreement to this. It is concluded that foreign brand is actually indifference to the selection of specialty café. Therefore, this has opened up the focus on other aspects to attract customers.

Table 2.9 **Foreign *brand is important***

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	36	33.3	34.6	34.6
	Indifference	32	29.6	30.8	65.4
	Agree	36	33.3	34.6	100.0
	Total	104	96.3	100.0	
Missing	System	4	3.7		
Tota		108	100.0		

Test was also carried out in the survey to gauge the association of the word 'Borneo'. As expected, most respondents (63.5%) associate Borneo with 'nature'. Therefore, the decoration of Borneo Café will put high focus on natural decoration and as much as possible to use the original material from Sabah/ Sarawak.

Table 2.10 **Associate *Borneo***

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nature	66	61.1	63.5	63.5
	Colonial Era	16	14.8	15.4	78.8
	Indigenous Culture	22	20.4	21.2	100.0
	Total	104	96.3	100.0	
Missing	System	4	3.7		
Total		108	100.0		

Borneo Café's concept is to put high content of local food in the menu. The respondents were asked if they like to buy local delicacies (e.g. Malay/Nyonya kuih) at the specialty café. The result is quite positive considering there are 46.3 % agree while there are 27.8% are not interested with this item at specialty café.

Table 2.11 LocaL delicacies in specialty cafe

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	30	27.8	27.8	27.8
	Indifference	28	25.9	25.9	53.7
	Agree	50	46.3	46.3	100.0
	Total	108	100.0	100.0	

2.8.3 Analysis of visiting pattern

For those who used to visit specialty café, the frequency is recorded as below:

Table 2.12 Frequency of visit to *specialty cafe*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once a month or less	52	48.1	68.4	68.4
	Twice a month	8	7.4	10.5	78.9
	Thrice a month	6	5.6	7.9	86.8
	> 3 times a month	8	7.4	10.5	97.4
	Very frequent	2	1.9	2.6	100.0
	Total	76	70.4	100.0	
Missing	System	32	29.6		
Total		108	100.0		

Most of the customers(48.1%) are visiting once a month or less. Therefore, specialty café must rely on a large pool of customer base to survive the business. Borneo Café's location strategy is to establish café outlet at crowded shopping malls or streets such as Mid Valley, KLCC and Bukit Bintang.

Coffee Bean takes the lead in terms of popularity. There are 44.4% of the respondents have visited Coffee Bean. It follows by Starbucks at 27.8%, then Gloria Jeans and San Francisco at 9.6% and 5.6% respectively. Coffee Bean is seen as a strong competitor is the specialty café market. The success of Coffee Bean can be used as the benchmark for Borneo

Café. The results suggest that more observation should be carried out at Coffee Bean to gather the success factors.

2.8.4 Attraction to specialty café

The respondents have ranked the main attractions to visit specialty café in the following sequence, start with the most important:

- Product Quality (64.9%)
- Ambience (32.4%)
- Cleanliness (22.6%)
- Convenience (9.1%)
- Service (6.5%)

Product quality is the most important attraction. This is true because customers would expect a higher standard of quality for the premium price that they are willing to pay. Though ambience is ranked second, it is where the image of Borneo Café will be built upon. Interestingly, as all the specialty cafés in the market are offering self-service, service is regarded as the least important of all. Therefore, Borneo Café will also adopt the same self-service concept.

Table 2.13: Food and* Beverage *Order

ORDER	Frequency	Percent %	Cumulative Percent %
Coffee	68	63	63
Non Coffee	6	5.5	68.5
Tea	6	5.5	74
Pastry	8	7.4	81.4
Missing Item	20	18.6	100
Total	108		100

Majority of the survey respondents 68 (63% of the total respondents) ordered coffee when they visited specialty cafes. Non coffee and tea share the same frequency with 6 respondents each. Only 8 respondents (7.4% of the total respondents) ordered pastry. Based on the results, our assumption would be coffee is the main beverage ordered at specialty café and only a handful have meals together with their drinks.

There were 20 (18.6 % of the total respondents) missing items. This could be due to respondents not answering the questions.

Table 2.14 Amount Spent Per Visit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below RM10	16	14.8	19.5	19.5
	Above RM10	66	61.1	80.5	100.0
	Total	82	75.9	100.0	
Missing	System	26	24.1		
Total		108	100.0		

Majority of respondents 66 (61.1% of the total respondents) spent more than RM10 per visit to specialty cafes. There was 26 (24.1% of the total respondents) high missing items.

Table 2.15 Companion to Specialty Cafe

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Family	10	9.3	12.2	12.2
	Friends	66	61.1	80.5	92.7
	Business Partners	2	1.9	2.4	95.1
	Alone	4	3.7	4.9	100.0
	Total	82	75.9	100.0	
Missing	System	26	24.1		
Total		108	100.0		

Colleagues and friends were group together as the "friends:" category. Most respondents 66 (61.1% of the total respondents) visited specialty café with their friends. The second most rated companion to have a cup of coffee would be family members 10 (9.3% of the total respondents). There is hardly any business conducted at specialty cafes with only 2 respondents having coffee with business partners. A total of 4 respondents visited specialty café on their own.

Table 2.16 GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	52	48.1	50.0	50.0
	Female	52	48.1	50.0	100.0
	Total	104	96.3	100.0	
Missing	System	4	3.7		
Total		108	100.0		

The survey has a same number of male and female respondents with 52 respondents each.

Table *2.17 AGE*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-20	2	1.9	1.9	1.9
	21-30	62	57.4	58.5	60.4
	31-40	38	35.2	35.8	96.2
	41-50	4	3.7	3.8	100.0
	Total	106	98.1	100.0	
Missing	System	2	1.9		
Total		108	100.0		

Majority of the respondents 62 (57.4% of the total respondents) were between the age of 21-30. The 2nd main group is between the age of 31-40 with 38 respondents (35.2% of the total respondents) and followed by the age group of 41-50 with 4 respondents (3.7% of the total respondents). This figure coincide with our target age group of 21-40.

Table 2.18 RACE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	34	31.5	32.1	32.1
	Chinese	60	55.6	56.6	88.7
	Indian	8	7.4	7.5	96.2
	Others	4	3.7	3.8	100.0
	Total	106	98.1	100.0	
Missing	System	2	1.9		
Total		108	100.0		

Chinese constitute the majority race with 60 respondents (55.6% of the total respondents) with Malay second with 34 respondents (31.5% of the total respondents) and 8 Indians (7.4% of the total respondents). There were 4 respondents answering "others".

Table 2.19 EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STPM	2	1.9	1.9	1.9
	Diploma	6	5.6	5.8	7.7
	Degree	76	70.4	73.1	80.8
	Master	20	18.5	19.2	100.0
	Total	104	96.3	100.0	
Missing	System	4	3.7		
Total		108	100.0		

In terms of education level of the respondents, 76 respondents (70.4% of the total respondents) have a first degree with a master degree rated second with 20 respondents (18.5% of the total respondents). This figure could be correlated to the majority age level of respondents as well.

Table 2.20 MARITAL STATUS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Single**	60	55.6	57.7	57.7
	Married	44	40.7	42.3	100.0
	Total	104	96.3	100.0	
Missing	**System**	4	3.7		
Total		108	100.0		

60 respondents (55.5% of the total respondents) are still single compared to 44 respondents (40.7% of the total respondents) who are married. This could be due to majority of the respondents were between the age of 21-30 years old.

Table 2.21 : NO. OF CHILDREN

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**None**	18	16.7	45.0	45.0
	1	14	13.0	35.0	80.0
	2	2	1.9	5.0	85.0
	3	2	1.9	5.0	90.0
	> 3	4	3.7	10.0	100.0
	Total	40	37.0	100.0	
Missing	**System**	68	63.0		
Total		108	100.0		

Most of the married couples 18 respondents (16.7% of the total respondents) are without children with 14 respondents having 1 child and 2 respondents each having 2 and 3 children. 4 respondents have more than 3 children. Married couples are having children later in life as career and material well being takes precedence.

Table 2.22 MATERIALS OWNED

Materials	Frequency Yes	Frequency No	Percentage Yes	Percentage No	Total Percentag
Mobile Phone	76	32	70.4	29.6	100
Car	80	28	74.1	25.9	100
House	54	54	50	50	100

Majority of respondents 80 (74.1% of the total respondents) owned a car. Therefore, the public transportation facility to our outlet is less importance. For marketing, we could utilise the Short Messaging Service (SMS) to reach our customers as 76 respondents (70.4% of the total respondents) have mobile phones. The number of respondents that have a permanent and non-permanent address were the same. Respondents without a house tend to move around. This disrupt the process of building consumer loyalty to one particular outlet.

Table 2.23 CREDIT CARD OWNED

Types	Frequency Yes	Frequency No	Percentage Yes	Percentage No	Total Percentage
VISA	76	32	70.4	29.6	100
MasterCard	76	32	70.4	29.6	100
AMEX	12	96	11.1	88.9	100
DINERS	4	104	3.7	96.3	100
Debit Card	4	104	3.7	96.3	100

VISA and Mastercard share the same number of respondents with credit card ownership with 76 each. In terms of marketing our café, we could form strategic alliance with both VISA and MasterCard to encourage consumers to patronise our outlet with special discounts and free gifts.

Table 2.24 Cross Tabulation: Gender & Tasted White Coffee

Case Processing Summary	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Tasted local white coffee	104	96.3%	4	3.7%	108	100.0%

Gender * Tasted local white coffee Crosstabulation		Tasted local white coffee		Total
		Yes	No	
Gender	**Male**	38	14	52
	Female	28	24	52
Total		66	38	104

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.147(b)	1	.042		
Continuity Correction(a)	3.359	1	.067		
Likelihood Ratio	4.184	1	.041		
Fisher's Exact Test				.066	.033
Linear-by-Linear Association	4.107	1	.043		
N of Valid Cases	104				

Hypotheses $H_0 = H_1 = H_2$

H^0 = there is no significance difference between gender and having tasted local white coffee. P value $0.042 < 0.05$. Reject H_0. There is significance difference between gender and having tasted white coffee before.

There are more male respondents (38) that have tasted local white coffee compared to female respondents' (28). We could assume that males are more adventurous with trying new food and drinks.

Table 2.25: Cross Tabulation - Frequency of Visit and amount spent

Case Processing Summary	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Frequency of visit to specialty cafe * How much per visit	76	70.4%	32	29.6%	108	100.0%

Frequency of visit to specialty cafe * How much per visit Crosstabulation		How much per visit		Total
		Below RM10	Above RM10	
Frequency of visit to specialty cafe	Once a month	10	42	52
	Twice a month	2	6	8
	Thrice a month		6	6
	> 3 times a month	2	6	8
	5		2	2
Total		14	62	76

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.290(a)	4	.683
Likelihood Ratio	3.705	4	.447
Linear-by-Linear Association	.163	1	.686
N of Valid Cases	76		

Hypotheses $H_0 = H_1 = H_2$

H^0 = there is no significance difference between number of visits and amount spent per visit. P value 0.683 > 0.05. Failed to reject H_0. There is no significance difference between number of visits to specialty cafe and amount spent per visit.

No matter how many times a respondent visit a specialty café in a month, the amount spent by the respondent is mostly above RM10 per visit.

Table 2.26: Patronised Specialty Café and Marital Status

Case Processing Summary	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Patronised specialty café * Marital Status	104	96.3%	4	3.7%	108	100.0%

Patronised specialty café * Marital Status Crosstabulation		Marital Status		Total
		Single	Married	
Patronised specialty cafe	Yes	38	26	64
	No	22	18	40
Total		60	44	104

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.193(b)	1	.660		
Continuity Correction(a)	.055	1	.814		
Likelihood Ratio	.193	1	.661		
Fisher's Exact Test				.688	.406
Linear-by-Linear Association	.191	1	.662		
N of Valid Cases	104				

Hypotheses $H_0 = H_1 = H_2$

H^0 = there is no significance difference between marital status and patronising specialty cafes. P value 0.660 > 0.05. Failed to reject H_0. There is no significance difference between marital status and patronised specialty cafes.

There are more single and married respondents that patronised specialty cafes, 38 singles and 28 married respondents compared to 22 single and 18 married respondents that don't patronised specialty café. Specialty cafes are venues to meet, chat and enjoy a cup of coffee.

Table 2.27: Tasted White Coffee and Purchase at Specialty Cafes

Case Processing Summary	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Tasted local white coffee * Buy white coffee at specialty cafe	108	100.0%	0	.0%	108	100.0%

Tasted local white coffee * Buy white coffee at specialty cafe Crosstabulation		Buy white coffee at specialty cafe		Total
		Yes	No	
Tasted local white coffee	Yes	50	20	70
	No	24	14	38
Total		74	34	108

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.781(b)	1	.377		
Continuity Correction(a)	.445	1	.505		
Likelihood Ratio	.772	1	.380		
Fisher's Exact Test				.394	.251
Linear-by-Linear Association	.774	1	.379		
N of Valid Cases	108				

Hypotheses $H_0 = H_1 = H_2$

H^0 = there is no significance difference between respondents that have tasted local white coffee and their willingness to purchase white coffee at specialty cafes.

P value 0.337 > 0.05. Failed to reject H_0. There is no significance difference between respondents who have tasted white coffee and their willingness to purchase white coffee at specialty cafes.

50 respondents that have tasted local white coffee and 20 respondents that have not tasted local white coffee are willing to purchase local white coffee

at specialty cafes compared to 24 (tasted) and 14 (not tasted) respondents that are not willing to purchase white coffee at specialty cafes.

Problems encountered from survey design to analysis of answers

i) Designing the questionnaires.

ii) Limitation in time to conduct a proper survey. The survey was done within a 1 week period. Due to this limitation, we only managed to obtain 108 respondents.

iii) As this is a self administered questionnaire, we encountered problems of respondents leaving the answers blank or wrong answers as some of the questions are design as check and balance to one another.

iv) Respondents reluctant to participate in the survey.

Survey limitation

i) sample size was very small due to limitation in time to conduct the survey

ii) questions were not comprehensive. A number of respondents answered the answers wrongly.

iii) No variations in age group of respondents. Survey does not investigate the needs of the teenagers and senior citizens.

iv) Management has very little experience in conducting a survey. From this first encounter, we are more confident now to conduct a more reliable survey in the near future.

2.8.4.1 Budget

A small budget of RM450 has been allocated for this research. This amount was spend on printing questionnaires, products purchased at speciality cafes, travelling expenditures, etc.

2.8.4.2 Time Schedule

Time Schedule for Survey