

## CHAPTER 4 DESIGN AND DEVELOPMENT PLANS

### 4.1 Development Status and Tasks

The current specialty coffee business in the Klang Valley is at the stage of growth with key player like Starbucks, Coffee Bean and Tea Leafs, San Francisco Coffee and Gloria Jeans Café competing in western specialty coffee industry. All four establishments were formed in Malaysia from 1998 to 2000. With only 3 years in the market, we strongly believe that there is still opportunity in the business.

In order to segregate and differentiate our product from the competitors, we have integrated the local content to entice the discerning taste of the locals. By maintaining the core Italian coffee such as espresso and cappuccino, we have provided a wider variety to the customers to choose between local and Italian coffee. Numerous coffee varieties and local delicacies in the form of finger food are brought out from the local 'kopitiam' environment to be served snacks in a up market cafe. This by itself posts a tremendous challenge.

The formidable task of the business venture is to emerge in the market as a local brand to capture the hearts of the public to stay loyal to the local taste and flavours. As such, it is critical that the new business is presented with a good first impression of a premium quality product with pleasant ambience. This is critical to avoid a comparison by the consumer that the local coffee is of second rating.

Products offered must be of premium quality at a reasonable price affordable by the public. However, the price must not be too low as it may deter customers who may demote the product due to a lower price.

Standard operating procedures in preparing and serving the food must be carefully scrutinised to ensure consistence in taste, temperature and aroma. Training of staff hence is important to achieve the premium quality

and consistence. As such, automation by means of coffee making machines are utilised whenever possible to maintain the quality of the beverage. As for the food to be served, the finger items shall be out sourced to local reputable vendors who will be short-listed by means of stringent selection and quality control of their products. These vendors shall be monitored regularly to check on the quality of the food items supplied.

Public opinion on the new business opportunity will be carefully researched by means of questionnaire to be distributed amongst MBA candidates and other group of people.

#### **4.2 Difficulties and Risks**

At the growth stage, it is important that the weakness and threats be identified. Some problems that can be identified immediately include:

- Penetrating the current market dominated by the foreign brands.
- Identifying strategic location to start the business to avoid direct competition with the rest of the players.
- Products to be offered must appeal to the general public taste and preference.
- Price. Determination of the price must be suited to the target market.
- Promotion. Effective and specific advertisement and promotion strategy must be employed to promote the product.
- Packaging. This will include the method to serve the coffee and snacks. The traditional coffee shop philosophy will not be suitable and a much appealing western approach shall be more suited for the purpose. Hence the challenge remains to innovate the local delicacies to appeal to the

consumers. Design of cutleries, coffee mugs and glasses must be deliberated upon most critically.

- Financial resources. All three partners will have to loan from banks using each others houses as collateral.
- Branding. It is critical at the point of entry that the branding of Borneo café is predetermined.
- Low Barrier of entry. Once proven successful, many competitors will duplicate the concept and flood the market with the same product offer.
- Response from existing foreign specialty coffee shop may be drastic. Causing tremendous competition in the market.
- Differentiation. This is possible the most difficult challenge that the business will encounter i.e. creating a quality that will differentiate Borneo café from the rest of the specialty coffee shops.

Inevitably, every business venture will have it own risks. The local premium coffee business venture is not spared. In order to be competitive, the initial start up strategy must emphasis on effective economical steps to design the product. The products include the food and beverage, and of-course the ambience.

The menu that has been put forward earlier is the starting point with possible inclusion and omission at a later stage depending on the consumer response. To save time and cost, questionnaire distributed will include a list of product for selection. This will form the core list of product that will be served in the café.

The café appearance will be designed by a professional interior designers. Three dimensional computer generated animation will be utilised to capture the interior before the actual construction take place. This will eliminate unnecessary cost of reconstruction and renovation works that may run into thousands of ringgit.

### **4.3 Product Improvement and New Products**

The zero product improvement time concept will be used to introduce product improvement and new products as soon as possible. Consumers' and employees' improvement ideas that are feasible shall be evaluated and implemented within the least time frame.

Continuous effort to source for better coffee bean can be done through the Internet. This is can be a main source of improvement of the type of coffee that is available. The same goes for the variety of finger foods, additional items can be introduced over time.

Although our main product is specialty coffee it is important that alternative non-coffee beverages is available to the younger customers. Items such as local fruit juices and chocolate drinks must not be over looked.

Survey questionnaires can be strategically positioned in areas such the self help kiosk whereby customers can pick up and answer simple questions and provide suggestions on ways to improve the facilities and products to make their patronage more comfortable and pleasant. Another way to create awareness and acceptance of a new product in the café is to offer samples to the customers and seek verbal comment and response on the acceptance of the new inclusion. Café operators will then summarise the survey to be compiled in a computerised and systematic format for processing to ascertain the level of acceptance of the different product.

### **4.4 Menu Engineering**

In order to facilitate the management intention to continuously improve the product offered. Menu engineering technique that encourages employee and patrons to propose alternate coffee product shall be implemented. Contest can be held to reward employees and customers that can come out with a coffee beverage that will be offered by Borneo Café. In this

manner, customers' preference will also be tapped to enable a quick response to the innovative products to suit the customers.

#### 4.5 Sample of a new offering



##### Dancing Coffee

Description : Served in a transparent glass. Iced coffee. There are two layers of colours, white milk at the bottom and black coffee on top.

##### Preparation

1. Add condensed liquid sugar
2. Add ice cubes
3. Add milk to about half of glass
4. Slowly pouring in thick coffee to the edge of the glass. A teaspoon is used to guide the flow of coffee to the glass wall.
5. The result is a glass of dancing coffee with two colours. When the coffee from the top layer is slowly dripping through the milk layer, a dancing coffee effect is created.

##### Note:

1. Coffee must be thick enough to preserve the taste because the quantity of milk used is high.
2. To reverse the colour layer, pour in coffee with high sugar content first. E.g. mint liquor.

#### 4.6 Proprietary Issues

Issues that can be of concern for the setting up of a café is the filling and registration of the trademark of core specialty coffee to avoid the misuse of the name by unscrupulous competitors. In the Malaysian context, the trademark is governed under the Trade Mark Act 1976 (Act 175) as amended by the Trade Marks (Amendment) Act 1994 and the Trade Marks

Regulations 1997. For a coffee product, the trademark is classified under the International Classification Class 30.

For the purpose of the café, the specific core product trademark can be registered under the trademarks for example BORNEO WHITE COFFEE registered under the company with all the names of the three partners. A statutory declaration will then be made with the assistance of a local intellectual property law firm that the application is bona fide. After which the trademark shall be registered within 6 months with a certified date of filing, country and application number. A certified copy of the Priority Document will be issued upon a pre-filing search is conducted on the application. Finally, should there be no third party opposition, the Borneo White Coffee shall be a registered trademark with the Certificate of Registration issued 2 months after the mark was gazetted.

With the registration, the company shall have exclusive rights to the specific product name to safe guard and differentiate the product using the trademark as an important branding tool.