

“The Java Wars” Taiwan Int'l Free Press (March issue) by Martine White

Move over cha! Goodbye Nescafe! The cult of “Latte” is here to stay.

PREHISTORIC JAVA

Back in 1982, a Japanese beverage company introduced a muddy, syrupy “coffee in a can” to Taiwanese consumers. It was an “instant” hit! Eighteen years later, it’s gone designer with labels like “Rive Gauche Café” and “Blue Mountain.” Amazingly, canned coffee is still expanding at 4.3% a year, second only to bottled water, while the rest of the canned drink industry is fizzling out. Even tea sales are down 20 percent.

By 1998, fresh-ground “gourmet coffee” had finally made the grade. The American trendsetter, Starbucks, began opening chic shops offering cappuccino in a “cuppa joe to go.” Meanwhile, Taiwan gave birth to IS (Italian Style) venues, complete with Italian equipment, furniture and romantic music. The “sit and sip” coffee culture had arrived.

THE JAVA WARS

Now worth NT\$12 billion a year, java is flowing through Taipei like liquid gold. Copycat chains like Kona Coffee and Seattle City Coffee abound, and dozens of mom and pop stores are fast joining the ranks. Coffee drink prices have dropped by a third, but profits are still a whopping 70%.

The frontrunners are neck-to-neck. In just two years, Taiwan’s upstart, IS, has taken the lead with thirty-one shops to Starbucks’ thirty. Many of them sit eyeball to eyeball on the very same block... With 27 outlets each in Taipei County, and lots of imposters, there’s a lot of java.

Meanwhile, the rest of the island just waits. There’s lots of ‘talk’ of expansion – but when? Starbucks talks of 200 mighty outlets, coast to coast, and IS has started franchising, aiming for 100 branches by 2003. But for now - they each have a meager three outside Taipei (Taoyuan and Taichung). That’s it!

JAVA GIMMICKS

With the coffee industry firmly entrenched, marketing now heads the attack, endlessly concocting schemes to build and retain customers. “Two for one” coupon books allow you to play the big spender and treat your friends. Coffee Club memberships score even higher, rewarding members with bonuses, promotions and discounts. You get lots of free java and they get a wonderfully detailed customer database. Does it work? You betcha! In its very first year, IS Coffee Club snared more than 25,000 javaholics.

Of course, it’s not just about cappuccino and patisseries anymore – there’s a gold mine of promotional “stuff” too – immense yellow mugs for lazy Sunday mornings... leak-proof car cups in sexy platinum... gourmet candies, chic coffeemakers, hot pads, baseball caps, fancy aprons, T-shirts, CD’s, books... it’s a Disney-style marketing dream come true!

JAVA JOCKS LOCK HORNS

Let’s face it, Starbucks has lots more experience and a well-tested marketing plan, but IS has one ace up its sleeve, “fresh is better”. With a locally-based roasting plant, IS can tie production to sales, or even vary roasting methods according to customer tastes. Their selection of beans “to go” is far smaller than Starbucks’ line - but the prices are lower too.

IS has also adopted Starbucks’ daring employee benefits’ plan, a factor that helped make Starbucks a winner in the States. Training and health insurance are available to even part-time employees. Happy workers mean good customer service, and that’s critical in the java biz – no one wants to wait for a cup of coffee!

THE JAVA MILIEU

Oddly enough, the Taipei coffeehouses are quite different from the American “to go” latte culture. Patrons go as much for the ambiance as for the coffee. They want to sit and sip – not grab a cuppa joe and go.

True, the early shops were typically Taiwanese - bright and loud. But lately, there’s been a softer trend towards quiet, cozy lounges with sleek, curved counters of bleached wood, colorful art, plush, over-stuffed armchairs and natural spot lighting. All this invites intimacy and chance encounters without the “pick-up” overtones of a bar.

So java is in - and the university crowd and “under 40” working professionals are hooked. They do a little business, catch up on their studies, or just hang out with friends... it’s definitely addictive. And even the beer-drinking expat set is catching on.

Now only one burning question remains - who’s got the best java? Take the java challenge and YOU tell us!

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[700 words w/o PR note]

POSSIBLE NOTE TO INCLUDE IN JAVA JOCKS SECTION

IS gets high PR marks too. They were delighted to provide a press kit for this “coffee trends” story. Starbucks found the topic “uncomfortable” – and never sent a thing.

OR

Surprisingly, Starbucks refused to provide a press kit for this story on coffee trends. IS, on the other hand, was helpful and prompt.