

Servicescape in the Café Business – A Case Study: Woo Café & Art Gallery, Chiang Mai, Thailand

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Abstract

Within the highly competitive café business environment of Chiang Mai, Thailand, Woo Café & Art Gallery, renowned for its outstanding service and beautiful settings, has become one of the must-visit tourist destinations. Woo Café is housed in a two-story old white mansion with parking spaces in front, and is located in an area of the city where art lovers and artists often walk by. The décor designed by Chatchai Jullatamara (Chat to his patrons) is very attractive: a variety of fresh blooming flowers and plants are combined within the art and gallery atmosphere. This is consistent with the concept of servicescape, which relies on the impact of the physical environment to sharpen the customer's perception and heighten the customer's sensory experience, and provides a more positive sense of service. The café must sell its coffee products in differentiated categories in order for its business to survive.

Woo Café & Art Gallery is an innovative coffee shop that owes its outcome to its combinations of physical environment design, service encounter, and customer interaction. As a case study, Woo Café pursues three aspects of service scape: the ambient condition, the spatial layout and process, and the signs. Social media is still a key influence on its customers, who often are obsessed with photographing on the environment or the food and beverages served where they dine. Woo Café caters to, and is still learning about, the potential benefits that social media provides.

Keywords: Café, Servicescape, Physical Environment, Coffee, Chiang Mai

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ภูมิทัศน์บริการในธุรกิจร้านกาแฟ— กรณีศึกษา ร้านกาแฟ, อาร์ต แกลอรี จังหวัดเชียงใหม่ ประเทศไทย

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บทคัดย่อ

ภายใต้สภาพการแข่งขันในธุรกิจร้านกาแฟที่เมืองเชียงใหม่ ประเทศไทย ร้านกาแฟ, อาร์ต แกลอรี ที่โดดเด่นด้านงานบริการและการจัดร้านที่สวยงามได้กลายมาเป็น หนึ่งในสถานที่ที่คนต้องมา ร้านกาแฟเป็นบ้านสีขาว สองชั้น โดยมีที่จอดรถอยู่ด้านหน้า ตั้งอยู่ในแถวที่คนรักศิลปะและพวกศิลปินชอบเดิน การตกแต่งในร้านออกแบบโดย ชัชชัย จุลตามระ (ชัช สำหรับลูกค้าเรียก) มีลักษณะน่าสนใจเป็นอย่างมาก การตกแต่งด้วยดอกไม้และต้นไม้หลากหลายชนิด ผสมผสานกับบรรยากาศในงานศิลปะและรูปแบบของแกลอรี โดยสอดคล้องกับแนวความคิดของภูมิทัศน์บริการ (Servicescape) โดยที่บรรยากาศทางกายภาพมีผลต่อการคาดหวังของลูกค้า และการเพิ่มประสบการณ์ในการรับรู้ของลูกค้า โดยส่งผลเชิงบวกต่อลูกค้าในการบริการ ร้านกาแฟต้องขายผลิตภัณฑ์สินค้าที่มีความหลากหลายเพื่อให้ธุรกิจได้อยู่รอด

ร้านกาแฟ, อาร์ต แกลอรี เป็นนวัตกรรมร้านกาแฟแห่งหนึ่ง ที่เป็นผลมาจากการผสมผสานของการออกแบบทางสิ่งแวดล้อมทางกายภาพ การให้บริการลูกค้า และการมีปฏิสัมพันธ์กับลูกค้า สำหรับงานกรณีศึกษานี้ ร้านกาแฟ ถือเป็นร้านที่เสนอแนวคิด 3 ด้าน คือ ด้านภูมิทัศน์บริการ ด้านบรรยากาศ รูปแบบเชิงพื้นที่ ชั้นตอน และ สัญลักษณ์ สื่อสังคมยังคงมีอิทธิพลต่อลูกค้า ที่ส่วนมากหมกมุ่นกับการถ่ายภาพบรรยากาศ อาหารและเครื่องดื่ม ทุกครั้งที่พวกเขาไปรับประทาน ร้านกาแฟได้ความสำคัญและเรียนรู้กับผลประโยชน์ที่เกิดขึ้นจากสื่อสังคมที่มีอยู่

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Introduction

At 10:00 a.m. in the morning on January 29, 2016, after checking to ensure that everything was neat and in its proper place around the garden-like lobby of his café, Chatchai Jullatamara, 43, discussed his plan with his two business partners to set up a new Woo Café & Art Gallery in Taipei, Taiwan. Chatchai, “Chat” to most who know him, is a veteran hotelier who has been working in the hospitality industry for several years. Passionate about his coffee drinking, Woo Café & Art Gallery is the culmination of his dream, his passion, and his diligence. Woo Café & Art Gallery has become one of the in-demand Chiang Mai places where visitors and local people alike pop in.

Woo Café—as many people call it in short—is located at Charoenraj Road where art galleries are mushrooming. An old two-story house with parking lot in front, Woo Café has divided its space into three parts with separate business sections, yet all on the same land – the coffee shop is on the first floor, art gallery is on the second floor, and the furniture décor sales section is set up in a building located behind the main house.

Chat conceptualized the Woo Café based on his personal lifestyle and shared love for art and coffee. Due in large part to his exuberant dedication, Woo Café has become one of the upcoming and local-must visit café favorites in Chiang Mai. Chat stated his larger vision, (personal communication, January 26, 2017) “I want to bring all things--coffee shop, art gallery, and shopping-- to one place because people nowadays have lifestyle, sitting in the nice place where they can dine out and enjoy its imperative atmosphere, surrounded with arts and shopping.” Patrons are often complimentary to the separate, but related businesses that comprise Café Woo. One patron, who visited in December 2016, commented on social media that “We had a wonderful dinner here with friends. We walked in around 6pm without a reservation trying to fight our jet lag as this was our first dinner in Chiang Mai. We sat outside on the private patio and had a delicious bottle of white wine and some excellent healthy food options. The salad reminded us of the famous ‘slaw’ at a restaurant in Toronto. After dinner, we strolled through the

gallery that offered some beautiful Thai pieces by local artists. The shop at the front of the building offered great jewelry and some incredible pottery pieces. We would definitely return. Overall great service, great food and beautiful environment....”

Chatchai Jullatamara (Chat)

Chat began his work as a part-time hotelier at the Regent Resort Hotel, now the Four Seasons Hotel, with a small paycheck. He moved on from working as a server to a trainer, and then to the highest full-time position. Working in the hotel equipped him with diverse service and hospitality experience. He added that “While I was young and student, I began my hospitality career as a part-time employee at the Regent Resort Hotel — the only prestigious modern hotel—in Chiang Mai. During that time, I was paid only twenty baht per hour, but as time passed by, I was offered a position as a full-time employee. As a full-time member of the staff, I worked as a trainer, and was responsible for teaching and coaching the new staff; after that I finally was promoted to the head butler in this hotel.” These six years of experience, coupled with his love for coffee drinking, enlightened him and gave him the idea to open the café business in Chiang Mai.

Chiang Mai is synonymous with rich Thai-Lanna culture and the beauty of the Thai country. Chiang Mai is revered as a laid-back, tranquil place, which foreigners and locals love to visit. Due to its vibrant culture, Chiang Mai has positioned itself as the creative hub of art and relaxing lifestyle in Thailand. Thanon (“road”) Charoenraj, Chiang Mai, is the well-known venue where locals, tourists, and art lovers come to find their art objects – paintings, sculptures, home furniture. Chat explained, “Before I came to the decision where to build the café, I discovered this road (Charoenraj) has its very special charm, famous for its art, furniture and antiques sales districts. Woo Café is a coffee shop where, after looking for furniture and antiques, shoppers can come for a short break, and enjoy our coffee and lunch.” Moreover, Charoenraj in the night-time is the place where the street is crowded with the nightlife crowd who come for live music and dining out.

Chat is both art lover and coffee connoisseur. He makes sure to sample the coffee whenever a new café opens in Chiang Mai. Although he has no special background as a coffee maker, and no special barista training, he has learnt to make coffee, purely based on his experience as a dedicated, conscientious coffee drinker. He explained “I regularly visit the newly opening café to taste its menu: several types of drinks. I personally love drinking coffee, even though I have no experience on making it or being trained to be a barista. This not only provides me considerable experience of being a good coffee maker and also broadens my extensive expertise on doing coffee business” (Jullatamara, C, personal communication, January 29, 2016). Chat has become an expert on coffee and can intuitively predict whether the taste of coffee fits the Thai customer. As another first in Chiang Mai, Chat established Woo Café so that the art and coffee culture could blend and where people could hang out. The results are a new Chiang Mai landmark of art, coffee, and flowery garden.

The Evolution of Coffee in Thailand

Coffee, as one of the world’s most popular restoratives, is the popular drink, consumed by around one-third of the world population. The modern café has become as a substantial worldwide social gathering venue for many people. In history, coffee is quite interesting and is an intriguing mixture of political, financial, cultural and religious authorities. Coffee at first was first planted in the thirteenth century by the Arab colony, Harrar, and then in the mid fifteenth century it was brought by the Turks to Constantinople. The first coffee, Kiva Han, was marketed in 1457 (Xu, 2003). In Thailand, coffee was early claimed as a viable economic crop, and was exported to foreign countries during King Rama III era. During the King Rama III era, the coffee plantation was developed as an export business, managed only by noblemen, royal family members, and the King.

The first café was located near Sri KokPraya Sri, named “Red Cross Tea Room”, opened by an American woman who sought to raise more money to support the Red Cross during World War I. Customers at that time mostly were foreigners, Thai noblemen and officers. Of all drinks, coffee was the least popular drink for Thai because of its bitter taste; most Thai people preferred to drink cold water or tea

(Ratjaroenkhajorn, 2001: p.24). The Red Cross Tea Room, the first café, served only on Thursdays between 15.00-18.00 to support the Red Cross charity. After that, another well-known café named Kaffee Norasingh was established by King Rama VI. This café served coffee as well as various snacks and other drinks. The Kaffee Norasingh Café held about 100 tables, and offered free music provided by local Thai orchestras. Free entrance to this famous venue was open to the general public. It was known a gregarious place for the Thai socialites and foreigners to gather. On Sundays, they dressed formally and together enjoyed talking and listening to the music. Ratjaroenkhajorn (2001: p.28) concluded that the café, since then, has been become symbolized as a part of the “high and medium society” class and regarded as “new” for Thai. Thais considered “coffee” as a symbol of the high-society. They drank coffee to socialize and to gather with other socialites; coffee was predominantly a drink of the aristocracy. Even to the present, coffee has become a symbol of the culture: it is more popular and consumed among middle-class people including merchants, writers, artists, and bureaucrats, spreading from elegant urban cafes to suburban and rural areas. Conventionally, coffee, called Kafee in Thai, has become a popular drink among Thais. Each coffee is named based on how the coffee is made: for example, hot black coffee is called “O Yua”, iced black coffee, called “O Liang”, and coffee with milk, named “O Liang Yok Lor”.

Café Business in Thailand

Coffee has been part of Thai culture, for some a way of life, for a long time. The coffee drinking culture in Thailand has rapidly increased in popularity, resulting in the rapid expansion of café openings. The café business in Thailand includes a number of different categories, such as coffee cart, kiosk and café seating. To accommodate the growing variety of customer preferences in coffee drinking, coffee business owners have coped with high operational costs. The price of coffee per cup is controlled by the market, dictated by operational costs and the willingness of customers to pay.

With regards to the competitive environment within the Thai coffee market, customer trends also are shifting toward small and medium sized café businesses,

which are recently entering the market. Café businesses in Chiang Mai and urban Thailand continue to expand, but each new shop faces competition posed by other non-coffee beverage choices, such as soft drinks, green tea, bubble tea, fruit juices and vegetable juices. Therefore, these new cafés seek to provide their customers with new themes in order to survive in this competitive market.

In Chiang Mai, a plethora of cafés are concentrated in Chiang Mai's old city. The notion of café has been conceptualized as providing an ambiguous setting -- an intermediate institution that bridges private and public space. On one hand, it is a private, protected area, yet on the other hand, it is a public space where people can socialize as equals, rather than with differentiations based on their status, age or wealth. Therefore, cafés provide virtual neutrality and customers seek unique value. In Chiang Mai, some cafés offer a home-like setting and whilst some still provide some food for purchase, free Wi-Fi and a great workspace in line with local cultural notions of hospitality and friendly service.

The Competition in Café Business

Scholars have noted that a café business depicts a certain type or pattern of competition: each café has a relatively small percentage of the total business market, but it has less control over the market price in the overall coffee business. As is the case with the cafés that have opened in Chiang Mai, each café regulates its own pricing policy without considering the possible reactions of competing cafés. A single café might realize a moderate increase in its sales by lowering its price, yet the effect of this action on competitor's sales may be nearly indistinguishable, perhaps causing no feedback. One of vital features in this specific coffee business, as all cafés obviously do, is to differentiate its product without regard exclusively to price. The product differentiation can be described as follows:

First, the differentiation pertinent to the coffee itself, with unique physical or qualitative differences, is commonplace in this business. Many cafés, for example, offers the range of different types of coffee, from hot coffee without milk to hot coffee with milk, but called with varied names. Also, it comes with different shapes of

designed cups. In Chiang Mai, several cafés, to differentiate their products, teach their baristas to decorate coffee with various techniques, or even garnish the coffee with chocolate powder or some nice edibles: cookies or chocolate. As for Woo Café, one customer from Los Angeles, who visited the café in May 2016, posted on TripAdvisor and described the food and beverage: “Best iced tea I’ve ever had--then tried the coconut black tea! Food was delish, wish they would have explained the minced pork was super spicy though! The shop was awesome--so many well-curated finds in there. We couldn’t help but re-visit Woo 3-4 times in our 5 day visit to Chiang Mai!”

This endorsement is an example of how Woo Café differentiates its products to impress clients, and illustrates the competitive aspect of this particular competition in the café or coffee shop business. Greater differentiations may result in markedly higher costs charged to customers because the cafés have made determined attempts to stay ahead of competitors by marketing differentiated products or enhanced services, resulting in excess capacity associated with the higher prices. Indeed, at Woo Café, one customer who visited in December 2015 complained, “I really loved the food and the ambiance here. We ordered the rice salad which was very interesting and delicious, along with the chicken satay, and passion fruit soda. All were very good, however our total was close to 600 baht which is incredibly high for Thai food. I had read in previous reviews that the portions were very large, but I did not find that to be true. Everything was very good and fresh. Just expensive!” In order to sustain their profits, many cafés distinguish their products through physical or qualitative differences, which often means the café must increase its production or operation costs, which in turn likely results in higher prices and more expensive customer bills.

Second, the differentiated by service has become prevalent among café in Chiang Mai. In addition to the courteous, helpful, and friendly personnel, many cafés differentiate the services provided and the facilities, such as free Wi-Fi, an assortment of newspapers and magazines, and the late opening hours - some cafés operate 24 hours. In this respect, the Woo Café service staff provides surprising

moments of truth: services beyond expectation to their customers. Indeed, a customer who visited in July posted on TripAdvisor, “Staffs here are nice and friendly. My friend is birthday on the night we got to woo cafe to dinner, the staffs help us to write the happy birthday on the plate of our cake and sang the birthday song with us. It’s really a very good experience to have a dinner here!” Another comment provided by a July, 2016 visitor stated, “During our last few hours in Chiang Mai we had lunch at Woo Cafe-it is a shame we did not find this cafe sooner! Woo Cafe is tastefully decorated with plants and homewares, with a nice art gallery upstairs. The waiters and waitresses were very friendly and went above and beyond to ensure we enjoyed our meal.” As earlier stated, service differentiation is one of the key capabilities in café business, and is often applied in this competition pattern.

Third, brand name and word of mouth are other means by which owners differentiate their cafes. It relates to the products, and relies on the positive word of mouth via online website, which are difficult and pricey to copy. Brand name is constructed by use of trademarks, packaging, and celebrity connections. A café, to create its own brand, is more likely to be established by its connection on social networks, using video sharing or photo sharing, on networks such as Facebook, Instagram and Twitter. Woo Café has developed its reputation and fame by its association with online sharing of the pictures taken in the cafe. This strongly advertises the café and has elevated its name recognition and how it is differentiated. The more distinction, the better the position of the café; the differentiation is not created by price competition. In the case of Woo Café, many customers pay attention to the online comments and the good rating given by patrons. As one example, a person who visited in July, 2016 commented, “I came here because of its rating at TripAdvisor. Amazed by how much time the owner spent on the decoration and all the maintenance. Honestly very pretty restaurant. Food is good and fresh. We were seated in a nice quiet table. G/F is dining and upstairs is art gallery. The paintings, art pieces are all impressive, make sure you won’t miss that part.” Another visitor in July, 2016 wrote on the same travel online website, “Woo Cafe and Gallery is a favorite cafe every time I visit Chiang Mai. It’s good to know the standard in terms of food quality and service remained high.

I enjoyed dining here with fresh blooms of flowers, great tea and coffee.”

On the other hand, good reviews raise customers’ expectation. One customer who visited Woo Café in February 2016 felt disappointed after reading good report in online website and commented, “After reading the reviews we went to Woo with high expectations. Our first visit was on Saturday afternoon for coffee. It was really busy and the staff were struggling to cope, so service was poor. We went back for dinner on two subsequent evenings but the place then felt dead. The service was better but on one occasion all three Thai starters on the menu were unavailable and the kitchen got one of our dishes wrong. The prices charged for house wine are also crazy. The ambience is superb, but improvements are needed in other areas before we’d return. “On the other hand, a strong brand name gained by advertising earned from positive word of mouth, on popular public online websites, yields greater income for the café, due to the increase in the number of customers. Moreover, this source of advertising is particularly advantageous because it is exceedingly difficult for other competitors to copy.

Additionally, the café business depicts the concept known as “easy entry and exit”, one of the competition attributes. Opening a new café has become a popular business start-up in most major cities, as noted in Chiang Mai. Café businesses require few economies of scale with low capital requirements for opening. Thus, a large number of small cafés have mushroomed around Nimmanhaemin Road, one of the most expensive and popular areas in Chiang Mai, which illustrates the perception of easy entry. On the one hand, many cafés later shut down due to high rent. Chat explained that many businesses, opening in Nimmanhaemin, particularly the specialty café business, have often not survived; the high turn-over of café businesses in this area occur because many entrepreneurs think that Nimmanhaemin is the ideal location to do business, but the cafes do not generate sufficient profits due to the exorbitant rents. Hence, many café businesses leave the market, which is relatively easy. Per the concept of competition in the café business, there are few impediments for an unprofitable café to hold a going-out-of-business sale and to shut down.

Woo Café & Art Gallery: The Key Concept

On October 26, 2015, Woo Café & Art Gallery was open for business. In addition to its carefully selected location and the attractions afforded by other activities and businesses in the artsy neighborhood, Woo Café offers appetizing latte as well as a relaxing area to read. The setting is homey, offering customers a variety of chairs or couches, indoor and outdoor. With its ample space, customers can come with their families. The menu offers a simple selection of coffees, such as cappuccino and latte, as well a selection of oversized homemade cakes. An interesting expression is a miniature cookie served alongside their coffee, either chocolate or nut flavored, and of course it's even possible to purchase them, but again, as super-sized version only.

The name of “Woo” is derived from “Wow” or “Woo” when people see something with surprise. The interior design is intended to amaze first-visit visitors. The Woo Café landscape provides a place for a rendezvous, with a décor of flowers in the vases, overgrown plants that provide shade and friendly ambience. Café itself has an uncommon artistic concept. The interior is a European-Thai style environment; a half-timbered house with wooden floors set in floral décor and antique furniture. The outside is surrounded by a green garden and canopy to provide shade during the hot summer. The furniture is tailored to fit the interior, crafted by one of his business partners who is a respected furniture manufacturer. These features provide the café with distinction.

One patron of the café commented to TripAdvisor on March, 2016, “There are many cafes in Chiang Mai but you should try Woo Café because their drink and foods are really nice! The coffee always served with cookies and the volume is larger when compare to the others cafe. Suggest to sit outside to enjoy the green garden.”

Chat explained that cost is another important factor to consider when operating a successful café. In general, beverage costs are quite stable and it is easy to know exactly what ingredients are needed to make coffee or other beverages, but food costs vary as prepared food depends on the raw materials and fluctuation in prices due to crop seasons. He suggested that these costs should not exceed 35%

of the retail sale price, in order to provide a reasonable profit. Another factor to consider is how to present the products: food and beverage. Although food and desserts may be delicious, how the menu items are presented to the consumer will significantly affect and determine the value. He said, “If I put my cakes in the cake refrigerator, presenting them as many cafés do, customers feel that they look, and perhaps might think they are just normal cakes. But, once I place my cake in the glass cake dome, in beautiful bell jar shape, sitting on the classy cake stand: I make them to look more different than other cafés. My cakes are sold out quickly because of their display and this keeps my cakes fresh and more appetizing.” Even the cakes may be the same quality or taste like others, the presentation in the cake display makes them different” (Jullatamara, C, personal communication, January 26, 2017).

“Even the sale of coffee, it is not enough to succeed in coffee business,” according to Chat. Woo Café provides lunch along with coffee. In particular, Khoa Yam, a Southern Thai cuisine of rice covered with herbals and special sauces, is one of the popular dishes here. Chat added, “In Chiang Mai many young entrepreneurs think that opening a café would be a good investment, but many face business failures because of high cost in the rent.” He explained that many new cafés have been popping up on Nimmanhemin Street, where many hotels, restaurants, and bars are concentrated to serve customers, in particular University students.

But, higher rental costs have been the consequences of this higher demand. Due to the heightened development in the region, Nimmanhemin has become one of the most expensive areas of Chiang Mai, perhaps higher than some areas in Bangkok. Located on the west side of the city of Chiang Mai in the Suthep District, at the foot of the mountain, Nimma (short for Nimmanhemin) has been converted within the past 20 years from a dirt track on the outskirts of town into a chic area and now is a “must-visit” landmark of Chiang Mai. Businesses here often change due to the expensive rental rates and high competition. Cafés here have shifted between hands of owners or sometimes into different businesses. As a distinction, the Woo Café is located in Charoenraj, where there is less competitive café business. Woo Café sits on a large piece of rental property under a fixed-term contract.

Regarding the coffee business, one cup of hot coffee can earn more profits than a cold one because hot plain coffee does not add any extra cost of ingredient, as does just only shot of coffee, milk and hot water, while cold coffee comes with many things adding such as condensed milk, whipped cream and syrup, resulting in lower profit. Thudsanaporn Thummapunya, age 24, head barista (personal communication, January 29, 2016) said, “Despite of low profit on making one coffee per patron, Thai old style ice coffee has become a signature in Woo Café, which almost every customer orders.”

As stated above, only selling coffee does not guarantee survival in this business. Chat explained that café business definitely does not gain great profits if selling only coffee because there are many costs that increase to comfort the customers -- key elements are free Wi-Fi, free electricity, and cool air-conditioned surroundings. This reduces the profit per cup of coffee when doing café business. But, Woo Café has come up with menu with light snack or lunch to keep business run, as well as the sale of antique and home furniture, showed within the café.

Food and desserts here have been claimed to be just as tasty as they look. Khoa Yam, as mentioned earlier, and the Salmon Sandwiches and Tom Yam Fried Rice are the recommended dishes. Served in big portions, the dessert looks particularly palatable as many clients have mentioned.

The café decoration is another concept used by coffee shops to build a customer base. Even Starbucks, one of the major and triumphant cafés in this business under the management of American entrepreneur, Howard Schultz, at first aimed to conceptualize Starbucks as the meeting place for friends and having a bite. The original concept has become a fundamental core of being a favored café. Starbucks makes each café look like a home furnished with soft sofa, book cases, and tables as if customers feel like sitting in their own house. This particularly makes clients feel like they are living in their home where they can meet friends, do works, read books or just relax alone. Chat emphasized that “Having a clear concept makes the café look different and distinctive than others. It can provide the clear picture of who patrons of the coffee business are and what services the

café provides” (Jullatamara, C, personal communication, January 29, 2016).

As an independent coffee shop, Woo Café, followed the concept, but make itself more distinctive than others, to compete in the high competition of this business. The features in Woo Café have been changed regularly as every angle of the place must look astonishing, like the scene shot in a magazine. Chat noted that on social media, many customers come not only for drinking coffee but also having themselves in the photo. Shooting pictures of the place while patrons visit has become a huge trend among customers. Patrons seek to shoot photos and selfies inside of the Woo Café; the café’s layout draws many potential customers and is good marketing for café business, as many today want to show their friends where they go as well as the unique food they select. So, the presentation of the place and food is vital and is incorporated into the business strategy. Cafés must be designed as an attraction which customers notice as they pass, and thus attracts more customers to visit. Woo Café has often become well-known and recommended because of its interior environment, and often café patrons take photographs because of the flowery, green décor.

Woo Café manager Khomsan Wongkador (Mee), said that “our café pays attention to detail—this is an essence—in our interior decoration, all plants and flowers are being elaborately taken care of and treated well, so our flowery plants can last and look gorgeous. Along with this, our employee must write down their service experience in the logbook every day after finishing their works. This logbook can provide more specifics: our employees made any mistake during their servicing; our clients need something we failed to provide; or our food and beverage are found to below the standard of our quality. Based on the information from logbook, all technicalities of our service process will be under discussion and improved to meet the customer’s expectation” (Wongkad, K, personal communication, January 29, 2016).

Art sales, another business sideline, add income for Woo Café. On the second floor of the house, Woo Café has art exhibition periodically by famous local artists. The art gallery provided by Woo Café has become one of the chic venues where artists, art dealers and art lovers all meet. The art gallery, open from 6 p.m.

till midnight, provides another venue to visit.

Another attachment of the Woo Café house is a shop where customers can look for home décor and furniture. Chat explained that providing more varieties on sale is a must for doing café business since customers seeking new trends need change.

Social media, such as Facebook, IG, and Instagram, are nowadays the tools for promoting the café business. Clients, mostly Generation Y: the generation of people born during the 1980s and early 1990s, always photograph wherever they go, whatever they do, and post pictures on their social media. Chat (personal communication, August 9, 2016) commented that “Woo Café becomes more trendy since it has opened when everyone posts and talks in their social media.” Because every business is linked to digital marketing sources, clients know new places through the social media and if pictures have been taken look attractive, it draws more customers than those drawn to other comparable marketing channels. Chat and Mee (personal communication, August 9, 2016) both confirmed that social media has too much influence over customers, especially Generation Y, who follow what is being posted on Instagram, Facebook or IG. Everyone loves to eat and the beauty of the pictures featured on social media has enormous power over clients. If a food dish looks appetizing, many people take a photo and post it on their personal social media channels. During this digital era, this is great word-of-mouth marketing, which develops stature between the restaurant and customers. People nowadays are engrossed in photographing what they devour, something experienced cooks are learning to cater to this trend. Instagram and other social media channels actually create social and culture trends; many people seem to focus more on the way of a dish looks. Ultimately, the flavor must be balanced with how the food looks; it is often the case that some very savory dishes do not look wonderful, noted Rene Redzepi, a two-Michelin star Danish chef (How Instagram is Transforming Professional Cooking, 2015).

Woo Café Staff

The service qualities of the staff are of central importance in operating a successful café business. Indeed, the Woo staff has greatly contributed to Woo Café's outstanding reputation. Without its hospitable employees, Woo Café would not have become one of the most well-liked coffee shops in Chiang Mai. Woo Café staff are regarded as warm, welcoming and competent. They have been trained and selected according to Chat's standards. From their first day working, the Woo Café crew receives training and learning by doing, working along with experienced staff. This system forces them to learn quickly. Chat reported that, "All new employees work together with experienced staffs. They not only understand the job process quickly but also learn how to work with others harmoniously" (Jullatamara, C, personal communication, August 9, 2016).

Through the process of recruitment, personality is a key trait—all new applicants have been examined by an intense oral interview by Chat and his senior crew to determine whether they are suitable for Woo Café. He wants his staff, to work like a family and to feel more relaxed, so that Woo Café can create a cozy and relaxing place. Woo Café staff is perceived as friendly, competent, and professional. Chat continues to think like a server, although he is the owner, to ensure that the service meets the customer's expectations. The service provided by the owner along with the other café crew amazes customers. It provides the clear picture that customers are given the priority of excellent service coupled with warm hospitableness. The foundation of friendliness, the secret is revealed – the many employees work as if they are family members because from the first day of work, they have been training and working with the owner and others. It creates an amiable workplace environment and pleasant atmosphere for patrons.

According to Chat, the staff must be well-trained and courteous. Chat added that he, as the straightforward person, provides clear direction and explanation to his staff, seeking to improve service performance efficiently. With his rule, after three warnings or if any one single cheating behavior occurs, the employees are fired immediately.

During peak periods, although thoroughly trained, inadequate number of staff can give rise to serious complaints. One customer, angry with services provided, wrote on TripAdvisor, “Even though this place is recommended they have a lot to improve on service. They ask us to wait 40 minutes for a dish of pasta claiming they are so busy. We agreed anyway. Five minutes later, they came up claiming that they don’t have any pasta left. Food is okay, nothing impressive. But location is nice. They have an art gallery on the second floor, but it is more a decoration place. I will not recommend this place, despite good reviews.”

The staff earns a fair paycheck, despite the fact that gratitude tips are not included in the bill. Chat, in addition, said “We pay our staff equivocal fair wages compared with other cafés. Many café staff, in general, earn the extra income from gratuity tips included in the bills, but here we make sure our allowance is marginally competitive to our employees” (Jullatamara, C, personal communication, August 9, 2016). That is, Chat wants to ensure fairness for all of his employees. This leads to a better workplace and increases productivity among his team. The contented staff is less likely to leave, but are more likely to engage in good citizenship behavior. Thus, his employees, through their training, thoroughly understand the concepts of the Woo Café and appreciate the combination of art, coffee and food, and represent themselves as customer-oriented personnel.

Although the members of the Woo Café staff are treated with respect and receive fair payment, the high turnover of employee is still a significant problem. At Woo Café, an average of 20 to 30 percent of the staff turnover regularly, which is a relatively high rate for small businesses, and this rate of turnover does have a considerable impact on its operation. Chat commented candidly, “. . . bountiful coffee shops in Chiang Mai have the same problem regarding high turnover in their staffs, although we have less percentage of it. We still have to spend our extra time for intensive training. Due to time limitation and busy work schedule, we mostly train new staff on the site -- working is part of our training, so this is our solution for this issue”

Staff turnover not only has costs to other staff, who must pick a greater workload due to job vacancies, and created loss of opportunity costs, in particular revenue-producing roles. Chat added that about half of the Woo staff work part-time, as they are students. He noted that turnover is more likely to occur among part-time employees because the part-time personnel must attend school. Also the majority of the part-time employees is younger, and often acts unpredictably, even when scheduled to work. He said “Many young part-time staff member cancel during weekends, despite their job duties. I would not want to ask for the reasons why? But I tried to understand and accept these problems.” Most high turnovers tend to regard as part-time staff, in the fact that café needs more people to serve as its high growth of customers, whereas full-time employees still stay longer. Ideally, employees who would like to resign should give a one-month notice in advance as the rule, this is needed to provide time for Chat to look for a new employee.

Training staff creates considerable costs at Woo café both in time and money. To be trained to function as a professional, each part-time staff member or any ready-to-work person needs at least two to three hours of training per day for at least one week, during non-peak times, whereas peak time training typically can be completed in a shorter period. For effective training, new part-time staff must work collaboratively with full-time staff members. Part-time staff with less experience cannot handle difficult clients, so they need a mentor – experienced full time personnel – to guide them. Full-time staff, conversely, generally retains work at the café for an average of seven to ten years because they feel that the work environment is more like a family managed business. The work environment is like a family in that they support each and under the care of only two supervisors: owner and restaurant manager. Of course, not all full-time employees are equally likely to stay for myriad reasons, spanning personal and professional issues. In this cases, some leave for a better opportunity such as working at a four-or-five-star hotels.

Feedback in Social Media

From the Woo Café, the many pictures taken in the café are ubiquitously posted in various social media, Facebook, Instagram, and Twitter. This is the branding

secret behind the huge success in café business. They are powerful marketing tool, and invite patrons, even the repeated ones, to share their café experience. TripAdvisor, one of influential hospitality reviews, rates Woo Café as one of excellent cafés in Chiang Mai. In May, 2016 one patron post by Stephanie S. said, “This is a great little spot to escape the heat of the day. The drinks and food are well styled and delicious. The rice salad, served deconstructed and with blue and pink rice, was fun to eat and even more fun for the taste buds. The tom yum fried rice with a fried egg was fresh and well-seasoned. The store had beautiful crafts and goods as well ranging from ceramics to vases (reasonably priced for the quality!!). It is located in the artsy Wat gate neighborhood- would definitely recommend the tuktuk ride away from old city to this charming area.”

Even last year, one user commented during their visit in November, 2015 that, “Excellent experience dining at Woo. We were in Chiang Mai for 5 days and returned 3 times. This is a contemporary cafe with art gallery and a lovely shop with high end local hand crafted wares. We had some sort of rainbow salad with 12+ ingredients and it was delightful. Highly recommended. We also brought home some Coconut black tea and monsoon tea which we have been enjoying immensely. Indoor/outdoor seating and very helpful staff.”

On the evidence of these compliments, it shows the savvy of providing the physical environment-one concept in facility management - including décor, ambience, and design along with the interaction between staff and customer, is called “servicescape”. All aspects of the victorious physical environment combined with good servicescape have pictured Woo Café as one of most hospitable places to visit. Still, many on-going tributes are being posted to reward their perseverance at the Woo Café.

Verified by several postings in TripAdvisor: “The cafe environment is very nice with many flowers and plants. Design is simple but comfortable. It has a gallery on the 2/F, the size is not too big but it is good to have a look before having the meals or coffee,” said one customer visiting in July, 2016. Another customer who visited in June, 2016 confirmed, “Beautiful restaurant, surrounded by gorgeous

plants inside and out. Food was excellent, freshly cooked, very hot and reasonably priced.” Some customers, who visited in June 2016, not satisfied with Woo Café, still appreciated its environment, “We ate there last night. We walked from the old city. Only a mile but through pretty scary areas. After reading other reviewers and seeing the high rating on trip advisor I thought it would be great. It was nice to have a/c, the flowers were beautiful, and art interesting. However, our food was just ok and it was the priciest restaurant we ate at in Chiang Mai.”

On the other hand, other Woo Café customers commented about the beautiful environment, and this strength, makes Woo Café stand out than other competitors. One posted in November, 2015 said “We stumbled into this lovely restaurant from the rain. A very pretty place with bunches of flowers everywhere. Very cold air-conditioning. My husband and I had Thai curries, which were fantastic. Our daughter went through about five things she wanted, all of which were sold out (despite another table getting what she wanted). She settled on spaghetti carbonara. Creamy with some odd? meat in it. About two hours later it returned with a vengeance! She had awful food poisoning for two days. We may not return there.” Another one posted in January, 2015 that “Beautiful setting, Parking is limited, Coffee is poor, Cake is poor. Have heard from people as a popular place but one time is enough.” In addition, one customer wrote, “Superb interior, severely overpriced pretentious food, was expecting a gastronomic trip, but was really disappointed.” Nevertheless, Woo Café is still an example of a surviving business. To other new café opening in this market, does it apply the concept of servicescape using a combination of good physical environment and friendly service-oriented staff to operate the coffee business in Chiang Mai?

Next Chapter: New Challenges

Woo Café opened in October, 2015 and has been running since as a business with huge success. Because of its success, it the Café experiences excess capacity and additional servicing pressures on long holidays or weekends, due to an influx of customers. The long wait for a table triggers patron complaints.

Within one year, Woo Café could pay off its debt, including the initial investment capital. Nevertheless, Chat is of the opinion that “Woo Café needs a face lift to attract more customers with the new look and design after operating the café or a while.” Thus, Woo Café was closed for three weeks for renovation during November 2016. On December 5, 2016 Woo Café re-opened with new modern interior designs. One customer, who visited on January 2017, posted on TripAdvisor praise: “This place is absolutely one of my favorite in Chiang Mai. It has just perfect. Lovely decor, great cakes, exotic coffee, and beautiful gallery. The have outside sitting area with comfy couches and air conditioned room inside which all adds value to this place.”

The decision to renovate even while the business was already successful, and patrons’ reactions, confirm that servicescape to Woo Café is still a dominant character and key factor in its success. Within the first month of re-opening to the public with its new face-lift, Woo Café received a lot of attention and resulted in an even higher volume of bookings. This influx of customers has, however, caused some management issues, in that the café had insufficient staff to appropriately serve this level of customer base, but there has been inadequate time available to train thoroughly the new employees.

Chat provided day-to-day direct management. He undertakes to counsel all employees, including the service staffs and chefs, which poses a major challenge, particularly since the Café re-opened.

The new café is on the same property land he rented when he first started the business. Under the fixed contract, only a few years remain. For the remaining years, Chat worries that his Woo Café can keep the consistent success already achieved. Of particular concern is whether the Woo Café concept regarding servicescape is practical and whether it fits into the Chiang Mai culture. To ensure that the business survives and remains profitable for the long term requires high levels of maintenance expenditures, that are directly related to the Café’s central character: Woo Café occupies a large physical space; the fresh plants and flowers that create is dazzling ambiance require regular, expert care (watering, pruning, fertilizing or

replacing aged plants and flowers); and food service (buying, storing, preparing, and serving quality fresh food) with updated menus means high labor and specialized physical plant expenditures. Whether the success of an enterprise can be long-lasting is one of the classic questions for any business, and any owner cannot know for sure how long success may continue. Many question marks hang over Chat as he considers his next, new chapter.

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