

Factors Affecting Customers' Decision to Use Coworking Coffee Shops: A Case Study in Bangkok and Chon Buri Province

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Abstract

The objective of this research was to study 4Ps marketing mix and physical environment factors which affected customers' decision towards their selecting of coworking coffee shops. The samples were made up of randomly selected providers and customers for a total of 42 interviewees who participated at 14 coworking coffee shops in Bangkok and Chon Buri Province. The data were analyzed using descriptive statistics on factors affecting customer decisions. The participants were mostly female, aged between 19-40, with an average age of 29 years old.

From the analysis of 4Ps marketing mix and physical environment factors, it was found that the in-depth interview participants referred to all 7 factors at the highest to lowest level in the following order: 1) Product or service & Place, 2) Ambience, 3) Design, 4) Price, and 5) Promotions & Social factors. The top sub-factors that participants mentioned in each of the main 7 factors were as follows: 1) Cover of facilities food and drink, Wi-Fi, electrical plug, locker (Product or Service), 2) Acceptable price (Price), 3) Good location and convenient transportation (Place), 4) Buy 1 get 1 (Promotion), 5) Dividing the venue's proportions and zones (Design), 6) Good atmosphere, quiet and cleanliness (Ambience), and 7) Staff service attitude and customer engagement (Social).

Keywords: Coworking, Coffee Shop, Marketing Mix, Physical Environment, Decision to use the Service

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1. Introduction

The Thailand National Food Institute published the value of the coffee business market in the years 2010 to 2014; the value has grown from 14,083 million baht to 17,400 million baht, an annual average growth of 5.4% (Institute of Thailand National Food, 2015). The growth of the coffee shop business is reflected in Thai consumers changed behavior as they originally drank instant coffee. Western culture has also played a more influential role in Thai culture and lifestyle by continuously expanding and increasing the habit of drinking fresh coffee until coffee shops have become the “third place” for drinking coffee - home being the first and work being the second (Dollinger, 2006). The reasons include some decorations and environment in the coffee shop which create a pleasant feeling. Generally, the average price of a cup of coffee is 40-50 baht; moreover, customers expect to get functional services and great atmosphere in the shop (Bangkok Bank SME, 2015). A new generation of people, especially those working in businesses such as designers, architects, IT engineers, auditors, and so on, changed their style of work according to innovations in communications technology. They leave their offices and desks to find a relaxed, creative environment. They are also looking for human interaction and interrelation. Furthermore, they are seeking alternative coffee shops offering not only a cup of coffee or tea but also various facilities as internet Wi-Fi and convenient seating. Coffee shops are one of the easiest places for them to find in anywhere.

Technology has revolutionized the work life of people so that they can work more independently. People are able to work everywhere in the world, so long as they have access to the internet and a laptop. As a new generation of people who prefer to work outside and escape a boring life want to come out and start up their own business. Due to the impact of the economy, many companies have laid off employees to reduce costs. This resulted in an enormous increase in “freelance” workers. These people need a comfortable workplace such as near the metro station in the city. It would not be best to invest in an office building, so they seek for a cheap place to work and have a community of people to share ideas with. To build relationships and reduce the difficulty of starting a new business, a coworking space is the work space that they choose (Bangkokbiznews, 2013). Coworking is a style of work where small businesses and business startups work independently together in the same place. Foertsch (2011) stated that the number of coworking spaces have almost doubled in the past year from around 350 to over 650. The conclusion is that the total number of coworkers worldwide have also doubled, and it shows that customer growth has increased recently and remains nonstop (Foertsch, 2011). There are various forms of coworking spaces where people have designed informal arrangements of the working environment. The key point of coworking is to help freelance or startup workers get new ideas and feedback and to get a team that depends on connection and individual capability. Three

characteristics of coworking space are: 1) the price is cheaper than renting a regular office; 2) it's suitable for the work lifestyle of the new generation, and 3) it has complete facilities. According to the latest numbers from Deskmag by Foertsch (2011), King and Ockels (2011) summarized that there are about 820 global coworking facilities: about 350 spaces are located in the U.S., and about 470 coworking facilities are located outside the U.S.

The official first "coworking space" has opened in San Francisco in 2005 (Foertsch and Cagnol, 2013), and it is continuing to increase in the U.S., Europe, and throughout Asia, including Thailand. THE NATION Thailand postal (2017) reported a survey summary from Hubba Co. Ltd. and Colliers International Thailand Research showing the number of coworking spaces in Thailand from 2012 to 2016. The director of Colliers International Thailand Research stated that results revealed that the coworking spaces continued to grow with 120 coworking spaces, compared with none in 2011 (THE NATION Thailand postal, 2017; Colliers International Thailand Research, 2016). At the same time, the number of freelancers and people who can work from home are also increasing every year, and coworking space has proven to be particularly attractive to this group (Kongcheep, 2016). The popularity of coworking spaces has spread from Bangkok to several other provinces in Thailand. "HUBBA," the first coworking space in Bangkok, was established in 2012. Aummarueg and Charn who are the owners of HUBBA have designed a working environment which emphasizes a community space for freelance, startup or business people who can share ideas and gather in the same place independently.

In 2015, The entrepreneur of Launchpad and Draft identifies coworking as a growth business in the future, along with growth of the trend to "Digital Economy," referring to the new generation of people who want to create startups and work freelance. Coworking coffee shops are one of businesses that can provide an advantage to both the provider and the customer. It is integrated between community space and coffee shop mixed together, which provides not only a coffee machine and a couch but also offers rented private rooms or conference rooms with various facilities combining good atmosphere and good functioning. Office workers and other people have selected coworking coffee shops as a working and appointment place to discuss and even catch someone's eye. They can work or do activities at the coffee shop all day if they need, and they can set up a budget that they pay for time because the coworking coffee shop has become a flexible and perfect solution for them.

2. Objectives of the Research

1. To study the reasons why customers choose coworking coffee shops.
2. To know the participants' perspectives and the characteristics of coworking coffee shops.

3. Scope of the Research

A qualitative method was used to collect data to gain in-depth knowledge and understanding of perspectives, attitudes, and expectancies by interviewing participants (providers and customers), who are attached to coworking coffee shops in Bangkok and Chon Buri Province. The time period was from March to May 2017. The names of the 14 coworking coffee shops were shown below:

1. A-Loft Cafe' & Meeting Complex, Bangsaen, Chon Buri
2. The Portal Coworking, Bang Saen, Chon Buri
3. Box space, Sriracha, Chon Buri
4. Anchor, Pattaya, Chon Buri
5. Ease Café & Coworking space, Bangkok
6. Growth Café & Co., Bangkok
7. Think Tank (third place), Bangkok
8. Coworking Space Gather, Bangkok
9. Blue Space Restaurant and Coffee Shop, Bangkok
10. True Shop Siam Soi 2, Bangkok
11. Think society, Bangkok Coworking Space Gather, Bangkok
12. Sit in Inspired Work Space, Bangkok
13. Space @siam, Bangkok
14. Joint Cafe & Workspace, Bangkok

4. Conceptual Framework

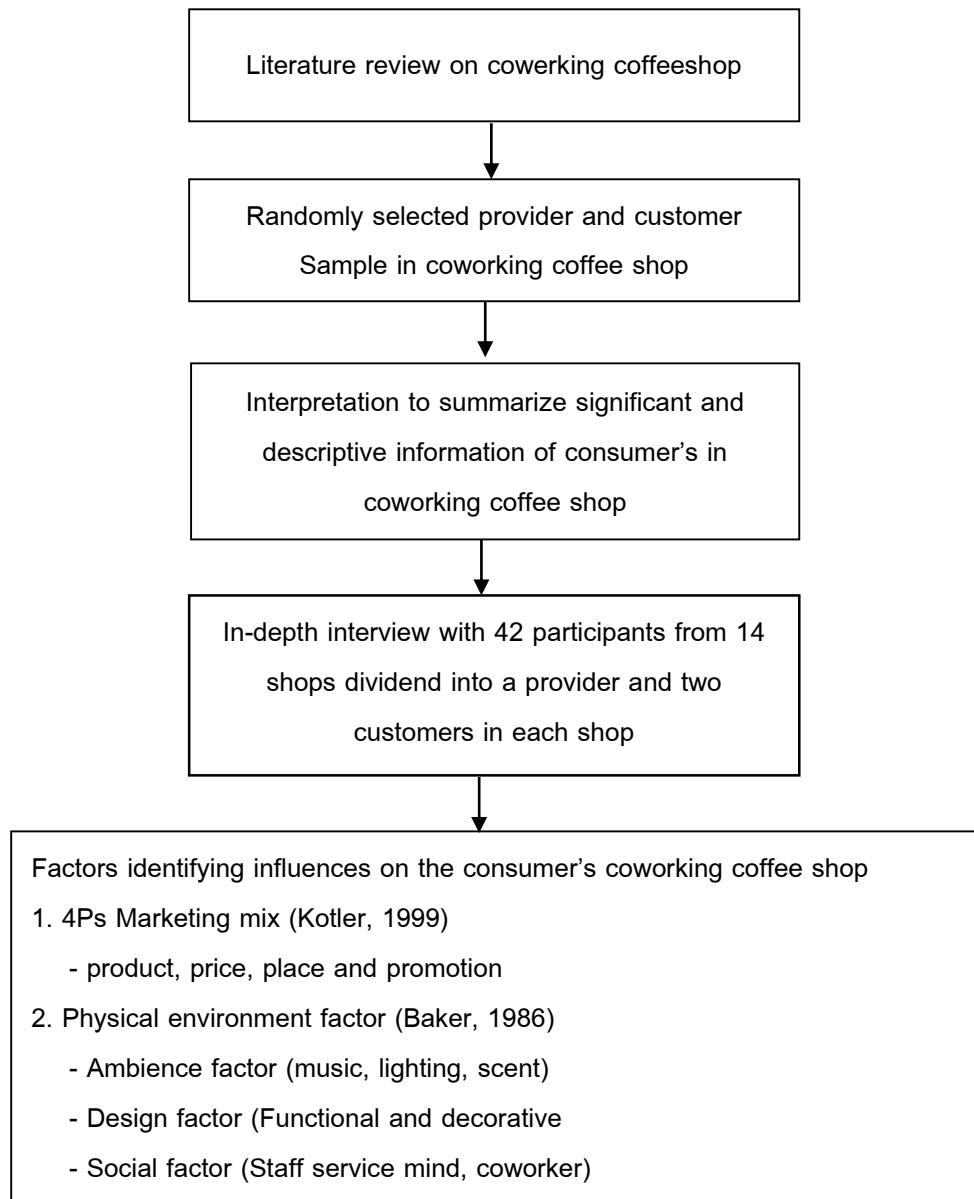


Figure 1. Conceptual Framework

5. Contribute to knowledge of the research

This study guided the traditional and new entrepreneur of a coffee shop or coworking coffee shop to understand customers' decisions and realize how to improve their business.

6. Theory and Concept

Marketing Mix

Kotler (2000) defined the marketing mix 4Ps as the set of controllable marketing tools - product, price, place (distribution), and promotion - that the firm blends to produce the response it wants to accomplish in the target market. The basic elements of marketing can be placed in 4 Ps Marketing Mix categories. It is the combinations of these elements that meet customer's needs and satisfaction.

Physical environment concept

Baker (1986) has developed and classified the environment into three components: ambience factors, design factor elements, and social factors. Design elements or visual factors were classified into functional (store layout, display, comfort, and privacy) and decorative (architecture, style, material, and color).

7. Research Design

The research design adopted for this research was the qualitative data obtained from descriptive research survey study by using in-depth interviews. The sample size was 42 interviewees as a total which were randomly selected from a provider and two customers per shop. The data collection used in this study consisted of:

Primary data - the qualitative data were gathered from interview questions. The researchers designed interview questions to examine: 1) customer perspectives of coworking spaces, 2) characteristics of each coworking space, 3) factors which impact customer decisions, and 4) respondents' expectations of the shop.

Secondary data - the data were gathered internally from the university's website. Apart from the research there were secondary sources from books, previous studies, academic journals, websites, libraries, and the internet.

8. Research Instrumentation

For this research, the researchers designed in-depth interviews using 4 open-ended questions as the instrument to gather the data and also studied other theories, research, concepts, theses, and documents. The questionnaire included four questions:

1. What is coworking in your perspective?
2. What are the characteristics of this coworking coffee shop?
3. Why do customers choose this coworking coffee shop?
4. What are the facilities that you think this coworking coffee shop should improve?

9. Method of Analysis

The research data analysis was divided into two parts. The first part analyzed secondary data from in-depth interview with a provider and two customers each shop. The second part used content analysis to finalize the relevant knowledge from the combination pulled of primary and secondary research findings by using data interpretation to summarize significant and reveal descriptive information.

10. Findings and Conclusion

This research aimed to represent the participant's perspectives of coworking and characteristics of traditional coworking coffee shop in each shop to guide new entrepreneur to create the idea and overview of coworking coffee shop on how it can increase the value. The objective of this research was to study 4Ps marketing mix and physical environment factors which affected customers' decision towards their selecting of coworking coffee shops as well as the relationship between factors influencing use of the service and the number of participant's mention in each factor. There were 42 participants and 7 factors consisting of 4 Ps Marketing Mix and 3Ps Physical environment. All of them have an impact on customers' decision making. The highest factors affecting customers' decision were the product or service & place factors, and the lowest factors were the promotion & social factors. Providers emphasized on 4Ps Marketing Mix while users focused on design and ambience factors.

The sub-factor that had the greatest effect on customers' decision based on the Product and Service factor was providing facilities as Wi-Fi, electrical outlet, and lockers.

The sub-factor that had the most effect on customers' decision based on the price factor was acceptable price.

The sub-factor that had the greatest effect on customers' decision regarding the place factor was a good location close landmarks and with convenient transportation. For example, co-working spaces located near BTS are convenient for Bangkok customers.

The sub-factor that most affected customers' decision based on the promotion factor was buy 1 get 1, or any special price or discount.

The sub-factor that had the greatest effect on customers' decision regarding the design factor was division into proportional zones. The customer chooses a coworking area because they would like to work in a private area; if the shop has a separate zone, they will decide to buy that service.

The sub-factor that most affected customers' decision based on the ambience factor was good atmosphere. Customers would like to work in a quiet and clean atmosphere suitable for working. The atmosphere creates a comfortable and pleasant feeling.

The sub-factor that had the most effect on customers' decision based on the social factor was service mind and customer engagement. Customers choose the shop because of staff service and the interaction between workers.

The analysis of 4Ps marketing mix and physical environment factors from the in-depth interview participants showed that all 7 factors had the impact at the high level in the following order:

1. Product or service and place
2. Ambience
3. Design
4. Price
5. Promotion and social

The top sub-factors that participants mentioned in each of main 7 factors were as follows:

1) Cover of facilities food and drink, Wi-Fi, electronic plug, locker (Product or Service), 2) Acceptable price (Price), 3) Good location and convenient transportation (Place), 4) Buy 1 get 1 (Promotion), 5) Dividing the proportion zone (Design), 6) Good atmosphere quiet and cleanliness (Ambience), and 7) Staff service mind and customer engagement (Social).

11. Discussion

This research explored the components of 4Ps marketing mix, the physical environment of coworking coffee shops in Bangkok and Chon Buri Province, and demographic factors that have the effects on consumer's purchasing decision. The analyses were conducted based on 42 respondents's interviews. The respondents of this research included 14 providers and 28 customers who participated in coworking coffee shops.

“Coworking space” is a working environment where people can share ideas and experience. Coworking is also an appointment place for some people while some can relax in the great atmosphere like a “third place.” This result is in accordance with previous research by Anne Leforestier who studied the coworking space clients looking for socialization and interaction, sharing experience, networks, developing strong connections, and acting like a community.

The results referred to providers and customers mentioning why customer chooses to use the coworking space in each shop. All 7 factors -- Product, Price, Place, Promotion, Design, Ambience, and Social -- had the impacts on the customers' decision. There were 30, 20, 30, 16, 27, 29, and 16 persons who mentioned each factor, respectively. Most mentioned factors were the Product & Service and Place factors. This result is in accordance with previous research by Taksataweesiri and Benjawattananon (2015) who studied on investing in coworking spaces in Amphoe Muang, Khon Kaen Province. They found that Thai people choose the coffee shop as a

work place when amenity services such as internet Wi-Fi and good interior decoration were presented. The impact result of design and ambience factors is in accordance with previous experiments (Parinyawitid, 2012)

12. Recommendation and Future Research

In the present, there are many entrepreneurs of coffee shop who have faced fierce competition and need to increase the value of their business. Coworking is one interesting alternative to be combined in the coffee shop business which beside from drink and food people are still able to sit a long time and use provided function to make them more relax and convenient. To increase the value of coffee shop attracts customer's attention and repurchase.

A future qualitative research might be conducted with a larger sample size (more than 50 respondents) for which the analysis can be done. The suggestion for future research is that the researcher should improve the number and details of questions for interviews and should observe customers from their actual behaviors. This can be benefit for entrepreneurs to increase value along with the marketing mix and physical environment.

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