



---

## Beyond the Fragrance of Coffee

China Radio International Interview, 2002

Stuart Eunson opened a coffee roasting company in Beijing in 1994. The company, Arabica Roasters has now become a well-known supplier of gourmet coffee. How did he become so fascinated with coffee roasting? And how has he managed to sell his coffee in China, a country that has no tradition of coffee drinking and where tea is the predominant drink?

Stuart: In 1993, myself and my partner Thomson had the idea of opening up a coffee shop teahouse over the area near the People's University.

Host: How did you have this idea?

S(S for short): We both studied in China in 1998 and 1999 and had known for a long time after we graduated in college in Beijing. When we graduated from the University in the United States, we decided to come back to China and do a project. The project really started in the end of 1992 or early 1993. We were originally opening up a coffee shop teahouse like I said. But as we went through those steps to open that sort of business, a lot of people who were in Beijing who were associated with said that "Beijing is a really big city and the people who were really coffee drinkers were in the Chaoyang area and that is a long way from the People's University, which is in the Haidian area. So that's over one hour to drive from the Changyang area to the Haidian area. Coffee in China is a great idea and we loved the coffee provided by you but we would not take one hour to drive to take coffee." So our project evolved from a small coffee shop teahouse to a full-scale coffee import and roasting project.

H(H for short): But before you started your business, how much do you know about coffee, especially about the coffee marketing in China?

S: Almost none.

H: So how about the situation when you first started your company?

S: Actually once we started our project, we never ended up with opening coffee shop of any sort. We opened up a roasting facility to be able to roast coffee and delivered it to households and offices around Beijing. As to the situation, I should just say there were some leans in the year 1992 and 1993. Business was not as good as we thought. We got trapped in the classical China Trap which is with 1.3 billion people, we are going to be rich with six months. And it turned out we were not rich within six months, in fact we wouldn't get rich even six years later.

H: Is that because of your overestimation of the coffee market in China or is it because the market developed much slowly than you had expected?

---

[www.arabicarosters.com](http://www.arabicarosters.com)

Arabica Coffee Roasters (Beijing) Co. Ltd.

P.O. Box 100600-9138 • Beijing Int'l Post Office • Beijing, China 100600

Tel: (86-10) 6413 1488 • Fax: (86-10) 6413 1492

Shanghai Office • Everwin Building • Room 702,

521 Wang Ping South Road • Shanghai, China 200032

Tel: (86-21) 6428 8941 • Fax: (86-21) 6469 0941

# Beyond the Fragrance of Coffee

China Radio International Interview, 2002

Page 2

---

S: It was because we overestimated the market that we were going to sell to.

H: When you started your company, you almost have no knowledge of coffee roasting, then how did you make up this part of knowledge?

S: Actually as part of our preparation work, the three of us went to our respective countries to do internships. I went back to Boston, Massachusetts; Thomson went to Pennsylvania and Richard Wilson went back to Melbourne, Australia. So by the time we started our company, we had already done several months of internships of coffee roasting.

H: So what is the most interesting part of coffee roasting?

S: For me, the most interesting part of roasting coffee is that I got to taste every good coffee every single day not only because I had to taste it but also because I enjoyed it. It is really nice to line up coffees from Brazil, Columbia, Indonesia all at the same time and taste them side by side to see what different coffees taste like, knowing that they all come the similar type of coffee tree but the difference of the taste of coffee really represent different soil, different land and the atmosphere.

H: You have just said there are several different types of coffee of different tastes. Is there a kind of preference as to the Chinese market or the Chinese people's taste?

S: If you mean if there is a general trend in the Chinese purchasing market of coffee right now, the answer would be "Yes". Coffee drinkers who are sophisticated enough to know the difference of coffee of different countries, will frequently choose the coffee that has done the most advertising in China. So I think right now the most well-known and therefore most popular coffee is the Columbia Coffee. Brazilian coffee is also starting to make greater enrollment in China. More and more people are learning coffee. Within the ranks of people who are not traditional coffee drinkers or who discovered coffee just in recent years, the most popular coffee is not from a singular country. It is actually a coffee called "Cappuccino".

H: Probably in a country whose coffee market is not very large, it makes marketing a very important job, so how did you do your job?

S: We usually threat to beat them up if they□. No, that is just a joke. We do a lot of advertising in English publications in China to be able to reach the expact communities in Beijing and Shanghai. But really the marketing at this point is not the most effective way to build market share. We were hard on educating the Chinese public who were interested in coffee and that education is done by working with culture magazines whether they are in Chinese or in English to describe modern lifestyle. We were trying to work with editors to write articles to teach teacher about coffee. In my opinion, the key is not fighting against the current coffee market, we are there. But for a long term, it is in all of our best interest to grow the coffee market here. Coffee history and the Chinese tea history is quite similar. Chinese tea has a two thousand year long written history. Coffee is the same way. There are several thousand year history. We try to make this connection so that people in China who preciously don't have much knowledge in coffee, start to understand coffee is not a new product in the world. It is a relatively new product in China but it is not a new product in the world and also let them feel comfortable with the idea that coffee is an interesting product. People have drunk it for really a long long time and it really has nothing to do with age, color or even sex.

H: So can I say you are promoting your idea of coffee culture and at the same time promote your product?

S: You certainly can.

H: And how effective do you find your strategy than to beat up your customers?

# Beyond the Fragrance of Coffee

China Radio International Interview, 2002

Page 3

---

S: Beating up our customers is only a joke. We only do it if they don't pay us. Let it go. After selling coffee in China for seven years now, I find it to be one of the most effective ways of building loyal customer base. One big marketing way is our Internet. We did a lot in our website. We add news about coffee and also editing our website so our website is also one of our important way of marketing.

H: Do you think that the coffee culture is in conflict with the tea culture, which is the predominant one in China

S: No. I don't believe there is any conflict between coffee culture and tea culture. A lot of people ask me the same question "How do I change tea drinkers into coffee drinkers". We really don't want to and never expect to change tea drinkers to coffee drinkers. What we are doing is to offer another selection. As you go to a restaurant or go outside, traditionally you will only have beer, or alcohol or sometimes even just water, coffee is just another selection in that range. So I see it as another selection to the potential consumer market.

H: Among these potential customers, what kinds of group are more easily to accept coffee? S: I think the modern Chinese lived in the city and is exposed to coffee is definitely going to be the next generation of coffee drinkers. In China, people who are 45 year's old and never drank coffee, I don't believe suddenly they started to drink coffee. The growth potential is definitely with the younger market, basically the young active people.

H: Do you have an estimation of how far the market will grow?

S: Well, a growth figure always sounds much better than it really is. In the Chinese market, we can see 20 to 30 percent growth annually. In a country like the United States, you got only 0.1 percent or 0.2 percent growth. So 20 or 30 percent growth sounds enormous. However, when you start from zero, the figure is not big. But if we can continue that kind of growth in the next several years, I think the Chinese coffee market will be a significant one. You're listening to "Voices from Other Lands" on China Radio International. Today Stuart Eunson, tells us some interesting stories behind his coffee roasting company in Beijing.

H: When you first started your company, I am sure you met a lot of difficulties. So what kind of difficulties?

S: Just of every kind of difficulties. We had difficulties in registering our Chinese name. We originally want to be named in Chinese after the Arabian nights, our company in English is called "Arabica Roasting Company". We want to use the Arabian story of "one thousand and one Arabian nights". In Chinese "Tian Gang Ka Fei Gong Si". "Tian Fang" is the traditional Chinese name for Arabia. Unfortunately when we went to the business bureau, the people who are responsible for our case had never heard of the story of one thousand and one nights. They would not let us use that name. So that was our first difficulty. And then because we were three foreign people doing all these tax bureau registration, business registration and also with the sanitation bureau. 1994, we were the first expats who should go through all those process ourselves, instead of hiring some local people to help us. It took us three months to get our business license.

H: I would think you are already lucky cause someone took a year.

S: Well, I am just going to say that. I was amazed at after three years of hard work, we went to these administrations and bureaus every day, after three months, we found we got our business license. We wiped the sweat off our head and said "we were so slow." But when we start asking other friends, other people, it turns our three months was not slow at all. No one can do that faster than two months. We were very average. Things changed a lot now. The rules, regulations and bureaucracy in China has changed a lot. I understand now in Beijing to do the same process, now it only takes two weeks.

# Beyond the Fragrance of Coffee

China Radio International Interview, 2002

Page 4

---

H: But why did you still stayed in the business?

S: I hate losing. Since I was a child, my parents kept telling me “ winners never quit and quitters never win.”

H: I see that you speak very good Chinese, so to what extent do you think that knowing the local culture could help with your business?

S: I think that knowing the local culture is very important to live happily in China. It is much easier if you are happy with what you are doing in the environment. In Chinese, there is a great expression “Ru Xiang Sui Su”, in English, “ When in Rome, do as the Romans do.”

H: Is there some specific example?

S: Lots and lots. I told you when we first registered our company “Arabica Roasting Company”, when we got angry with the people, although we think we were talking with them in a rational and reasonable way by saying” Listen, this book does exist. You can’t say the name does not exist just because you never heard of, the more we talked with them in that way, the more difficult to discuss with them. Then we took 48 hours to regroup our strategy and we told with a lot of friends, they said “ You are not those guys, you had already made them angry, unless you changed your way of talking to them, you are not going to get you business license at all” which is a very foreign concept in the United States. So we said to them “ Big brother, I am sorry, would you please help us come up with the name of our company?”, so now the Chinese name of company was not created by ourselves but by the business bureau. But after we changed our way of addressing them, we found the people of business bureau turn to be very helpful. They actually helped us filling our documents.

H: So what is so interesting being in the coffee business?

S: Coffee is a large comedy worldwide and I think being involved in the coffee industry, I will make a difference. I also happened to like coffee a lot. I enjoy the industry; I enjoy the market. I see the long term potential of Chinese coffee market is tremendous. It is not tremendous yet but I expect in five or ten years, it would become much larger.

H: Thank you.

S: Thank you. That was Stuart Eunson, managing director of Arabica Roasters, a coffee roasting company in Beijing, talking with us about his experience of roasting and selling coffee in China. Stuart said that to promote coffee you must first promote a kind of coffee culture. But for me, coffee culture is much more attractive than coffee itself: I can enjoy sitting in a coffee shop for several hours chatting with friends, but can’t drink a single cup of coffee without tons of milk and sugar. In fact, you could leave out the coffee! I hope Stuart isn’t listening! Well, anyway, we’ve come to the end of this edition of “Voices from Other Lands” on China Radio International. For my colleague LG, this is XH, inviting you to join us next week at the same time. Bye for now.