It was May 2012 that Mr Erwan, the new CEO of PT Perkebunan Nusantara XII (PTPN XII) put forward a vision for the plantation company. During this initial tenure, he was fully aware that one of the company’s products, Kopi Luwak, was becoming popular:

[. . .] I am expecting that Kopi Luwak will bring about a revolution in the Indonesian coffee industry, which is represented by our company. This company manages to meet the emerging demand [. . .].

However, the company faced challenges regarding the international market and there were many nagging questions that came to his mind. First, how could the company convince the market that Kopi Luwak is the best coffee in the world? How could the company fulfill the demand from a long queue of customers? How could the company meet the demand and satisfy the conservation needs for a wild animal, the “luwak”?

The huge potential market

The movie, “The Bucket List”, stars the actor Jack Nicholson who carries a supply of his favorite beverage with him wherever he goes (www.youtube.com/watch?v=g73XEvtztbs&feature=fvwrel). The movie prompted many people to try the product. The Oprah show featured it as “The Most Expensive Coffee in the World” and Forbes magazine called this coffee the “Number One Coffee in the World”.

In New York City (NYC), the coffee costs from $7 to $350 for a cup. In comparison, a specialty espresso or latte drink only costs $4/cup, and $5 for a cup of frapucino at Starbucks or other local coffee shop in NYC. In a London department store, Kopi Luwak costs £50/cup or £324 a kilogram[1]. In Shanghai, this coffee costs 200 yuan a shot (US$32 or equivalent to the average minimum weekly wage) (www.thejakartapost.com/news/2012/03/11/panda-poop-tea-approaching.html). In Indonesia, Rollas Café sells such coffee at Rp120,000 or $10/pack.

The booming of international demand prompted local farmers to establish The Association of Indonesian Coffee Luwak Farmers in 2009. Most of them were small businesses with international market access. The civet coffee was just a tiny part of Indonesia’s overall coffee production (The New York Times, 2010). It appears that Robusta was the major Indonesian export, which comprised around 325,000 t/annum or 85 percent of total coffee exports. Bengkulu, Lampung and South Sumatera coffees were the Indonesian coffee triangle, followed by newcomers, such as Kintamani coffee, Flores Arabica as well as Priangan coffee.

Indonesian domestic consumption was largely robusta blends with an annual demand of 120,000 t, or only 36 percent of total exports. However, the bargaining position was poor. For instance, in 2007, the local industry was not able to ensure adequate supplies for the domestic market and imported 30,000 t of Vietnamese Robusta (www.teacoffeasia.com).