



# KopiLuwak.Org: Exploring New Horizons for Global Expansion and Enhancements

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## EXECUTIVE SUMMARY

*KopiLuwak.Org is a specialized distributor of authentic Kopi Luwak coffee, a luxury product known for its unique production process. Established for over 50 years, the company sources directly from Indonesia, combining excellence and ethics. Since 2008, it has expanded its international presence to prestigious venues especially across South-East Asia – including South Korea, Singapore, China – and North America.*

*The company thrives in a niche market where demand for premium coffee is strong, couple with an increasing scrutiny over ethical practices. Maintaining its successful position depends on adapting to market expectations by advancing sustainable certifications, modernizing its production methods with innovative technologies, and utilizing digital technology to interact with customers. By taking on challenge of growth and targeting new markets, Europe particularly, KopiLuwak.Org aims to consolidate its leadership in specialty coffee while promoting ethical and transparent practices.*

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# Introduction

KopiLuwak.Org is a family-owned prominent entity specializing in the distribution of authentic Kopi Luwak coffee, renowned for its luxury status and distinctive production process for more than 5 decades. Established in 1969, the company focuses on sourcing high-quality beans from key regions in Indonesia, including Sumatra and Java, where civets naturally inhabit coffee plantations. Their operations emphasize the traditional and artisanal aspects of Kopi Luwak production, focusing on promoting ethical sourcing practices to maintain product quality and authenticity. By leveraging traditional practices and natural fermentation, the company ensures that the coffee retains its rich and exotic flavour profile, which includes caramel, chocolate, and earthy undertones.

In 2008, KopiLuwak.Org began expanding its reach internationally. Since then, the company has actively grown its network, making Authentic Kopi Luwak available in prestigious venues such as luxury five-star hotels, AAA Five & Four Diamond Award-winning restaurants, and airline duty-free shops. Its presence now spans markets in South Korea, Singapore, China, Hong Kong, Macau, Taiwan, and North America.

## 1. Industry Analysis on Coffee in Indonesia

Indonesia stands as a significant producer in the global coffee industry, ranking 11<sup>th</sup> in Arabica Coffee Bean and 3<sup>rd</sup> in Robusta Coffee Bean production as per the report Indonesia Investments. (n.d.). *Coffee: Indonesia's coffee industry 2024*. The country's diverse geography and favourable climate conditions enable the cultivation of both Arabica and Robusta varieties, with Robusta accounting for approximately 80-90% of the total production.

In the 2024/25 period, Indonesia's coffee production is projected to recover to 10.9 million 60-kilogram bags, following a previous decline due to adverse weather conditions as per the source from *Foreign Agricultural Service. (2024). Indonesia coffee annual. U.S. Department of Agriculture*. Most of the coffee cultivation is carried out by smallholder farmers, who contribute to 99% of the country's coffee output as per the report *World Coffee Research. (n.d.). Indonesia*. Sumatra is the leading coffee-producing region, followed by Java, Sulawesi, and Bali. Indonesia's primary export markets include the United States, Egypt, and Malaysia. Further, domestic coffee consumption in Indonesia has been on the rise, driven by a burgeoning "café" culture and changing consumer preferences among the younger population. In 2024, the revenue from the coffee market is expected to reach approximately US\$11.06 billion, with a projected annual growth rate of 3.61% from 2024 to 2029 as per the source from *Statista. (2024). Coffee market in Indonesia*.

In Indonesia, the coffee industry is vast and diverse, comprising of various products, which includes:

Coffee Industry	Types	Description
Raw and Processed Coffee Beans	Arabica Coffee	Premium coffee grown in regions like Aceh, Toraja, and Bali
	Robusta Coffee	More commonly produced, especially in regions like Lampung and South Sumatra
	Specialty Coffee	High-quality, traceable beans with unique flavour profiles
	Kopi Luwak (Civet Coffee)	A globally renowned specialty coffee made from beans digested by civets and known for its unique flavour and high price

		point. Produced primarily in regions like Sumatra, Bali, and Java.
Coffee Derivatives	Ground Coffee	Sold directly to consumers for home brewing
	Coffee Capsules	Growing due to convenience trends
	Instant Coffee	Includes local brands like Kapal Api, Torabika, and others
Ready-to-Drink Coffee	Bottled or canned coffee drinks often sweetened or flavoured, such as Kopiko 78°C or Starbucks ready-to-drink variants.	

Table 1: Types of coffee available in Indonesia

Here is the part of another distinct industry:

Coffee used in other Industry	Description
<b>Coffee-based Cosmetics and Skincare (Cosmetics Industry)</b>	Products using coffee extracts for exfoliation and skin rejuvenation
<b>Coffee-flavoured Confectionery (Food Industry)</b>	Coffee-flavoured chocolates, biscuits, or desserts
<b>Coffee-based Health Supplements (Wellness Industry)</b>	Nutritional supplements containing coffee extracts, such as green coffee for weight loss
<b>Coffee Waste Utilization (Agriculture and Energy Industry)</b>	Coffee husks used as biofuel or compost. Cascara (coffee cherry tea), a by-product, is part of the beverage industry.

Table 2: Types of coffee available in different Industry

## 2. Industry Analysis on Kopi Luwak

Kopi Luwak, referred to as Civet Coffee, is one of the rarest and most expensive coffee varieties in the world, celebrated for its distinctive production process. Originating in Indonesia, with its tropical climate and diverse ecosystems, particularly on the islands of Sumatra (Gayo), Java, and Bali, it has gained international fame for its unique flavour profile and the unconventional method of bean production. Kopi Luwak coffee gains its allure through a natural fermentation process that takes place during the digestion by civets, small mammals found in Southeast Asia. This meticulous process resulting to yielded beans that are carefully collected, processed, and roasted, producing a coffee renowned for its exceptionally smooth texture, low acidity, and complex flavour profile, with complex flavour notes of caramel, chocolate, and earthiness.

Additionally, the high market price of Kopi Luwak provides significant economic benefits to farmers, serving as a crucial source of income. The article by *Kreinherder, A. (2024)* titled “Guardians of Gayo: Preserving the legacy of wild Kopi Luwak in Gayo Highlands” highlights the economic and cultural challenges faced by traditional coffee producers in the Gayo Highlands of Sumatra, Indonesia, particularly regarding wild kopi luwak. However,

maintaining traditional methods, such as hand-collection of beans consumed and excreted by civets, is becoming increasingly difficult amidst the push for mass production. This creates a conflict between preserving artisanal practices and meeting demand at scale.

The coffee has become a symbol of luxury because of its unique manufacturing process, appealing to global coffee connoisseurs and attracting the attention of both specialty coffee enthusiasts and tourists visiting Indonesia for authentic coffee experiences. According to the *Pure Kopi Luwak*. (n.d.). *Kopi Luwak price*, the retail prices can reach up to \$100 per pound for farmed beans and more than \$300 per pound for beans collected from wild civets. According to the GlobeNewswire. (2023, August 4). *Kopi Luwak coffee global market report 2023*, the market for Kopi Luwak coffee is experiencing notable growth. Its value is projected to rise from \$6.94 billion in 2022 to \$7.39 billion in 2023, representing a compound annual growth rate (CAGR) of 6.5%. By 2027, the market is anticipated to reach \$9.11 billion. This growth is attributed to the increasing global demand for specialty coffee products and the growing tourism sector in Indonesia. However, the demand for Kopi Luwak has also raised concerns about ethical practices, environmental sustainability, and the welfare of civets, leading to debates about the authenticity and sustainability of its production methods.

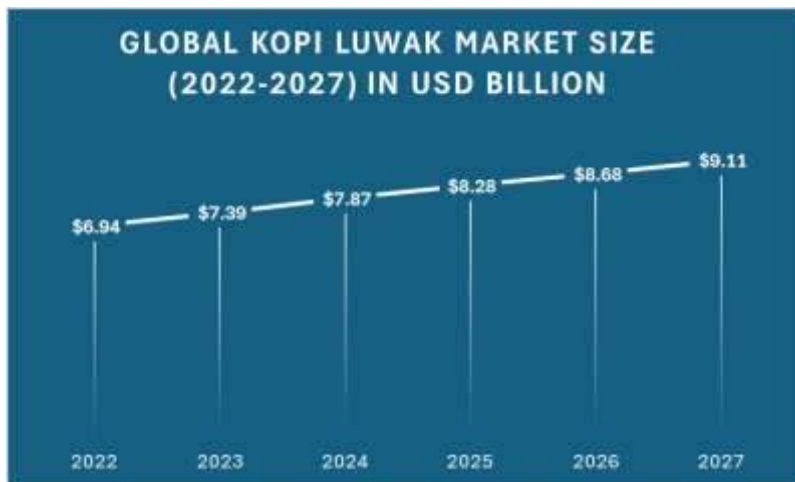


Figure 1: Graphical representation on Global Kopi Luwak Market Size

### 3. Porter's Five Forces Analysis for KopiLuwak.Org in the Kopi Luwak Industry

Porter's Five Forces is a strategic tool used to analyze the competitive dynamics of an industry. When applying this framework to KopiLuwak.Org, it helps evaluate its competitive position and the underlying challenges and opportunities.

#### 4.1. Competitive Market

The Kopi Luwak market is highly niche, with limited but intense competition. Key rivals include other certified producers like Wild Gayo Luwak and small artisanal coffee makers. While price competition is less prominent due to the premium nature of the product, differentiation based on authenticity, ethical sourcing, and quality control is critical. KopiLuwak.Org's focus on humane practices and certification processes positions it competitively. However, rivals promoting similar ethical claims increase the intensity of competition.

#### 4.2. Threat of New Entrants

The high market value of Kopi Luwak attracts potential entrants, but significant barriers deter many. These barriers include the need for credibility in the niche market, investment in ethical sourcing, and compliance with international quality standards. KopiLuwak.Org's established brand reputation and certified processes make it challenging for new entrants to compete effectively. However, as global interest in specialty coffee grows, new players with innovative practices may emerge.

#### 4.3. Bargaining Power of Buyers

Buyers in the Kopi Luwak market wield significant power due to their demand for transparency, quality, and ethical production. High-income consumers and specialty coffee



connoisseurs expect brands like KopiLuwak.Org to meet stringent standards. The availability of substitutes, such as other specialty coffees and synthetically processed beans, adds to this pressure. To address this, KopiLuwak.Org emphasizes quality assurance and ethical sourcing to retain customer loyalty.

#### 4.4. Bargaining Power of Suppliers

Suppliers of civet-processed coffee beans hold substantial power due to the limited supply of authentically produced Kopi Luwak. Partnerships with local farmers and cooperatives help mitigate supply risks while promoting fair trade. KopiLuwak.Org's collaboration with farmers who adhere to humane practices strengthens its supply chain but also increases dependency on maintaining these relationships.

#### 4.5. Threat of Substitutes

The threat of substitutes is moderate to high. Specialty coffees such as single-origin beans and alternatives that mimic Kopi Luwak's flavour profile through artificial or enzymatic methods challenge its exclusivity. Additionally, ethical concerns about animal welfare make these substitutes more appealing to certain customer segments. KopiLuwak.Org mitigates this threat by emphasizing its unique authenticity and sustainable practices, which are difficult to replicate.

### 4. Challenges and Opportunities

Kopi Luwak production faces significant ethical concerns due to the inhumane treatment of caged civets, prompting stricter regulations and the demand for certifications like Rainforest Alliance and Fair Trade, especially in Western markets. To address scalability and ethical issues, the company could adopt innovative production methods, such as fermentation technologies replicating the enzymatic processes of civets, ensuring product quality while reducing animal involvement. Additionally, expanding its online presence through e-commerce platforms, personalized marketing strategies, and blockchain-based traceability systems would enhance global reach, build consumer trust, and position KopiLuwak.Org as a leader in sustainable specialty coffee production. Let's discuss the challenges and opportunities in detail.

#### 5.1. Ethical Concerns

One significant challenge in Kopi Luwak production lies in addressing the ethical concerns associated with its practices. Due to mounting concerns over animal welfare, several countries have tightened regulations regarding the use of caged civets in Kopi Luwak production. Reports from organizations like World Animal Protection have brought attention to the inhumane conditions in which many civets are kept. The article by *PETA*. (n.d.). *Kopi Luwak coffee cruelty exposed*, discusses the ethical concerns surrounding Kopi Luwak coffee, including the treatment of animals involved in its production.

KopiLuwak.Org has entered international market in 2008, spanning its business presence in South Korea, Singapore, China, Hong Kong, Macau, Taiwan, and North America. In maintaining a long-term relationship, the company can obtain the necessary certificates to enter new markets as an opportunity. In Western markets, especially in Europe, producers now often require certifications from organizations such as Rainforest Alliance or Fair Trade to verify ethical practices. There is a potential opportunity for the company to get in the Europe market as the market value is expected to grow from 29.35 billion in 2024 to 49.61 billion by 2031, at a CAGR of 9.15% as per the report Yevjc. (2024, December 13). *Europe Kopi Luwak market size, application/raw coffee*.

*\*Assumptions are made only based on the information available on the website:*

<https://www.kopiluwak.org/baru/index.html>

#### 5.2. Increase in Demand

As global demand for Kopi Luwak continues to grow, enhancing the production process remains a critical focus. Currently, KopiLuwak.Org adheres to small-batch production while maintaining strict ethical standards, as civets play a key role in the traditional



manufacturing process. However, reliance on civets raises ethical concerns and limits scalability. To address these challenges, the company could invest in research and development of alternative production methods, particularly fermentation technologies. Studies, such as the one described in the article *“Process Technology of Luwak Coffee Through Bioreactor Utilization,”* suggest replicating the enzymatic breakdown that occurs in a civet’s digestive system through controlled bioreactors. This approach offers an ethical, scalable alternative that preserves the unique flavour profile of Kopi Luwak while reducing reliance on animal involvement.

Adopting such innovations could solve two key problems: meeting rising demand and addressing ethical concerns. However, it is essential to conduct rigorous testing to ensure that the taste and aroma closely resemble the traditional product. If successful, this strategy could position KopiLuwak.Org as a pioneer in ethical and sustainable specialty coffee production, enhancing its reputation and broadening its market reach. Additionally, by leveraging alternative production methods, KopiLuwak.Org could reduce production costs, enabling competitive pricing while maintaining product quality. Expanding these capabilities may also open doors for collaboration with other stakeholders in the coffee industry, further strengthening the company’s market position.

### **5.3. Online Presence**

According to the information on the KopiLuwak.Org website, the company maintains a strong presence in the Business-to-Business (B2B) sector, partnering with high-end hotels, restaurants, and duty-free outlets across various international markets. Expanding its Business-to-Customer (B2C) strategy with a dedicated e-commerce platform has the potential to significantly enhance KopiLuwak.Org’s market presence. By incorporating features such as subscription models, personalized recommendations, and engaging storytelling about the origins of its coffee, the company can foster direct customer engagement and strengthen brand loyalty. Furthermore, employing advanced digital marketing strategies, including social media campaigns and search engine optimization, will boost brand visibility and attract a global audience, effectively complementing its robust B2B foundation. Such a platform could streamline direct purchases, improve customer engagement, and enhance global reach. Features like subscription models, personalized recommendations, and detailed product storytelling could differentiate KopiLuwak.Org in the specialty coffee market.

Furthermore, incorporating modern digital marketing strategies, such as targeted advertising, SEO optimization, and social media campaigns, could boost brand visibility and customer acquisition. An e-commerce presence also enables the company to collect valuable consumer data, allowing it to tailor offerings to diverse customer preferences and regions. By investing in a robust online sales infrastructure, KopiLuwak.Org can complement its B2B operations and establish itself as a leader in the premium specialty coffee market on a global scale.

### **5.4. Production and Traceability**

Traceability is crucial for premium products like Kopi Luwak, ensuring authenticity, ethical sourcing, and quality that consumers demand. It combats counterfeiting by verifying origins and guarantees compliance with sustainability and animal welfare standards, critical for markets sensitive to ethical practices. Blockchain technology and similar systems enhance transparency by creating tamper-proof records, allowing buyers to confirm ethical production processes.

To enhance transparency and assure authenticity, some Kopi Luwak producers have implemented blockchain technology to track and verify each batch's origin. This initiative helps address critical issues such as market mislabelling, counterfeit products, and consumer concerns about ethical sourcing. Blockchain allows for the secure recording of data on every stage of production, from coffee bean collection to roasting and packaging. This step not only builds trust among buyers but also offers a verifiable history of ethical practices.

In addition to blockchain integration, producers can also adopt QR code systems on product packaging. By scanning the QR codes, consumers can access detailed information about the



production process, including the coffee's origin, the civet's living conditions, and certifications obtained by the producer.

## **Conclusion**

KopiLuwak.Org stands as a model of blending tradition with innovation, setting a standard for sustainability and excellence in the specialty coffee sector. By tackling ethical issues, improving transparency with traceability systems, and developing scalable production techniques, the company is groomed to satisfy increasing global demand. Expanding its online presence and obtaining certifications for ethical sourcing will allow KopiLuwak.Org to enter new markets and uphold its status as a leader in premium coffee production. By exploring advanced production methods, such as fermentation technologies, and addressing ethical concerns, KopiLuwak.Org can enhance its scalability while preserving its unique identity.

Additionally, adopting traceability systems like blockchain strengthens consumer trust by ensuring transparency in sourcing, preventing counterfeiting, and highlighting humane practices. Expanding its e-commerce presence offers an opportunity to diversify revenue streams and directly engage with customers, providing features like subscription models and personalized offerings. Collaborating with certifications like Fair Trade and Rainforest Alliance further aligns the brand with global sustainability standards, unlocking potential in untapped markets such as Europe. By leveraging these strategies and maintaining its focus on innovation and ethics, KopiLuwak.Org can cement its reputation as a pioneer in the premium coffee industry, bridging heritage with future-focused practices to sustain its growth in an increasingly competitive landscape.





## Appendix

<b>Company Name</b>	<b>KopiLuwak.Org</b>
<b>Industry</b>	Agriculture – Coffee Industry
<b>Products and Services</b>	Kopi Luwak Production
<b>Founding Year</b>	1969
<b>Business Ownership</b>	Family-owned business
<b>Head Quartered</b>	Indonesia
<b>Cultivation</b>	Sumatra and Java
<b>Market Presence</b>	South Korea, Singapore, China, Hong Kong, Macau, Taiwan, and North America

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