A STUDY ON OVERCOMING HURDLES & CHALLENGES FACED BY COFFEE FRANCHISEES AND STRATEGIES FOR SUSTAINABLE SUCCESS

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Abstract:
SUSTAINABLE SUCCESS
Sustainable success is a situation where there is growth and stability in a business over a long time with good performance, customer satisfaction, and good operations. It goes beyond short-term profit maximization. Few challenges faced during achieving sustainable success are Inconsistent or unreliable ingredient supply, Frequent staff changes or Failure to update the menu, embrace technology, or improve customer experience which can cause stagnation in achieving sustainable success by the firm. This study explores the challenges and strategic opportunities associated with operating coffee franchises in India's fast-growing café sector. As the franchise model continues to expand rapidly across the country, many franchisees encounter critical hurdles related to supply chain management, customer service, business operations, and local market adaptation. These issues often hinder sustainable growth, affect profitability, and challenge the consistency of customer experience across outlets.

Keywords: Franchisee challenges, Sustainable business strategies, Franchisor support, Customer engagement, Business development, Supply chain management, Operational efficiency.

I. INTRODUCTION

In recent years, the coffee industry in India has undergone a significant transformation, driven by rising urbanization, evolving consumer lifestyles, and a growing demand for quality coffee experiences. Franchising has emerged as a popular business model in this sector, enabling rapid expansion of branded coffee outlets while offering entrepreneurs a structured path to business ownership. However, despite the attractiveness of franchise models, franchisees often face a host of operational and strategic challenges that threaten long-term sustainability.

Many coffees franchisees grapple with high operational costs, staff management issues, inconsistent supply chains, and difficulties in maintaining brand standards across different locations. Additionally, changing consumer expectations, technological disruptions, and intense competition in the food and beverage market further compound the pressure on franchise operations. These challenges can impact profitability, reduce customer satisfaction, and hinder business growth if not addressed through effective strategies.

This study aims to examine the key hurdles faced by coffee franchisees and explore sustainable strategies that can lead to business resilience and success. By analyzing real-world experiences and practices within the industry, the research seeks to provide actionable insights that can support existing and aspiring franchisees in navigating operational complexities, improving service delivery, and achieving long-term business viability.

STATEMENT OF THE PROBLEM
The coffee franchise sector in India has experienced significant growth in recent years, fueled by increasing consumer demand for premium beverages and café experiences. However, this expansion has also exposed a number of operational

and strategic challenges for franchisees. Despite operating under established brand names, many franchise owners struggle to sustain profitability and business stability due to various internal and external factors.

Franchisees often encounter difficulties related to supply chain inconsistencies, staff training, limited decision-making autonomy, and high operational costs. Furthermore, the pressure to maintain uniform brand standards while catering to diverse regional preferences creates a complex environment for local franchise operations. Inadequate franchisor support, lack of customized marketing strategies, and limited business acumen further hinder the growth potential of these ventures.

These issues not only affect the individual franchisee's success but also risk damaging brand reputation and customer loyalty. Therefore, there is a pressing need to understand the specific challenges faced by franchisees and to identify strategies that can help them operate sustainably, adapt to local markets, and thrive in a highly competitive industry landscape.

OBJECTIVES
- To identify the major hurdles and challenges faced by Coffee N Recharge franchisees in operating their businesses.
- To develop strategies for overcoming these challenges and achieving sustainable success.
- To Enhanced sustainability and success for Coffee N Recharge franchisees.

II. REVIEW OF LITERATURE

Gates, T. (2024) This research investigates successful business strategies adopted by small coffee shop owners. The study highlights the importance of adaptive leadership, location selection, customer loyalty programs, and sustainability practices. Through case studies, it reveals how small-scale operators create value in competitive environments through innovation and operational efficiency. **Suvattanadilok, M. (2024)** This study explores how market variables such as pricing, branding, and service quality influence consumer behavior and business growth in the coffee industry. The research provides data-driven insights into customer decision-making and its implications for coffee shop marketing. **Ngure, G. M., & Watanabe, K. N. (2024)** This article examines collaborative plant breeding as a strategy for improving coffee varieties, linking sustainability in agriculture to long-term industry resilience. It emphasizes genetic innovation, farmer involvement, and biodiversity preservation in the face of climate threats. **Molano Ramirez, M. A., & Köhler, J. H. (2023)** This article examines how circular economy communication influences consumer engagement and sustainable behavior within the coffee shop sector. Findings indicate that clear messaging on sustainability initiatives enhances customer loyalty and promotes eco-conscious choices, reinforcing the business case for sustainability-driven branding. **Barreto Peixoto, J. A. et al. (2023)** This review provides a comprehensive overview of sustainability issues throughout the coffee value chain. From cultivation to consumption, it assesses practices related to environmental impact, resource efficiency, and socio-economic fairness, offering insights into achieving sustainability from farm to cup. **Iannone, B., & Caruso, G. (2023)** This paper introduces the concept of "Sustainab-lization," combining sustainability and digitalization as dual pillars for resilience in the coffee sector. It discusses how digital tools like traceability platforms and data analytics enhance environmental and economic performance. **Raimondo, E. (2022)** This dissertation analyzes market entry and growth strategies in developing countries within the coffee industry. Emphasizing emerging economies, it evaluates investment patterns, consumer behavior, and policy environments that shape competitive dynamics. **Proença, J. F. et al. (2022)** Using case study research, this article examines how sustainability is integrated into coffee supply chains and purchasing policies. It highlights the importance of transparent supplier relationships, ethical sourcing standards, and buyer commitment in advancing sustainable practices. **Kaniawati, K., Nuri, N., Sinaga, O., & Roespinoedji, R. (2021)** This study presents a development model for coffee businesses with a focus on strategic planning, market positioning, and operational efficiency. Using a qualitative and quantitative approach, the authors identify internal and external factors influencing business performance in the coffee industry. The model emphasizes the importance of innovation, supply chain coordination, and entrepreneurial agility in achieving sustainable business growth, especially in competitive and evolving market environments. **McAdoo, J. H. (2020)** This doctoral study explores strategies employed by independent coffee shop owners to gain a competitive edge in a saturated market. Using qualitative methodology, it identifies key success factors including niche marketing, community engagement, quality product offerings, and customer service excellence. The findings provide a roadmap for entrepreneurs navigating the challenges of small business ownership in the coffee industry. **Bager, S. L., & Lambin, E. F. (2020)** The authors explore how global coffee companies implement sustainability strategies across sourcing and supply chain operations. Using corporate case studies, the research highlights the role of certifications, traceability, and collaborative governance in driving sustainable outcomes.

Bianco, G. B. (2020) Focusing on the intersection of climate change adaptation and corporate social responsibility (CSR), this paper evaluates how coffee companies address environmental risks. It discusses strategic CSR as a mechanism for both risk mitigation and competitive advantage.

RESEARCH GAP

Despite this extensive work, there remains a noticeable gap in understanding the **practical challenges and strategic responses specific to franchise-based coffee businesses**, especially within the context of developing markets. Most research either focuses on independent coffee shops or large corporations, leaving franchisees—who operate under brand constraints yet face entrepreneurial risks—understudied. Moreover, while sustainability, branding, and market expansion are well-discussed, the **intersection of these themes with franchise operations** remains largely unexplored.

Additionally, few studies address the **localized operational hurdles**, such as supply chain disruptions, customer retention under brand standards, and region-specific consumer preferences, which are critical to the sustainable success of coffee franchisees. Existing models often overlook how franchisees adapt national strategies to local realities, or how innovation can be encouraged within a franchising framework.

Therefore, this study aims to bridge these gaps by examining the real-world challenges faced by coffee franchisees and identifying sustainable strategies they employ to thrive. This research contributes to a more nuanced understanding of the franchise model within the coffee industry, especially in the context of emerging economies where the balance between brand adherence and entrepreneurial flexibility is essential.

III. RESEARCH METHODOLOGY

RESEARCH DESIGN

A descriptive research design was adopted, using structured surveys to measure perceptions numerically

SAMPLING TECHNIQUE

A convenience sampling technique was utilized. This approach involved selecting participants who were readily available and willing to provide relevant information, making the data collection process more efficient.

DATA COLLECTION

- Instrument: Structured Questionnaire
- Format: Likert scale
- DATA ANALYSIS
- Software: SPSS
- Tests:
  - ➢ Correlation
  - ➢ Anova
  - ➢ Regression

VARIABLES

The variables examined in the study include:

1. Price
2. Taste & Quality
3. Speed of Service
4. Ambience
5. Menu Variety

IV. RESULTS

CORRELATION

Correlations					
	Price	Taste & quality	Speed of service	Ambience	Menu variety
Price	1	.196	.189	.202*	.069
Taste & quality		1	.494**	.434**	.466**
Speed of service			1	.432**	.467**
Ambience				1	.630**
Menu variety					1

Correlation is significant at the 0.05 level (2-tailed).
Correlation is significant at the 0.01 level (2-tailed).

HYPOTHESES
- **Null Hypothesis (H0):** There is no significant correlation between the selected restaurant attributes.
- **Alternative Hypothesis (H1):** There is a significant correlation between the selected restaurant attributes.

INTERPRETATION

The correlation matrix provides insights into the strength and direction of relationships between the variables. Positive correlation coefficients suggest a direct association, while negative coefficients imply an inverse relationship. Significance levels are denoted by asterisks (* for 0.05 significance and ** for 0.01 significance), indicating the likelihood that these correlations are meaningful rather than due to chance.

Taste & Quality shows a moderate positive correlation with **Speed of Service** (0.494**) and Ambience** (0.434), both significant at the 0.01 level. This indicates that improving the taste and quality of food is associated with better service speed and ambience. **Ambience** exhibits a strong positive correlation with **Menu Variety** (0.630**), significant at the 0.01 level, suggesting that an enhanced atmosphere may complement a diverse menu.

The analysis reveals multiple significant relationships:
- **Taste & Quality** has notable correlations with **Speed of Service**, **Ambience**, and **Menu Variety**, emphasizing its influence on overall customer experience.
- **Ambience** is significantly related to both **Speed of Service** and **Menu Variety**, indicating the importance of creating a pleasant environment in conjunction with operational efficiency and varied menu offerings.

These findings highlight interconnected areas that restaurant management can target to improve customer satisfaction and operational outcomes effectively.

ANOVA

ANOVA					
Price					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.530	3	.843	1.344	.265
Within Groups	60.220	96	.627		
Total	62.750	99			

HYPOTHESES
- **Null Hypothesis (H₀):** There is no significant difference in the mean **Price** between the groups.
- **Alternative Hypothesis (H₁):** There is a significant difference in the mean **Price** between the groups.

INTERPRETATION

The ANOVA table highlights the following:
- Between Groups: Sum of Squares = 2.530; Degrees of Freedom (df) = 3; Mean Square = 0.843.
- Within Groups: Sum of Squares = 60.220; df = 96; Mean Square = 0.627.
- Total: Sum of Squares = 62.750; df = 99.
- F-value: 1.344.
- Significance (Sig.): 0.265.

The F-value of 1.344 measures the ratio of variation between groups to the variation within groups. The significance level ($p = 0.265$) exceeds the threshold of 0.05, indicating that the differences observed in group means are likely due to random chance rather than true differences.

Since the p-value (0.265) is greater than 0.05, we fail to reject the null hypothesis. This implies that there are no statistically significant differences in the mean **Price** among the four groups. As a result, the variation in pricing across these groups is not noteworthy from a statistical perspective.

REGRESSION

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.302a	.091	.082	.763
2	.357b	.127	.109	.751

Predictors: (Constant), Taste & quality of items
Predictors: (Constant), Taste & quality of items, Value for money

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.720	1	5.720	9.830	.002b
	Residual	57.030	98	.582		
	Total	62.750	99			
2	Regression	7.988	2	3.994	7.075	.001c
	Residual	54.762	97	.565		
	Total	62.750	99			

Dependent Variable: Price
Predictors: (Constant), Taste & quality of items
Predictors: (Constant), Taste & quality of items, Value for money

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.489	.598		4.161	.000
	Taste & quality of items	.407	.130	.302	3.135	.002
2	(Constant)	2.031	.632		3.213	.002
	Taste & quality of items	.290	.141	.215	2.067	.041
	Value for money	.228	.114	.209	2.004	.048

Dependent Variable: Price

HYPOTHESES

- **Null Hypothesis (H_0):** There is no significant relationship between the predictors (**Taste & Quality of Items**, **Value for Money**) and the dependent variable (**Price**).
- **Alternative Hypothesis (H_1):** There is a significant relationship between the predictors (**Taste & Quality of Items**, **Value for Money**) and the dependent variable (**Price**).

INTERPRETATION

The regression model summary reveals two key insights:

1. **Model 1**: Includes only **Taste & Quality of Items**, explaining approximately 9.1% of the variance in **Price** (R Square = 0.091). The F-value is 9.830 (p = 0.002), indicating statistical significance.
2. **Model 2**: Incorporates both predictors (**Taste & Quality of Items** and **Value for Money**), explaining 12.7% of the variance in **Price** (R Square = 0.127). The F-value is 7.075 (p = 0.001), suggesting enhanced explanatory power with the addition of the second predictor.

The coefficients table reveals that:

- **Taste & Quality of Items** significantly contributes to **Price** in both models (p = 0.002 for Model 1; p = 0.040 for Model 2), albeit with slightly reduced impact in Model 2.
- **Value for Money** has a significant positive contribution in Model 2 (p = 0.048).

The results indicate that both **Taste & Quality of Items** and **Value for Money** are important predictors of **Price**, with **Model 2** providing better explanatory power. This suggests that improving the taste and quality of items, alongside offering better value for money, could positively influence pricing strategies.

V. FINDINGS AND DISCUSSIONS

- Price perception is primarily shaped by product taste and quality, with value for money further enhancing this relationship.
- The regression model shows that including both taste and value improves predictive accuracy, highlighting their combined influence on pricing views.
- ANOVA results confirm that both models are statistically significant, validating the importance of these two predictors.
- Correlation analysis reveals moderate positive relationships between taste and other service factors like speed, ambience, and menu variety.
- Despite their positive influence on satisfaction, factors such as ambience and service speed have only a weak connection with how customers perceive pricing.
- Customers visiting frequently are mainly young adults, with a strong preference for taste and quality over pricing or promotions.
- Word-of-mouth is a key marketing driver, outperforming digital ads in influencing customer visits.
- Menu variety and service speed are commonly mentioned improvement areas, even though they don't strongly affect price perception.

SUGGESTIONS

- Ensure consistent taste and quality across all outlets, as these significantly influence customers' views on pricing.
- Enhance perceived value by offering combo deals, loyalty programs, or seasonal promotions to reinforce affordability.
- Provide staff training programs focused on speed and service behavior to improve operational efficiency.
- Expand the menu with locally preferred items to attract a wider customer base and improve satisfaction.

VI. CONCLUSION

This study demonstrates that customer perceptions of pricing are significantly influenced by the taste, quality, and value of products offered by coffee franchises. While other service factors such as ambience, menu variety, and service speed enhance the overall experience, they play only a secondary role in shaping pricing perceptions. This insight suggests that franchisees should prioritize delivering consistent product excellence while simultaneously reinforcing value through strategic pricing and offers.

In essence, success in the coffee franchise business depends on balancing core values—product quality and affordability—with strategic innovation, operational excellence, and a deep understanding of customer expectations.

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