

Status of Coffee Shop Business in Batangas City: Basis for Business Operation Initiatives

Leoncio F. Barlan Jr.

College of International Tourism and Hospitality Management,
Lyceum of the Philippines University, Batangas City,
Philippines

DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v3-i8/156>

Published Date: 17 August 2013

Abstract

This research study aimed to determine the status coffee shop business in Batangas City as basis for business operation Initiatives in terms of the profile of the coffee shop business in Batangas City, Philippines. Descriptive type of research was used in the study. Findings revealed that coffee shop businesses in Batangas City are operating in more than 3 years. With regards to personnel requirements, coffee shop managers prefer college or associate graduate with ages ranging from 21-23 years of age. Both male and female applicants are acceptable as long as they pass the process. Lack of skilled man is not a problem because they undergo training before they are allowed to be on the operation. Late arrivals of guests with respect to the reservation and those who do not showed up are not considered because managers are focusing more on those guests that are present. Employees encountered inadequate payroll problem followed by duplication of duties during the operation.

Keywords: Coffee Shop, Coffee Business, Batangas City, Business Operation

Introduction

The development of business activities became increasingly global as numerous firms expand their operations. In a food industry, innovations amplified and there was a tremendous change in lifestyle of people. From the different parts of the country, that a number of coffee shops increased and existing coffee shops franchises boomed in different regions like Region IV where Batangas was very popular to be the key producer of the said Kapeng Barako.

Different coffee shops were established like the first Starbucks in Seattle which became popular globally and influenced our country to put up business like this. But because of the modern lifestyle of people in Batangas, the first Starbucks coffee shop in Batangas City was developed and became the start of the development of coffee shop business in Batangas City. Some entrepreneurs in the city were very eager to engage in this kind of business. From Pan Y Vino Delicatessen located at SM City Batangas, the build up and franchised of Kopi Roti also emerged. These expansions were brought by risk-takers who became very innovative in the

food industry and wanted to contribute much in the headway of our economic stability. This also paved way to a lot of major progress was done in Batangas City such as recreational, religious, commercial, industrial, and business centers. In the field of hospitality industry, different recreational and business activities are given stress. Even the outgrowing number of hotels and restaurants increased.

Iñigo (2000) advocates that first and foremost, an entrepreneur who would like to venture into any business like hotel, restaurant and coffee shops should have a clear idea of what business is and how it is developed. Roberts (1998) claims the structure of today's hospitality industry is in part an outcome of the relation between the operators and their market. Marketing and sales activities reflect the structure of the market, which in turn affects the manner in which such activities take place. Monge (2004) conducted the study on the effects of promotions to sales of Silahis International Hotel and Westin Philippine Hotel and discovered that advertising and promoting of suitable products or appropriate services could be done by any establishments regardless of its size. With certain amount of knowledge on hand, planning an effective program of advertising and promotion could be worked out to fit the needs and budget of any business. Advertising and promotions were found essential whether a business wishes to progress or whether to retain its currents standing in the market. Business must attract new customers all the time because the market is in constant state of the flux.

Lambino (2006) on the other hand, revealed results of research on saleability of mixed drinks in two selected resort hotels and found that among the mixed drinks sold, screwdriver came out as the most preferred mixed drinks followed by martini and margarita. Salisi (2002) cited that giving good service, being efficient, avoiding waste, and following the rules and regulations were qualities of good food servers. Maligalig (2001) studied the factors of increased sales in to selected restaurants in Peninsula Manila Hotel and discovered that location contributed to increase in sales. Likewise, atmosphere, service, and food and beverage of the restaurants also contributed much to increase in sales.

The focal point of this study is on the status of coffee shop business in Batangas City: basis for business operation initiatives. There were five recognized coffee shop in Batangas City namely Starbucks, Pan Y Vino Delicatessen, Kopi Roti, Ponte Fino Bar and Café, and Café Abuelita located at Gulod. The researcher chose Starbucks, Pan Y Vino Delicatessen and Kopi Roti to be the respondents of the study because these three major coffee shops were the first established in Batangas. The researcher chooses Batangas City as a research locale because at present, the city is truly developing.

With this concept, the researcher is conducting this research to know more about the prospects and factors for the growth of existing coffee shops in Batangas City. It will also give the researcher about the common problems encountered in this kind of business, find out the factors contributory to the development of coffee shop business in Batangas City and also serve as basis for cross-referencing the business for future researchers.

Further, results of this study can be beneficial to Lyceum of the Philippines University specifically to the College of International Tourism and Hospitality Management in enriching its curriculum and preparing students in terms of theories and principles that would

contribute to its mission in attaining academic excellence. Also, the prospective coffee shop entrepreneurs will somehow improve its services to ensure greater profit and gain customer satisfaction and retention.

Objectives Of The Study

This research study aimed to determine the status coffee shop business in Batangas City as basis for business operation Initiatives in terms of the profile of the coffee shop business in Batangas City with respect to business related variables and socio-demographic variables; to assess the status of the coffee shop business in terms of promotional strategies and problems encountered; to determine the level of satisfaction of the customers of the coffee shop business in terms of services, place/location and product offerings and its price; to determine the extent of relationship between the customer's profile variables and their level of satisfaction and to propose some business operation initiatives that will enhance the operation of the coffee shop business in Batangas City.

Materials And Method

The researcher used descriptive method in order to determine the needed information regarding the chosen research problem. There were six recognized coffee shop in Batangas City namely Starbucks, Pan Y Vino Delicatessen, Kopi Roti, Ponte Fino Bar and Café, El Calicanto café bar and restaurant and Café Abuelita located at Gulod. The respondents of the study were selected through convenient sampling and purposively for the 4 managers, 12 employees and 100 customers of the three selected coffee shop namely: Starbucks Coffee, Pan Y Vino Delicatessen and Kopi Roti. A survey questionnaire was used to gather data. After collecting the data from the respondents, researcher used Frequency Distribution, Weighted Mean, Eta² and ANOVA (post Hoc Analysis-Tukey).

A four-point scale was used to know the level of satisfaction of the customers of the coffee shop business in terms of services, location, product offerings and its price.

Option	Range	Verbal Interpretation
4	3.50-4.00	Highly Satisfied
3	2.50-3.49	Substantially Satisfied
2	1.50-2.49	Moderately Satisfied
1	1.00-1.49	Not Satisfied

RESULTS AND DISCUSSIONS

The coffee shop business in Batangas City point out the status with respect to its profile, as well as the personnel requirements that help to develop these coffee shops. Also, it gives emphasis to the effectiveness of the promotional strategies being used by the coffee shop, problems encountered of the business and the level of satisfaction of the customers with respect to services, location and products offerings and its price.

Coffee shop businesses in Batangas City are operating in more than 3 years. Fifty percent of the coffee shops are corporation and majority are operates in 12 hours. The researcher believed that customers of coffee shops are more likely to visit the establishment at night and

this is the reason why majority of them operates in twelve hours and even twenty four hours of operation. As to the results on average monthly cost of food, 50 percent of the coffee shops have an ranges from Php 150,001 to Php 300,000 and fifty percent of them have an average monthly cost of beverage ranges from Php 150,001 – Php 200,000. With this result, the researcher deemed that coffee shop business needs large amount of money to support its operation. Furthermore, the success of the operation will depend not only to the effective employees but also to the sufficient budget of the business.

Managers' educational attainment revealed 100 percent college graduate with the frequency of four, 50 percent are male and 50 percent are female. The figure shows that the coffee shop hires manager whether male or female depending on their capability to handle the operation of the coffee shop business. Majority of the managers are 27-29 years old with the highest percentage and 75 percent of them are employed for about 6-10 years having the frequency of 3. For the business to be more successful in terms of sales and operation, the researcher believes that well experienced managers are needed for the smooth flow of the operation of the business.

The managers/owner of the coffee shop prefers employees whether associate or bachelor graduate wherein six out of twelve employees are college graduate gaining 50 percent and the other 50 percent are associate graduate. With regards to the gender, majority of them are male with frequency of 7 and 58.30 percent. It can also be seen from the table above that 75 percent of the employees fall on 21-23 years old with the frequency of 9. As to the number of experience, employee who has 2-5 years of experience acquired the highest percentage of 75.

It can be gleaned also from table the profile of the customers of the coffee shop wherein majority of them are 15-24 years old with the highest frequency of 64 which covers 64 percent. Fifty nine percent of the customer male and seventy nine percent of them are single. From the occupation of the customers, students got the highest frequency of 74, followed by professor which obtained the frequency of 9 and government employee got the lowest frequency of 2.

The overall rating of the coffee shop promotional strategies according to the managers was 2.96 and interpreted Often. Among these promotional strategies used, brochures obtained the highest weighted mean of 4.00 and followed by coupons and discount cards interpreted Almost Always. Television and billboards obtained the lowest weighted mean of 1.75 and interpreted Seldom.

From the point of view of the employee's, the overall rating of the promotional strategies reveals the weighted mean of 3.19 and interpreted as Almost Always. Posters, brochures and coupons acquire the highest weighted mean of 4.00 interpreted as Almost Always. Television got the lowest weighted mean of 2.25 and seldom as interpreted. Television requires high expenditure that's why it acquires the least weighted mean and rank last.

Radio advertisement acquire the highest weighted mean of 3.40 and interpreted effective based from the perception of the customer followed by brochures, posters, DOT promotions and packages (combo meals) with the weighted mean values of 3.37 and 3.23. The least strategy that the customers find it moderately effective is linkage with business firms with

weighted mean of 2.26. This promotional strategy entails time and effort in dealing with other business firms to have an agreement with them. Besides, this is claimed as competition styles among coffee shop business therefore business tie-ups may somehow has not been possibly observed.

Table 1
Problems Encountered in the Operation of Coffee Shop Business as Assessed by the Managers

Problems Encountered	WM	VI	Rank
For Managers			
1. Tardiness of employee's	2.50	Often	7
2. Absence without leave among employees	3.00	Often	3
3. Poor comprehension of employees	3.00	Often	3
4. lack of cooperation of employees	2.50	Often	7
5. Duplication of duties	3.00	Often	3
6. Lack of skilled man power	2.50	Often	7
7. Lack of resourcefulness of employees	3.00	Often	3
8. High turn over of employees	3.00	Often	3
Composite Mean	2.81	Often	
Operations			
1. Late arrivals of guest with respect to their reservation	3.75	Almost Always	4
2. Guest who made reservation but do not show up	2.50	Often	9.5
3. Exceeding number of guest's	2.50	Often	9.5
4. Delayed delivery of service	3.00	Often	6.5
5. Shortage of equipment / facilities	4.00	Almost Always	2
6. High cost of commodities	3.00	Often	6.5
7. Breakages and losses	3.00	Often	6.5
8. Pilferages	3.00	Often	6.5
9. Inadequate parking space	4.00	Almost Always	2
10. Inadequate promotions	4.00	Almost Always	2
Composite Mean	3.28	Often	
Managers and Employees			
1. Malfunctioning of equipment / facilities	3.00	Often	6.5
2. Shortage of equipment / facilities	3.50	Almost Always	4.5
3. Shortage of food stocks	3.00	Often	6.5
4. Shortage of water supply	4.00	Almost Always	2
5. Lack of replacement during brownouts	4.00	Almost Always	2
6. Lack of ingredients according to required standards	3.50	Almost Always	4.5
7. Substandard preparation of food quality	4.00	Almost Always	2
Composite Mean	3.57	Almost Always	
Over- all Composite Mean	3.22	ten	

Table 1 shows that the over-all rating of the problems encountered as assessed by the managers was 3.22 and interpreted often. Among the problems encountered absence

without leave among employees, poor comprehension of employees, duplication of duties, lack of resourcefulness of employees and high turn-over of employees obtained the highest weighted mean of 3.00 and interpreted often.

From the interview conducted, managers agreed that the problem arises because of the absence of the employees especially in times when the volumes of customers are high. Problems encountered by the managers among employees like lack of skilled man, tardiness of employees and lack of cooperation of employees got the lowest weighted mean. Managers preferred to choose skilled and employees to reduce and to avoid problems during the operation.

As indicated from the result among the problems encountered by the managers in the operation, inadequate promotions, inadequate parking space and shortage of equipment / facilities acquired the highest weighted mean of 4.00. According to the managers, insufficient budget allotted for promotions and strategies are the main reason why they become unsuccessful in promoting their business. Having insufficient endorsements and promotional strategies also become one of the reasons why these coffee shop businesses are sometimes encountering problems as well as experiencing exceeding number of guests and increasing costs of commodities.

Problems encountered by the managers during operations such as guest who made reservation but do not show up and exceeding number of guest's obtained the least weighted mean of 2.50 and interpreted Often. According to the managers from the problems that they are encountering, they never consider the late arrivals of he guests upon reservations and those who did not showed up as problems during operation because they are more focused on the guests who are already present.

Table 2
Problems Encountered in the Operation of Coffee Shop Business as Assessed by the Employees

Problems Encountered	WM	VI	Rank
1. Duplication of Duties	3.58	Almost Always	2
2. Shortage of raw products	3.33	Often	5
3. Breakage of equipments during operation	3.00	Often	8.5

4. Unequal division of labor	3.25	Often	6
5. Lack of availability to handle guest complaints	3.00	Often	8.5
6. Lack of knowledge about company / coffee business information	3.50	Almost Always	3.5
7. Uneasy usage / handling of equipments	3.17	Often	7
8. Inadequate payroll	4.00	Almost Always	1
9. Shortage in sales	2.75	Often	10
10. Salary problems (deductions)	3.50	Almost Always	3.5
Composite Mean	3.31	Often	

The table shows that the problems encountered by the employees in the operation were 3.41 and interpreted Often. Inadequate payroll obtained the highest weighted mean of 4.00 followed by duplication of duties that rated almost always. In an interview conducted, the salary that they are receiving from their job is just enough for them and they can't even give something to their families. In addition, the breakages and losses of equipment will be deducted to their salary wherein salary deduction rank third with the weighted mean of 3.50.

Problems encountered by the employees in the operation such as breakage of equipments during operation and lack of availability to handle guest complaints got the lowest weighted mean. According to the employees during interview, they often encountered the problems like breakage of equipments during operation and lack of availability to handle guest complaints because they undergo trainings and examinations before they are allowed to be on the operation.

Table 3

Level of Satisfaction of the Customers of the Coffee Shop Business in terms of Services

Services of the Employees Performance	WM	VI	Rank
1. Promptness of service	3.15	Substantially Satisfied	6
2. Courtesy of staff	3.49	Substantially Satisfied	1
3. Promptness in accepting payment	3.16	Substantially Satisfied	5
4. Friendliness	3.47	Substantially Satisfied	2
5. Sensitivity to the needs of the guest	3.18	Substantially Satisfied	4
6. Well groomed	3.27	Substantially Satisfied	3
7. Approachable	2.44	Moderately Satisfied	9
8. Knowledge of handling unexpected circumstances	2.90	Substantially Satisfied	7
9. Performing assigned duties with positive attitude	2.66	Substantially Satisfied	8
Composite Mean	3.08	Substantially Satisfied	

The over-all rating of the customers on the services rendered by the different coffee shop was 3.08 and verbally substantially satisfied. Among of the items that were rated effective, courtesy of the staff got the highest weighted mean 3.49 followed by friendliness and well groomed with 3.47 and 3.27 respectively.

The courtesy of the staff is very important in the effectiveness of the operation in order to build relationship with the guests and render quality service. Performing assigned duties with

positive attitude, knowledge of handling unexpected circumstances, promptness of service and approachable got the lowest rank.

Based from the interview conducted, customers were satisfied when it comes to the promptness of the service as well as the courtesy of the staff. Customers were after the attentiveness and courtesy of the employees.

In the point of view of customers, they expect employees to do more than just take the order, deliver it to the kitchen and transport the food. The key points in maximizing customers' enjoyment are accommodation, attitude, attentiveness, timeliness, anticipation and suggestive selling. Proper training on these may help build customer satisfaction.

Table 4

Level of Satisfaction of the Customers of the Coffee Shop Business in terms of Location

Location	WM	VI	Rank
1. Accessibility of the location	3.42	Substantially Satisfied	1.5
2. Ambiance	3.14	Substantially Satisfied	4
3. Ventilation	3.42	Substantially Satisfied	1.5
4. Comfortability	3.23	Substantially Satisfied	3
Composite Mean	3.30	Substantially Satisfied	

Table 4 shows that the level of satisfaction of the customers of the coffee shop in terms of location was substantially satisfied with the weighted mean of 3.30. Accessibility of the location and ventilation got the highest weighted mean of 3.42 followed by comfortability and ambiance that were both rated effective. From the interview conducted, customers find it easy to reach the coffee shops because majority of the coffee shops are located at SM mall and along the way going also to SM city Batangas.

The selection of physical location is important, although some operators utilize remoteness of location and inaccessibility to a great effect. The location of a unit is dependent on a variety of factors such as accessibility for customers; existence of other competitors; existence of other units from a group of company; costs; and sites and services available.

Table 5

Level of Satisfaction of the Customers of the Coffee Shop Business in terms of Product Offerings and Its Price

Food and Beverage	WM	VI	Rank
1. Affordability of the products	2.79	Substantially Satisfied	4
2. Quality of the products	3.14	Substantially Satisfied	3
3. Food and beverage is standardized	3.19	Substantially Satisfied	2
4. Food and beverage is served in proper temperature	3.45	Substantially Satisfied	1

Composite Mean**3.14 Substantially Satisfied**

The table 5 reveals the over-all rating of the level of satisfaction of the customers in terms of food and beverage and that was 3.14 and verbally interpreted substantially satisfied. The food and beverage is served in proper temperature and food and beverage is standardized got the highest rank and both rated substantially satisfied.

From the interview conducted, customers give stress to the quality of the product they are purchasing and the proper serving of the food and beverage when it comes to its temperature. They wanted to have satisfying service with the price they paid for. The affordability of the products obtained the least weighted mean of 2.79. According to the customers, the affordability of the products from the coffee shops is quite expensive just for a cup of coffee.

Table 6

Correlation Matrix between the Profile Variables and the Level of Satisfaction on the Coffee Shop Business

Level of Satisfaction Profile Variables	Services	Location	Food and Beverage
	Age	0.021	0.119
Gender	0.318	0.198	0.866
Civil Status	0.387	0.220	0.762
Occupation	0.533	0.282	0.311

Legend: $\alpha < 0.05$ = Significant

$\alpha > 0.05$ = Not Significant

From the table 6, it can be seen that the computed p value of age under services is less than 0.05 level of significance, thus the hypothesis of no significant relationship between the profile variables and the satisfaction level of customers in terms of services is rejected. This means that services rendered by the coffee shop business was affected by the age of the customers, which can also implies that the older the customer the more satisfied they are and the younger the customer the lesser satisfied they are. Nowadays, it is very hard to satisfy young adults because of the trends in technology. Based from the interview conducted, the main reason of some customers why they go to coffee shop is to have free access to internet trough wi-fi and they become dissatisfied when they experience problem in connecting. Other variables do not show significant relationship although correlated.

Proposed Initiatives to Enhance Business Operation of Coffee Shops

Having the wide development of innovations to the trend in the field of food industry, coffee shop business appeared and with the increasing number of the operation, it became one of the reasons why entrepreneurs in Batangas City took the risks in engaging with the kind of business.

As for the managers and employees assessment on their business for the future, they see the coffee shop business in the next five years positively. Based from the interview conducted, they are expecting a reasonable growth in their business because of the innovation that they will continue to offer to their customers, and with the positive feedbacks and overwhelming response they are gaining from them there will be expanding greatly in the market.

Considering the Batangueno market, the business agreed that they can hold their regular customers for the next five to ten years. To hold them, the business will give them very satisfactory service, extra attention, personalized service and products/services innovations. From the interview conducted, the managers believe that people still want a cozy and chic atmosphere, thus they promise to give extra attention to the service to their discerning market expects and deserves.

To sustain the operation particularly in terms of financial problems, the coffee shop business will do cost-cutting and re-engineer. Managers rather choose to cut cost during hard times cause it's the quickest way to increase their market value although there will be reduction on product quality. They also chose to re-engineer their people rather than organizing their people to its functional specialties and looking at the tasks that each function performs. They will be just looking at complete processes from materials acquisition, to production, to marketing and distribution.

Conclusion and Recommendation

Brochures as the promotional strategy are widely used by the selected coffee shop business. They never employ the use of television. Problems encountered by the coffee shop managers with the employees were absence without leave among employees, poor comprehension of employees, duplication of duties, lack of resourcefulness of employees and high turn over of employees.

The coffee shop customers are satisfied in terms of courtesy of the staff, friendliness of the staff, well groomed and sensitivity to the guests needs. Customers are satisfied in terms of accessibility of the coffee shop and they are also satisfied when the food and beverages are served in their right temperature but not with its price because it is quite expensive for just a cup of coffee.

Advertisement should be clear enough and eye catching to attract more customers for them to have more profit and to maintain the operation stable. Brochures is used more often by the coffee shop business in promoting their business so that it must be improved more to catch the eye of the customers.

Prices of the products are expensive according to the customers so that promotional strategies like Combo Meals and Discount Coupons must also be given emphasis because it makes the products become affordable that will have great effect to the satisfaction of the customers. The location of the coffee shop should be accessible to its target market and the ambiance should also be considered to satisfy its customers. Attentiveness and courtesy of the staff meets customers' satisfaction. Managers must prefer to choose skilled and efficient employees to avoid problem during the operation.

To hold the customers, the business should give them very satisfactory service, extra attention, personalized service and products/services innovations. From the interview conducted, the managers believe that people still want a cozy and chic atmosphere, thus they promise to give extra attention to the service to their discerning market expects and deserves.

References

- Inigo C. (2000) Management for Filipinos: Principles and Applications. Quezon City: Design Plus.
- Lambino D. (2006), Saleability of Mixed Drinks in Two Selected Resort Hotel in the Food and Beverage Department of Coco Beach Resort Hotel in Puerto Galera, Unpublished Master's Thesis, PWU, Manila.
- Maligalig C. (2001). Factors Affecting the Sales of two Selected Restaurants in Peninsula Manila Hotel, Unpublished Master's Thesis, PWU, Manila.
- Monge C. (2004). The Effects of Promotion to Sales between Silahis International Hotel and Westin Philippine Plaza. Unpublished Master's Thesis, PWU, Manila.
- Roberts J. (1998). Marketing for the Hospitality Industry. London: Hodder & Stoughton, Ltd.
- Salisi J. (2002). Customer Satisfaction of Jolibee Batangas for the Second Half Year of 2001." (Unpublished Master's Thesis, PWU, Manila.