

Preliminary Study on Key Success Factors of Independent Cafe Operation in Taiwan

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Abstract

This research adopts an expert questionnaire design, with independent coffee shop operators in Taiwan as the main research object, and through questionnaires to understand the key factors for the success of independent coffee shops in Taiwan. This study retained six questions based on the results of the questionnaire. The results of the questionnaire can be divided into four dimensions, first, the external environment of the enterprise; second, the management team concept and the internal environment; third, marketing planning dimension; fourth, equipment planning and product characteristics. The follow-up can be further analyzed and expected to effectively help independent coffee shop operators understand the interaction between key factors in the success of coffee shops.

Although the consumer demand for coffee in Taiwan is increasing, it is undeniable that the operation of independent coffee shop still faces serious challenges. The survey also shows that food safety awareness must be influenced by the external environment. Operators must shape an excellent management team and create a sound business philosophy and a smooth internal control process. Therefore, the final management team concept and internal environment facet only the turnover rate is not included in the key factors, the other five factors are important success factors ($cvr > 0.5$).

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1. Introduction

As people's emphasis on quality of life and acceptance of coffee increase year by year, the market demand for independent coffee shop is increasing. According to the AREMOS Economic Statistics Database Network Search System, the turnover index of the catering industry has grown from 87.25 in 2000 to 115.93 in 2018. The employees in the catering industry account for 3.84% of the employed population in Taiwan. It shows that this industry is an important pillar in Taiwan.

This shows that in the current stage of the catering industry in Taiwan, although the market has become a hot state of competition, it still shows a growth trend and continues to attract entrants. The catering industry is so attractive to newcomers that there are two main reasons: First, the technical barriers to entry into the industry are low. The market has a relatively mature counseling system to assist newcomers, not only provide a series of education and training services, but also provide a complete follow-up operation of raw materials procurement, catering equipment planning and other services, greatly reducing the technical threshold. Second, Taiwan's diet is westernized and the proportion of take-out food is high. According to the 2018 National Health Service's annual report of the National Health Service of the Ministry of Health and Welfare of Taiwan in 2018, the daily diet of Taiwanese people is gradually westernized, and the acceptance and preference of foreign food and beverages are increasing. The general public's consumption of coffee is also increasing.

However, today's catering industry, including independent coffee shop, needs to face customer subjective awareness, which will force operators to withstand greater competitive pressures. In the case of rapid changes in the market environment, the business strategy of independent coffee shop transformation is more important¹. The introduction of business theory models in the catering industry will help independent coffee shop improve their business performance. If independent coffee blindly pursue operational efficiency, resource allocation and cost control from the perspective of business management, they may affect consumers' concerns about the quality of independent coffee shop. Moreover, whether this innovative management method will cause the impact of the thoughts and concepts of its employees, and then internal contradictions will affect the overall operational efficiency is also necessary for these operators to think carefully and effectively avoid them. In addition, the service provided by the independent coffee shop is a kind of emotional service. From the decoration of the shop, the cultural atmosphere to the taste of the coffee and the service experience, it is necessary to fully reflect the business philosophy and connotation of the independent coffee shop. Therefore, how do independent coffee shops meet the needs of market consumers for high-quality coffee and their services; how operators assess the limits of operating costs and resources; and how to effectively identify the quality of services and the needs of consumers and operating costs? These are all serious issues for all independent coffee shops today.

Of course, in addition to the proper management and management methods, the operators should also understand and be familiar with the laws and regulations of the catering industry, such as the health regulations, so as to ensure that consumers can enjoy the catering and services provided by the cafes. It also enhances the continuity and closeness of customers. Therefore, operators must constantly adjust themselves and adapt to market changes in order to survive in an increasingly competitive environment. How to fill the gap between business and strategy, and strengthen the application and integration of academic theory and pragmatism, which is so-called Engaged Scholarship, to increase the availability of academic research results in the practical world. This is the purpose of this study to find out the key factors for the success of independent coffee shop operations in order to solve the business problems faced by the coffee industry.

This research adopts an expert questionnaire design, with independent coffee shop operators in Taiwan as the main research object, and through questionnaires to understand the key factors for the success of independent coffee shops in Taiwan. The questionnaire project was originally designed as 20 items. The interviewees included 17 independent cafe operators, and 1 best-selling author with SCA license and 1 professional person with CQI and SAC licenses. Total is 19 operators and professionals. This study retained six questions based on the results of the questionnaire. The results of the questionnaire can be divided into four dimensions, first, the external environment of the enterprise; second, the management team concept and the internal environment; third, marketing planning dimension; fourth, equipment planning and product characteristics. The follow-up can be further analyzed and expected to effectively help independent coffee shop operators understand the interaction between key factors in the success of coffee shop.

Chapter 1 is an introduction to the background of this study. Chapter 2 explores the literature and explores the key success factors that independent coffee shops. Chapter 3 is the study method, Chapter 4 is the results and Chapter 5 is the conclusion and recommendation.

2. Literature Review

Table 1: Literature collation

Main facets	Minor facets	Relevant literature
External environment of enterprises	Shop location convenience / traffic / flow of people	Ken Favaro , Tim Romberger, David Meer(2009)
	Cross-industry cooperation / event organization	Ku,Chih-Shuan(2015)
	Competitive Strength of Others	Porter(1980)
	Government Supervision	Ministry of Health and Welfare The restrictions on the use and labeling of green coffee extracts for food ingredients announced in 2019
Philosophy and capability of operating team	Operator innovation / planning / positioning	Kuo,Shen-Lin (2014)
	Personnel Cultivation Plan, Education and Training and Incentives	Kuo,Shen-Lin (2014) Richard Boyatzis, Melvin Smith, Ellen Van Oosten(2019)
	Service Quality / Customer Satisfaction	Pine & Gilmore(1998) Huang, Yung-Fu, Chu, Hsin-I, et al. (2017)
	Fund Management Ability	Ball & Brown (1968)
	The Ability of Internal Activities Planning	Gary P. Pisano(2015)
	Staff Turnover Rate	Yeh, Ching-Hui (2014)
Marketing Planning	Construction of Information Technology (POS or CRM)	Huang, Yun-Cheng Chen,I-Chin (2013)
	Social Media Operations / Media Exposure	Nicolaj Siggelkow & Christian Terwiesch (2019)
	Future Coffee Industry Information Feedback	Lee, Xiang (2006)
	Establishment of Customers Response System	Bai, Fan-Yun Huang, Lin-Ru (2013)
	In-store Product Sales Channels	Niraj Dawar(2017)
Equipment planning and product features	If the coffee shop equipment are comprehensive	Kotler & Keller (2016)
	Business Place Investment / Design	Sung, Yung-Kun、 Chen, Yu-Chin (2017) Kuo, Shen-Lin (2014)
	Coffee Raw Material Source Control	Breakwell, G. M. (2000)
	Product Diversity	Wu, Chia-Te (2000)
	Product Packaging Design	Adi Ignatius(2015)

The concept of independent coffee shop operators needs to change with the changing market, so that they can continue to innovate in the market and maximize the profitability of independent coffee shops. As the saying goes that success has

many fathers. This study should find out these "fathers", which are key factors to facilitate the development of independent coffee shops. Any business decision-making must invest certain resources in decision-making activities, so how to make the effective resources of input more effective and find out the key success factors is very important; it is also the purpose of this research.

3. Aspects of Expert Questionnaires Selection and Influence Factors

3.1 Expert questionnaire design and facet

This study focuses on the key factors in the success of independent coffee shops in Taiwan. The key factors that enable operators to succeed in the highly competitive environment and to construct a new business policy through strategic management are the main objectives of the study. Based on the basis of literature research, combined with the research on the key factors of the success of independent coffee shops in Taiwan, and then interviewed relevant professionals to find out the necessity of relevant factors, in order to better understand the operation of independent coffee shops. The facet of the literature in this study is discussed in Chapter 2.

3.2 The questionnaire related experts

The questionnaire was conducted by the operators and responsible persons of the independent coffee shops to enhance the objectivity of the screening factors; the questionnaires were all focused on the operators and the responsible persons in order to understand the views of independent coffee shop decision makers on the key factors of success. The relevant information of the questionnaire experts is shown in Table 2.

Table 2: The qualification of independent coffee shop operators and professionals related to the questionnaires

Objective	Independent coffee shop operators	Professionals
Quantity	17	2
Job Title	Operators*17	best-selling author with CQI* 1 CQI and SAC licenses *1
Work Experience	0-5 years *11 6-10 years*6	0-5 years*2
Gender	Male*13 Female* 4	Male*1 Female* 1

3.3 The judgment criterion

After the recovery of expert questionnaires, in order to understand the expert judgment of various factors, research variables were used for observation and measurement. This research applies the content validity ratio (CVR) by Lawshe (1975) as the judgment criterion. The formula is shown in Equation 1. The judgment criterion is shown in Table 2. The number of experts is 16 people in this research. Therefore, the judgment criterion has a CVR value of 0.49

$$CVR = (n_e - N/2)/(N/2) \quad (1)$$

N : total number of Subject matter Experts (SME) experts

n : Number of SME experts indicating “essential”

4. Analysis and Discussion of Results

4.1 External environment of enterprises

Factors	n	CVR	Screening results
Shop location convenience / traffic /flow of people	9	-0.05	X
Cross-industry Cooperation / Event Organization	4	-0.578	X
Competitive Strength of Others	7	-0.26	X
Government Supervision	8	-0.158	X

With the increasing risk of competition between independent cafe operations and cost markets, operators of independent cafes must face severe challenges and challenges. Of course, it is difficult for a single individual to challenge the external environmental market changes, and only self-regulating and adapting to the environment. Three types of checked items are provided in the options of the questionnaire: necessary, important but not necessary and not important and unnecessary. In calculating the content validity ratio, the number of times the expert is important for individual factors is "Necessary", there are 10 operators in the Shop location convenience / traffic / flow of people to check important but not necessary, in the field of Cross-industry Cooperation / Event Organization held 13 experts selected important but not necessary, there are 10 experts who check the important but not necessary in Competitive Strength of Others, and there are 0 experts who check the important but not necessary in the field of Government Supervision .

This result proves that in the judgment of the competitive environment outside the enterprise of the independent coffee shop, the market for identifying the operators and experts is not very absolute. The latter also has some experts in the questionnaire to make suggestions, and it is necessary to consider the ethnic consumption habits of the independent cafes. Therefore, even in the market-scale Taiwan region, customers in different geographical locations will have different consumption habits. It is suggested that subsequent research can focus on the impact

of various geographic categories on consumer/customer habits.

4.2 Philosophy and capability of operating team

Factors	n	CVR	Screening Results
Operator innovation / planning / positioning	17	0.789	O
Personnel Cultivation Plan, Education and Training and Incentives	15	0.578	O
Service Quality / Customer Satisfaction	17	0.789	O
Fund Management Ability	18	0.89	O
The Ability of Internal Activities Planning	17	0.789	O
Staff Turnover Rate	10	0.05	X

Faced with the influence of the external environment, even if faced with more resistant team members, the operator must create a sound business philosophy and smooth internal control process. Therefore, only the Staff Turnover Rate of Philosophy and capability of operating team facet is not included in the key factors, and the other five factors are important factors for success.

4.3 Marketing Planning

Factors	n	CVR	Screening Results
Construction of Information Technology (POS or CRM)	9	-0.05	X
Social Media Operations / Media Exposure	8	-0.158	X
Future Coffee Industry Information Feedback	7	-0.26	X
Establishment of Customers Response System	10	0.05	X
In-store Product Sales Channels	12	0.26	X

The development of information technology has greatly improved the overall social productivity. All existing industries are inevitably using information technology to enhance production efficiency and effectively reduce the incidence of mistakes. It is believed that improving service quality is conducive to the sustainable operation of independent cafes.

However, the Construction of Information Technology (POS or CRM) has 10 experts listed it as important but not necessary, for the social media operation / media exposure, 11 experts listed it as important but not necessary. There are also 9 experts who believe Future Coffee Industry Information Feedback that is important but not necessary. There are 9 experts believe it is necessary but not important in Customer Response Systems and 7 experts also believe In-store Sales

Channels is necessary but not important. Therefore, none of these factors in this facet can be listed as a key success factor.

4.4 Equipment planning and product features

Factors	n	CVR	Screening Results
If the coffee shop equipment are comprehensive	6	-0.368	X
Business Place Investment / Design	8	-0.158	X
Coffee Raw Material Source Control	18	0.89	O
Product Diversity	5	-0.47	X
Product Packaging Design	12	0.26	X

At present, industrial technology continues to evolve, and independent coffee shop operators need to constantly update market information to effectively provide excellent service and customer experience. In this facet, Coffee Raw Material Source Control is very important by most interviewed operators and experts. Therefore, food safety awareness has been deeply rooted in people's hearts; I believe this is the progress that all consumers are happy to see.

5. Conclusion and Suggestion

In today's rapidly changing market, it is difficult to operate independent coffee shops in a way that is easy to understand in the past. The immediate problem facing operators is how to create profit and maintain the sustainable operation of independent coffee shops. Especially in the face of consumer awareness and personalized consumption, independent cafes must do everything possible to increase revenue and avoid market elimination. Therefore, this study attempts to use the independent coffee shop operators in Taiwan as the research object to understand the importance of various key success factors. In this way, the key factors for the success of independent cafes are derived, and it is expected to benefit the operation of independent cafes in Taiwan.

5.1 Conclusion and Suggestion

This chapter summarizes the conclusions of this study based on the results of the expert questionnaire analysis and finds that the key success factors of independent coffee shop operations in Taiwan are as follows:

1. The operator innovation/planning/positioning factor is significant. During the interview process, it was found that the operators of independent coffee shops attached great importance to the characteristics of the consumers in their business locations, and the consumption of the regional business districts in Taiwan are inconsistent, and the operators must plan different strategic plans according to the business location and the target customer

group.

2. The personnel training program, education training and incentive factor is significant. The service industry is a labor-intensive industry with high personnel stability, which can effectively reduce the education and training pressure of operators and improve service quality.
3. Service quality/customer satisfaction factor is significant. Customer satisfaction is directly reflected in the consumer's repurchase rate. The independent coffee shop service has geographical limitations, so customer satisfaction is an important key factor for independent coffee shops.
4. The fund control ability factor is significant. The capital is the blood of the enterprise. Any operator needs a steady cash flow to maintain the necessary expenses for the operation. This proves that the fund control ability is an important key factor for the operation of the independent coffee shop.
5. The internal process planning capability factor is significant. It is important for companies to have standard internal processes regardless of large multinational groups or small and medium-sized private companies, especially the increasingly diversified cafe products/meals. If the two factors of service customer and internal management achieve certain results, the operator must properly plan the ability.
6. The Coffee Raw Materials Source Control factor is significant. The coffee shop is a catering industry. Consumers attach great importance to food safety awareness, which is an issue that independent coffee shop operators must face seriously. The raw material source of coffee needs to be carefully controlled by the operator and confirmed to be safe.

5.2 Coverage Initiated and limitations

Independent coffee shops belong to the first-line service industry/catering industry. All business purposes are ultimately people-oriented. People are always the biggest variable in research. Sometimes a change in time is unpredictable and causes the gap between research goals and results, but it is this gap that drives researchers to be more sophisticated. Research must be highly rational and objective, and it is necessary to follow the principles of rationality and evidence, and try to avoid subjective deviations. Of course, science is not omnipotent. It must have its limitations. Fortunately, science is still moving forward. Science is not necessarily completely correct. There are also errors and relative limitations. As long as it can be corrected and optimized, it will continue to develop and progress. The current status of the coffee industry is due to the accumulation of long-term accumulation and the habits of the masses. There are many seemingly unreasonable things, which are often the result of people's natural choice.

This study knows that it is impossible to achieve the ideal design for all issues. It only hopes to understand the key factors in the operation of independent coffee shop operators, and effectively solve the small problems in the operation. In the interview

with the expert questionnaire, it is impossible to effectively avoid the bias from personal experience of the respondent as well as the researcher also has no way to grasp the personal preference of the interviewee are the research restrictions of this study.

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