

IDENTIFYING KEY FACTORS FOR SUCCESS: A SWOT ANALYSIS OF ZHAI COFFEE

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Abstract. Coffee is one of the most widely consumed beverages globally, and Malaysia's coffee industry has experienced remarkable growth, leading to a surge in the number of coffee shops nationwide. However, the industry has faced significant challenges, particularly since the implementation of the Movement Control Order (MCO) in March. Over 2,000 coffee shops and mamak eateries have permanently closed, with many others at risk of shutting down due to high rental costs and financial strain. To address these issues, the Malaysia Singapore Coffeeshop Proprietors' General Association (MSCPGA) and the Malaysian Muslim Restaurant Owners Association (PRESMA) have advocated for tax relief for landlords and increased support for private tenants to sustain businesses within the sector. This study aims to examine the internal and external factors influencing the long-term sustainability of independent coffee shops in Malaysia, utilizing SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Through qualitative research methods, including in-depth interviews and data collection, the research seeks to provide a comprehensive understanding of these factors. The study uses Zhai Coffee, a coffee shop in Johor, as a case study to explore how internal and external dynamics affect its sustainability. Zhai Coffee was chosen due to its strong reputation for customer friendliness and its collaborative approach, making it an insightful subject for analysis. By investigating the challenges and opportunities faced by Zhai Coffee, this research aims to provide actionable recommendations for independent coffee shop owners and stakeholders. It highlights the inherent fluctuations in the coffee industry and offers strategies to navigate these challenges while capitalizing on growth opportunities. Ultimately, the study contributes to practical insights that support the long-term success and expansion of independent coffee shops in Malaysia.

Keywords: *independent coffee shop, sustainability, SWOT analysis, in-depth interview*

Introduction

Historically speaking, coffee originated in Eastern Africa and was later introduced to Europe through Venetian traders. Despite some opposition, the pope declared coffee a Christian beverage and blessed it. In 1554, the first coffee shop opened in Constantinople, becoming a hub for intellectual discussions. By 1600, coffee spread to North America and Western Europe, contributing to the Industrial Revolution. London's first coffee shop opened in 1652, and by 1700, there were 2,000 coffee shops in the city. Between 1720 and 1723, French commander Gabriel Mathieu de Clieu brought coffee to Martinique, which then spread to Mexico, Central America, and South America. The Continental Congress declared coffee the national beverage of the United States. In the 19th century, European settlers planted coffee in America, Africa, and Asia to expand plantation operations. The Dutch introduced coffee to India in 1840, Java in 1699, and Ceylon in 1658. In Malaysia, coffee has been mentioned since around 1696 (Rahman, 2010). Accordingly, coffee has become a global staple, with 151.3 million 60-kilogram bags consumed worldwide in 2015-2016. Coffeehouses now serve various beverages, such as mocha, espresso, latte, cappuccino, and brewed coffee, reflecting the spread of coffee culture. The first global coffee shop, Kiva Han, opened in Turkey in 1475.

Today, coffee consumption is widespread across all age groups, with Americans starting to drink caffeine from as young as two years old. Malaysia, traditionally a tea-drinking nation, has been influenced by Western coffee culture. In 2016, 60.83% of Malaysians reported drinking coffee daily, and the country ranks among the top 50 coffee-consuming nations. The coffee market in Malaysia Report forecasts that the market will grow by USD 155.8 million from 2024 to 2029, with a compound annual growth rate (CAGR) of 4.7% (StrategyHelix Group, 2024). The rising demand for coffee has led to an increase in coffee shops, both local and international, across Malaysia, though competition has also intensified. This study examines the internal factors (strengths and weaknesses) and external factors (opportunities and threats) influencing the sustainability of independent coffee shops using SWOT analysis.

In Malaysia, coffee drinking has become more popular, particularly among young people and professionals. The rise of local coffee culture began with the introduction of coffee services at major retail chains like Starbucks and Coffee Bean in 1997. This led to the branding of local coffee shops and the commercialization of "kopitiam" (Rahman, 2010). To attract younger customers, coffee shops are rebranding their offerings and taking inspiration from these popular chains. In Kuala Lumpur, coffee shops are widespread, and more young people are drawn to the Klang Valley. The global shift in marketing strategies and business operations has increased competition in the same market. Malaysia's growing food and beverage sector is driven by a changing lifestyle and a growing desire for unique coffee experiences. The hot coffee segment is projected to grow at the fastest rate, with a 5.8% compound annual growth rate (CAGR) from 2019 to 2022. To stay competitive in this new global economy, businesses must carefully assess their products and market strategies. Local owners of high-end coffee shops must understand the factors that influence consumers' purchasing decisions to maintain their edge (Yahya et al., 2022). According to Ignatius (2022), the demand for coffee, especially among young people, has been steadily increasing, leading to the establishment of more coffee shops across Malaysia. However, over 2,000 coffee shops and mamak eateries have permanently closed since the Movement Control Order (MCO) began in March 2020, with many others at risk of closure due to high rents and financial struggles. The Malaysia Singapore Coffeeshop Proprietors' General Association (MSCPGA) and the Malaysian Muslim Restaurant Owners Association (PRESMA) have proposed offering tax relief to landlords and are calling for more support for private tenants. Therefore, the sustainability of individual coffee shops is crucial, which is why conducting a SWOT analysis is essential.

The purpose of this study is to examine the internal factors (strengths and weaknesses) and external factors (opportunities and threats) impacting the sustainability of Zhai Coffee shop in the market. The main goal is to develop effective and relevant strategies and solutions for the coffee shop's operation. The specific objectives of this research are to identify the internal variables (strengths and weaknesses) and explore the external elements (opportunities and threats) relevant to Zhai Coffee shop. The study's objective is the identification of internal and external factors impacting the sustainability of independent coffee shops, alongside the development of strategic interventions. Theoretically, this research will yield a framework offering an overview and insights for subsequent analysis. Practically, the investigation aims to delineate factors influencing new business venture sustainability, providing potential solutions for long-term viability within the Malaysian coffee industry.

Materials and Methods

This study involved the systematic collection of data through a one-off interview, observations, and documentation to ensure accuracy and consistency. To maintain reflexivity, biases and preconceptions were recognized and addressed. The analysis was carried out in a repetitive, step-by-step manner, using thematic analysis to explore how internal and external factors might interact to impact the coffee shop's sustainability. This approach also aimed to help readers better understand the analysis. The process of coding, categorization, and interpretation was iterative, covering all aspects of the coffee shop. This comprehensive process contributed to a thorough understanding of the dynamics at play, ultimately leading to strategic insights for enhancing sustainability. This study examined the research framework used to explore the sustainability of an independent coffee shop. By employing robust data collection techniques and qualitative methods, the study aimed to identify the key factors influencing the coffee shop's performance. Through systematic analysis, patterns, themes, and connections were identified, providing strategic recommendations to improve the coffee shop's long-term sustainability.

Research design

This research employed a qualitative approach, focusing on a case study of a specific individual, company, or establishment. The use of qualitative research for SWOT analysis was chosen because it provides a flexible and comprehensive approach to understanding local perspectives on an issue. It helps reveal the subjective reasoning behind behaviors, making it especially suitable for exploratory research that focuses on meaning rather than numerical data (Wolff et al., 2019). As noted by Kemparaj and Chavan (2013), qualitative research is a methodological approach aimed at gaining a deep understanding of the social environment by exploring people's experiences, views, and histories, often requiring significant fieldwork to address relevant public health knowledge and practice. Additionally, qualitative research methods are becoming more popular among researchers seeking to thoroughly investigate a phenomenon. Unlike quantitative research, which focuses on numbers and generalizations, qualitative research is concerned with understanding individual experiences and the nuances of each case. This method is exploratory, explanatory, and humanistic, aiming to examine a problem in its entirety and focusing more on the richness of each case rather than generalizing across a population (Tandon, 2021). In the context of coffee farming, challenges include rising production costs and competition from other crops. A significant hurdle is the labor-intensive process of picking ripe coffee beans, as beans on a single plant do not ripen simultaneously. Additionally, there are growing concerns about the sustainability of coffee production (Ahmad et al., 2023). Market orientation and service quality are key areas for small coffee shops to focus on to maintain a competitive edge in a demanding market (Najib et al., 2020). Efforts are being made to improve Malaysia's coffee industry, particularly in coffee farming, to enhance the national economy (Ramanathan and Ali, 2021). For long-term sustainability, it is essential to adopt sustainability certifications and eco-friendly production methods in Malaysia's coffee industry (Ahmad et al., 2023).

Data collection process

Interviews in this study were used as a method for obtaining a comprehensive understanding of the subject matter. Researchers used interviews to gather detailed insights, allowing for a deeper exploration of the topic. The type of interview varied depending on the participant's profile and the research objectives. While in-person interviews remain traditional, phone interviews are increasingly common, especially when participants are located far from the researcher. Some interviews focus on a single central topic, and rather than sticking to a fixed format, the interviewer and participant engage in a more open discussion on that issue. This method encourages more detailed responses and creates a more natural flow of conversation (Barrett and Twycross, 2018). In this study, the four elements of SWOT: strengths, weaknesses, opportunities, and threats; were the core focus of the interviews. The interviews were conducted in person, where semi-structured questions were posed to the coffee shop owner. The duration of the interviews was expected to be around one to two hours, depending on the availability of the owner. The interviews were held at the coffee shop, providing a familiar environment for the informant, who also received a brief explanation of SWOT analysis to ensure understanding. A series of interview sessions was organized as part of the data collection process. The primary goal was to explore the research questions through open-ended questions. The instrument was developed in English owing to the coffee shop owner's demonstrated proficiency in the language. The questions, which were designed to elicit detailed responses, were divided into three categories: the background of the business or coffee shop, key factors influencing the shop's sustainability, and the challenges faced, including strategies to address or overcome these challenges. The interviews were conducted face-to-face with the coffee shop owner, and the questions were shared with the owner eight days prior to the interview, allowing time to prepare responses. Each interview lasted approximately one and a half hours. After the interview, the responses were transcribed and analyzed, with the coffee shop owner confirming that the recorded information accurately reflected their statements. Member checking, a process in qualitative research, was used to ensure the accuracy of the findings by comparing them with the participant's views (Candela, 2019; Santos et al., 2017).

Sampling

Purposive sampling was employed to select the sample for this study. This non-probability sampling method is also referred to as subjective or selective sampling, where participants are chosen based on specific criteria. The coffee shop selected for this research was chosen based on the following predetermined criteria: (1) It must be an independent coffee shop; (2) It must have been operating for more than one year; (3) Specialty coffee must be the primary offering on the menu; (4) The informant must be the owner of the shop; (5) The shop owner must agree to participate voluntarily in this research. According to Nyimbili and Nyimbili (2024), purposive sampling is a non-probability sampling method used to select individuals or groups that meet specific criteria relevant to the research objectives. Initial recruitment attempts for this study aimed to secure the participation of up to five coffee shop owners for interviews. However, only one owner ultimately agreed to participate-Zhai Coffee in Muar, Johor.. The limited participation may be attributed to concerns regarding the confidentiality of business-sensitive information, given the in-depth nature of the interviews and the requirement for informed consent via a researcher-provided form. To inform the owner about the interview session, the researcher sent an invitation letter to give advance

notice. This coffee shop was chosen for the study as it met all the required criteria. The flow chart of data collection steps is presented below (*Figure 1*).



Figure 1. A flow chart of data collection process in this study.

SWOT analysis

This SWOT analysis allows researchers to analyze data in a systematic and thorough manner through various procedures, such as becoming familiar with the data, identifying thematic frameworks, indexing, charting, mapping, and interpreting the findings (Srivastava and Thomson, 2009). These steps facilitate the transition from basic descriptions to a more profound conceptual understanding of the data (Furber, 2010). SWOT analysis is a widely used strategic planning tool that evaluates an organization's internal and external factors. It divides these factors into strengths (S) and weaknesses (W) for the internal environment, and opportunities (O) and threats (T) for the external environment (Dalton, 2018). SWOT analysis is particularly valuable for identifying a company's advantages, disadvantages, opportunities, and risks (Kumar and Praveena, 2023). In this study, the data collected from the informant was categorized into each of these four areas, and the results were organized into a matrix (*Figure 2*) for clarity.



Figure 2. SWOT analysis quadrant.

Results and Discussion

Findings from the interviews serve as the main subject of discussion. Strategies were developed by organizing and synthesizing the results collected during the interview process. A thorough discussion followed to identify which techniques should be prioritized in order to enhance the sustainability and success of the coffee shop. This information was gathered from the responses provided by the owner of Zhai Coffee, who was given an explanation of the SWOT analysis and its four components: strengths, weaknesses, opportunities, and threats. Based on the current situation at Zhai Coffee, the internal factors, including strengths and weaknesses, were documented and

categorized in table below (*Table 1*). While the external factors: opportunities and threats, were identified and recorded in table below (*Table 2*). The purpose of this stage was to evaluate both the internal and external factors affecting Zhai Coffee. Nine strengths and six weaknesses were noted under internal factors, while six threats and five opportunities were listed under external factors. In total, there were 12 challenges (threats and weaknesses) and 14 advantages (opportunities and strengths). Overall, the advantages were found to be more significant for the long-term sustainability of the coffee shop compared to the disadvantages. With strategic planning and focus, Zhai Coffee can leverage its strengths and opportunities to overcome the identified threats and weaknesses, fostering growth and stability in the future.

Table 1. *Internal factors of Zhai Coffee.*

Strengths	Weaknesses
S1: Ability in listening to customers complaint, needs and wants.	W1: Lack of visibility. Zhai coffee is a hidden cafe and difficult for customers to find.
S2: Ability to communicate well with Customers.	W2: The menu provided in the cafe are not diversify enough with other meals.
S3: Ability to accept customers' opinion.	W3: Lack of digital marketing.
S4: Ability to improve oneself.	W4: High cost of raw materials, the coffee beans used is not being purchased in bundle in a lower price.
S5: Ability to connect directly with the Customers.	W5: The coffee shop has to be closed if the owner fall sick and no income will be generated.
S6: Low labor cost since the coffee shop has only one person who is the owner himself.	W6: Efficiency is low since the owner is the only one to serve every of his customers.
S7: Ability to provide a place where it is focusing on drinking and enjoying coffee.	
S8: Location is also an advantage because customers who drink coffee at Zhai coffee are those who desire for a real coffee.	
S9: Have repeatable and regular customers.	

Table 2. *External factors of Zhai Coffee.*

Opportunities	Threats
O1: Higher sustainability in providing coffee.	T1: High competition of coffee shops in Muar area since there are a lot of cafe around the city such as ZUS coffee, Zuzu Coffee at MUO, 434 Coffee, Oldtown White Coffee and a few kopitiam with long history.
O2: Ability to provide customised coffee where it can retain more customers.	T2: Influence by larger company since they have more customer's demand.
O3: People start to be more knowledgeable about high quality coffee.	T3: Lower purchase power compared to large company.
O4: Reduce in lack of communication or miscommunication between customers.	T4: Lower effectiveness in serving coffee.
O5: Strengthen the bond between customers.	T5: Overlapped beneficiary crowd.
	T6: Small market niche for specialty coffee.

SWOT strategies

The SWOT matrix encompasses both internal and external factors, and four types of strategies can be considered in *Table 3* such as (a) offensive-competitive strategies (SO), which utilize internal strengths to capitalize on external opportunities; (b)

diversification strategies (ST), which use internal strengths to address external threats; (c) overview strategies (WO), which aim to reduce internal weaknesses by leveraging external opportunities; and (d) defensive strategies (WT), which focus on mitigating internal weaknesses to prevent external threats. Ultimately, the SWOT matrix was formulated by adjusting the strategic planning process, taking into account both internal and external elements influencing strategy development. This approach helped to identify the appropriate strategies and priorities, ultimately guiding the strategic direction and enhancing the decision-making process.

Table 3. *IE matrix.*

Themes	Strengths	Weaknesses
Opportunities	SO1: Listen to customer's needs and complaints so that the sustainability in providing coffee in the market can be longer. (S1, O1) SO2: Provide customized coffee that suit the customers most through clear communication with them. (S2, O2) SO3: Share the knowledge of coffee with the customers through listening to their thoughts. (S5, O3) SO4: Actively improve oneself in utilizing the comments gathered by the customers to fulfill every and each customers' needs. (S4, O4) SO5: Build strong relationship with customers who truly look for suitable coffee. (S8, O5)	WO1: Carry out more marketing strategies to increase the visibility of coffee shop. (W1, O1) WO2: Spend more on digital marketing such as develop a website, Tiktok and Instagram to improve visibility. (W3, O3) WO3: Have a regular supplier to get cheaper price in a long term. (W4, O2) WO4: Organize community events such as coffee sharing sessions or competitions to attract more customers. (W1, O3) WO5: Recruit more employees to share the burden and increase the effectiveness in serving the coffee. (W5, W6, O2)
Threats	ST1: Provide customized specialty coffee to customers based on the requirements by the customers. (S1, T2) ST2: Develop a membership program to build customer loyalty. (S5, T5) ST3: Offer a unique products or design to gain a competitive edge over nearby competitors. (S3, T1) ST4: Implement an ordering system to increase the effectiveness of serving coffee. (S6, T4) ST5: If necessary, offer delivery for orders within the city, as Muar is a small city to increase the market size through delivery platform. (S8, T6)	WT1: Identify a new location where people mostly enjoy drinking high-quality coffee. (W1, T1) WT2: Boost online marketing to target high-quality coffee drinkers outside the area, using platforms like Facebook or any sites related to specialty coffee. (W3, T6) WT3: Expand the menu with more non-coffee options to attract more customers and offset the cost of imported coffee beans. (W2, T3) WT4: Look for a different coffee bean supplier that offers lower prices. (W4, T3) WT5: Organize promotion events and actively promote Zhai Coffee to the public to increase the profile. (W1, W2, T2)

According to Jadhav (2020), digital marketing plays a pivotal role in business growth. In 2019, over 60% of businesses had implemented an effective digital marketing strategy. Approximately 80% of marketers believe that digital marketing can boost a company's revenue by more than 30%, with many asserting that traditional advertising alone is no longer sufficient. Furthermore, over 80% of companies planned to increase their online advertising budgets, potentially surpassing their IT budgets. A study by Google and IPSOS Hong Kong revealed that businesses utilizing digital marketing earn 2.8 times more revenue compared to those that don't. As digital marketing continues to grow, businesses in 2020 must adopt a digital marketing strategy to remain competitive in the increasingly profitable online marketing sector. Digital marketing is predicted to soon overtake traditional marketing methods as more people consume content online. Companies that have not yet embraced digital marketing should act swiftly to reap its benefits. As Google's Asia Pacific Head of SME stated, "The web is like rocket fuel that helps SMEs power the engine of growth for Hong Kong's economy" (Ipsos Hong Kong, 2013). Digital marketing is essential as it helps companies attract and engage consumers who are likely to become aware of the brand and develop an interest in purchasing their products. By fulfilling commitments to potential clients, businesses foster trust and build strong relationships, turning them into loyal customers who frequently visit the website. This, in turn, benefits the brand, as satisfied customers often share their positive experiences, enhancing the business's reputation and online presence. As the brand becomes more recognizable, its market reach expands, contributing to business growth. According to a survey, 90% of consumers trust brand information when it comes from someone they know (Jadhav, 2020). Sharabati et al. (2024) noted that profits and market share can be significantly increased with a strong digital marketing strategy. Research shows that it helps SMEs better understand customer needs, tailor products, and enhance customer satisfaction and efficiency. Furthermore, digital marketing leads to higher revenue, improved customer engagement, and greater brand awareness. Real-time tracking of marketing campaigns helps companies make informed decisions. Social media marketing plays a key role in engaging clients, building customer loyalty, and reaching a large audience at a low cost. Search engine optimization (SEO) improves a website's search engine ranking, drives more traffic, and boosts sales. Digital marketing offers an affordable way for SMEs to build their brand and attract new clients. Therefore, by implementing digital technology on a website, Zhai Coffee shop can enhance its visibility and strengthen interactions between the owner and customers.

The success of small and medium-sized enterprises (SMEs) heavily depends on their ability to communicate effectively with customers. Developing a clear and well-structured communication strategy is crucial, incorporating both digital and traditional methods. This includes leveraging social media, offering personalized communication, providing responsive customer service, and analyzing data to better understand and adapt to shifting customer needs. Personalizing marketing efforts, such as crafting tailored emails, advertisements, and product suggestions, can significantly boost customer engagement by addressing individual preferences and strengthening relationships. By focusing on these personalized strategies, businesses create more meaningful connections with their audience, which can lead to greater customer loyalty, improved retention, and ultimately higher sales. Moreover, utilizing data-driven insights to adjust marketing campaigns based on consumer behavior enhances these strategies, ensuring businesses remain relevant and responsive to changing market demands. This

level of engagement not only fosters customer loyalty but also helps SMEs maintain a competitive advantage in an increasingly crowded market (Sharabati et al., 2024). For Zhai Coffee shop, the ability to listen, understand, and address customer needs and complaints gives it an edge in competing with larger businesses, especially those with more employees. Combining attentive customer service with the power of technology and digital marketing will elevate brand awareness and strengthen customer loyalty. According to research by Alkaf et al. (2021), work effectiveness involves utilizing five sources of effort: mind, energy, time, money, and objects; to achieve planned goals. It is closely related to work efficiency, which focuses on delivering high-quality results while minimizing costs, time, and effort. To be effective, one must prioritize outcomes over resources used and set appropriate goals to achieve the desired results. The selection of proper strategies is critical in improving work quality and enhancing overall work effectiveness. For excellent customer service, organizations need structures and systems that support employees in their roles. Both work effectiveness and efficiency are essential for providing high-quality service by reducing transaction costs and improving aspects like security, responsiveness, and reliability, all of which contribute to better service quality. Organizational effectiveness is vital for motivating employees to perform well and offer top-notch service to customers.

Although Zhai Coffee shop currently has only one employee, who is also the owner, the shop could consider increasing its staff by applying these sources of effort to ensure operational effectiveness. However, if the owner feels uncertain about the quality of service provided by the employees, they may choose to offer training related to service quality. Kenny (2019) suggests that while there is no direct mention of the relationship between training and service quality, training and development programs help organizations improve performance by equipping employees with the necessary skills and knowledge. Skilled employees tend to perform better than untrained ones, and as they grow professionally, they can take on better roles within the company, ultimately leading to enhanced organizational effectiveness. Well-trained employees are valuable assets, and their ability to perform at a high level can significantly contribute to the success and growth of the business. The study examines the relationship between training and development (T&D) and service quality in higher education, revealing that training significantly enhances employees' skills and performance, which in turn positively impacts service quality. The results show that employees who perceive training as beneficial are more motivated to put in extra effort, thus improving service quality. The study found that training had a positive effect on service quality for both younger and older employees, as well as those with varying levels of education. Notably, employees with higher education experienced a stronger impact from training. The report suggests that when universities invest in employee development, they build stronger relationships with staff, which ultimately leads to improved service quality for clients (Al-Refaei et al., 2024). Similarly, a study emphasized the link between T&D programs and service quality. It highlighted the importance of strategic planning, effective execution, and factors such as relevant content and participant engagement in training programs. Monitoring and evaluation (M&E) are critical for continuous improvement, ensuring that the training aligns with service needs (Al-Refaei et al., 2024). The study concludes that the combination of careful planning, effective execution, and ongoing M&E is key to optimizing service delivery and improving T&D programs (Van Assen, 2020). For Zhai Coffee shop, implementing training and development programs to enhance employee efficiency is crucial. However, it must also

incorporate monitoring and evaluation processes to assess the effectiveness of these programs and ensure that employees' productivity and service quality continue to improve. Regular evaluations will help ensure that the training provided is effective and aligned with the shop's goals, ultimately leading to higher levels of service quality and customer satisfaction.

The findings reveal that one of the weaknesses of Zhai Coffee is the lack of menu variety. According to Zulfikar (2023), brand differentiation is a marketing strategy that helps businesses distinguish themselves from competitors by highlighting unique features or qualities in their products or services. This approach increases the appeal and value of the brand to consumers. Strategies for differentiation include offering innovative technology, superior quality, attractive designs, affordable pricing, or exceptional customer service. When executed well, brand differentiation can boost a brand's reputation and provide a competitive advantage in the marketplace. Building brand recognition is identified as a key strategy for increasing sales and revenue (Bondarenko and Vyshnivska, 2023; Zulfikar, 2023). Companies can enhance their online presence and attract new customers by creating engaging content, such as videos and messages that resonate with their target audience. Additionally, businesses often employ tactics like discounts, loyalty programs, and special offers to encourage customer actions, such as making purchases or attending events. A strong brand is built on providing a positive customer experience, which encompasses everything from the purchasing process to post-purchase support. Enhancing customer satisfaction can be achieved through efficient service, high-quality products, and personalized experiences powered by technology. Keeping up with trends, ensuring product quality, and utilizing social media effectively are essential for success. Ultimately, product differentiation and promotional marketing help businesses grow revenue, increase brand visibility, and retain their loyal customers. For Zhai Coffee, expanding the menu and implementing such differentiation strategies could greatly help in increasing both its brand recognition and customer retention.

Transaction Cost Economics (TCE) explains how buyers aim to minimize their Total Cost of Supply (TCS), which consists of three main components: purchase price, operational costs, and acquisition costs. The purchase price involves direct product costs, influenced by factors like discounts, competition, and logistics. Operational costs refer to the expenses associated with the buyer's core activities, such as research and development (R&D), manufacturing, and coordination. Acquisition costs pertain to the expenses related to the purchasing process, such as contracting and relationship-building costs. The characteristics of product bundles can influence these cost components. For instance, bundling products may lead to quantity discounts, although the discount may decrease as the volume increases. Furthermore, bundling could reduce competition, increase prices, and make products more attractive to suppliers due to limited capacity or expertise (Linthorst et al., 2008). Moreover, according to Wijaya and Kinder (2020), product bundling involves grouping two or more distinct products together, typically with one or more pricing options. This approach is effective in capturing customer attention, as consumers tend to favor bundled products over individual items. The success of bundling largely depends on pricing, appeal, accuracy, and the overall presentation of the package. Puadi et al. (2023) also highlight that brand image plays a significant role in purchase decisions, including in price bundling. The research found that price bundling not only influences consumer choices but also acts as a mediator between brand image and purchasing decisions. Therefore, by leveraging

marketing strategies and key factors in bundling products, Zhai Coffee can enhance its competitiveness in the market, helping the business sustain its position and attract more customers. By effectively implementing product bundling and aligning it with a strong brand image, Zhai Coffee can build customer loyalty, improve sales, and gain a competitive advantage in a crowded market.

Conclusion

In conclusion, the primary aim of this study was to identify the internal (strengths and weaknesses) and external (opportunities and threats) factors that influence the sustainability of an independent coffee shop. The key research question focused on identifying these factors, and with the successful answering of this question, the study's objectives were met. SWOT analysis was employed to assess the internal and external elements affecting Zhai Coffee, and the results were instrumental in developing strategies to improve the shop's sustainability. These strategies can be implemented or considered in the future, contingent on the coffee shop's financial health and cash flow. Ultimately, the study demonstrated that SWOT analysis is an effective tool for independent coffee shops aiming to stay sustainable in a competitive market. The findings also provide valuable insights for new entrepreneurs considering entering the specialty coffee shop industry.

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Conflict of interest

There is no conflict of interest involve with any parties in this research study.

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