

Navigating the Evolving Challenges in the Coffee Shop Industry: A Focus on Business Stages

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ABSTRACT

Coffee has long been woven into the fabric of Filipino culture, not just as a beverage but as a way of life. For centuries, it has been a staple in Filipino households and a significant source of livelihood for many local farmers. Across the archipelago, coffee is more than just a morning ritual—it is a symbol of community, hospitality, and tradition. In particular, the coffee shop business has seen remarkable growth, driven by changing consumer lifestyles, urbanization, and the increasing popularity of café culture. However, behind this booming industry lies a complex landscape of challenges that entrepreneurs must navigate. This research study aims to explore the intricate dynamics of the coffee shop business by examining the evolving challenges faced by entrepreneurs at various stages of business development—namely, initiation, planning, execution, and control. It seeks to understand how these challenges emerge and transform over time, and how entrepreneurs respond to them.

Keywords: Challenges, Competency, Entrepreneurs, Execution, Implementation, Initiation, Intervention, Planning...

1. INTRODUCTION:

Coffee is recognized as one of the most widely consumed beverages across the globe. Beyond its role as a daily stimulant, coffee has evolved into a cultural symbol, often associated with modernity and sophistication. According to Dinnar et al.¹, individuals perceive coffee drinking not merely as a habitual activity but as a fashionable lifestyle choice that reflects affluence and social status. Over time, the coffee industry has continuously introduced innovative methods of preparation, offering a wide array of flavors and formats. Consumers now enjoy coffee in both hot and cold variations, catering to diverse preferences².

The proliferation of coffee establishments in urban and rural areas alike has contributed to coffee becoming one of the most traded commodities worldwide. Following water and tea, coffee ranks as the third most consumed beverage globally, resulting in a consistently high demand for coffee beans³. One of the primary reasons for its popularity is the energizing effect of caffeine, which helps enhance alertness and reduce fatigue.

Brazil remains the world's leading coffee producer, having yielded approximately 63.4 million kilograms in 2020 alone. However, the United States holds the largest share of global coffee market revenue. The consumption of caffeine, including that found in coffee, is deeply rooted in ancient traditions. Historical accounts⁴ suggest that various cultures have utilized caffeine-containing plants for their stimulating properties, with all parts of these plants being used to combat tiredness and elevate mood⁵.

In addition to its stimulating effects, coffee has been linked to several health benefits. Research by Singh and Verma⁶ indicates that regular coffee consumption may

help mitigate the risks associated with chronic illnesses such as Parkinson's disease, diabetes mellitus, liver conditions like cirrhosis, and even breast cancer³.

The global coffee industry has experienced sustained growth in recent years and is projected to continue expanding. Countries such as the United States, China, Panama, Kenya, and Senegal are expected to see significant increases in coffee consumption, driven by the rapid emergence of coffee shops and evolving consumer preferences⁷. In 2018, U.S. consumers spent approximately \$74.2 billion on coffee, accounting for 1.6% of the country's GDP. European nations also dominate global coffee consumption, with The Netherlands leading at 260.4 liters per capita, followed by Finland, Canada, and Sweden⁸.

In Asia, Vietnam stands out as the top coffee producer and ranks second globally after Brazil. In 2020, Vietnam produced 29 million 60-kg bags of coffee, representing a 17.1% share of the global market³. Other Asian countries such as Indonesia and India also rank among the top ten producers, placing fourth and seventh, respectively.

Interestingly, Asia is emerging as a significant consumer market for coffee, despite its historical preference for tea. Coherent Market Insights⁸ that several Asian countries are rapidly increasing their coffee consumption. In 2020, Japan led the region with coffee sales amounting to \$34.45 billion, followed by China at \$14.25 billion and South Korea at \$12.6 billion. Indonesia, traditionally a major producer, has also become a leading consumer, surpassing South Korea. Neighboring countries like Malaysia and Singapore are quickly catching up, with Indonesia's coffee consumption estimated at \$69.7 million annually, based on average sales of 200 cups per outlet⁹.

Despite the promising outlook for the coffee shop industry, particularly in the Philippines, several challenges persist. These include low productivity, aging coffee trees, declining soil fertility, inadequate pest and disease control, limited technical expertise, insufficient post-harvest infrastructure, and restricted access to credit and markets. These issues affect not only coffee growers and processors but also entrepreneurs operating within the coffee shop sector.

For coffee shop owners, challenges arise at various stages of the business lifecycle—planning, implementation, and operations. These evolving challenges require strategic attention from stakeholders within the industry. Wahyuningsih et al.¹⁰ emphasized the significance of the coffee shop business as a distinct consumer segment, highlighting the need for a specialized management approach. Their framework suggests that coffee shop enterprises face unique challenges and therefore demand a tailored set of entrepreneurial competencies, distinct from those required in other market segments.

Navigating the evolving challenges of running a coffee shop business requires more than just passion for coffee—it demands a well-rounded set of entrepreneurial competencies. These competencies empower entrepreneurs to adapt, innovate, and thrive in a dynamic and competitive environment. As Frassetto et al.¹¹ describe, competency is the integration of various personal attributes, behaviors, knowledge, and skills that enable an individual to effectively respond to professional situations. In the context of coffee shop entrepreneurship, this means having the ability to make informed decisions, manage operations efficiently, and respond to market shifts with agility.

The Philippine Coffee Industry Roadmap (2021–2025) highlights the growing popularity of specialty coffee shops across the country, both local and international, signaling a strong and rising demand for coffee among Filipinos. Well-known brands such as Starbucks, Seattle's Best, Figaro, Bo's Coffee, The Coffee Bean and Tea Leaf, and The Highland Coffee have established a significant presence, with each brand averaging around 43 branches nationwide. Starbucks leads the pack, expanding from 190 stores in 2012 to 367 by 2020¹².

Despite the economic challenges brought on by the pandemic, the number of coffee shops in the Philippines continues to grow, particularly micro and small cafés that have sprung up in various communities. This trend reflects the resilience and profitability of the coffee shop business even in uncertain times.

In Region 2, the Cagayan Valley Coffee Industry benefits from the collaborative efforts of regional agencies working to support and strengthen the local coffee sector. As emphasized by Department of Agriculture Regional Technical Director Roberto Busania¹³, "We should remember that in every cup of excellent coffee you enjoy, are those hardworking coffee farmers who plant, grow, and nurture the quality of beans until they are processed, packaged, transported, and displayed in market stalls." This statement underscores the region's commitment to building a sustainable and globally competitive coffee industry.

Given coffee's status as one of the most heavily traded commodities worldwide, farmers in Region 2, like their counterparts across the globe, must invest in modern farming practices and adapt to climate change to ensure long-term sustainability. The high demand for coffee has also inspired many first-time entrepreneurs in the region's four provinces to open their own coffee shops. These businesses often rely on local coffee products and services, contributing to community development and economic growth.

However, like any other industry, the coffee sector faces a range of evolving challenges at every level. Coffee shops, especially those just starting out, must navigate various hurdles while striving to meet their goals and maintain their vision.

Entrepreneurship, as described by Shane and Venkataraman¹⁴ in their article "Promise of Entrepreneurship as a Field of Research", is the process of discovering, evaluating, and taking advantage of opportunities to create new products, services, or jobs. It revolves around the dynamic interaction between enterprising individuals and valuable opportunities. This interaction drives the processes of identifying and exploiting those opportunities¹⁵.

In today's business landscape, entrepreneurs face a wide range of complex challenges that go beyond traditional concerns. These include pressing social and environmental issues that significantly influence decision-making across industries¹⁶. Among these challenges are climate change, pollution, poverty, inequality, the disruption of conventional economies due to digital transformation, and global health crises like pandemics¹⁷.

These are not simple problems—they are what experts call "system-level wicked problems"¹⁸. They are deeply rooted, interconnected, and resistant to quick fixes. Addressing them requires a deep understanding and thoughtful strategies, especially during the critical phases of a business: initiation, planning, execution, and operations. Each decision made in these stages carries unpredictable consequences, making the entrepreneurial journey both challenging and complex.

This study aims to support coffee shop entrepreneurs in Region 2 by identifying the specific challenges they encounter during the different stages of business development—initiation, planning, execution, and control. Understanding these challenges will provide valuable baseline data and help pinpoint the entrepreneurial competencies needed to overcome them. Ultimately, this research seeks to empower entrepreneurs to succeed and thrive in the coffee shop industry.

Generally, the research explored the extent of the entrepreneurial challenges that evolved in the coffee shop business during the initiation, planning, execution and controlling stages, and get a deeper insight on what entrepreneurial competencies will address these challenges. The resulting crucial information was used to develop an entrepreneurial competency framework that would guide novice entrepreneurs into a successful coffee shop business. It sought to answer the extent of entrepreneurial challenges in the coffee shop business during the stages, namely, initiation, planning, execution,

and controlling. It also identified the interventions taken to address the entrepreneurial challenges along the four stages. The output is an entrepreneurial competency framework that would guide entrepreneurs in the coffee shop business.

Business Stages

Initiation Stage

Starting a business often begins with a spark—an idea or a moment of inspiration that motivates an entrepreneur to explore possibilities. This marks the initiation stage, where creativity and opportunity-seeking take center stage¹⁹. Also known as the discovery phase, this is when potential business opportunities are assessed, and the foundational needs of the venture are identified in preparation for planning.

However, this early stage is not without its challenges. One common issue is failing to identify the right opportunity or misjudging its potential²⁰. Another is misunderstanding what the business truly needs to succeed. Emotional resilience, managing uncertainty, handling technical complexities, and building meaningful long-term relationships are all crucial during this phase, as emphasized by Dinnar and Susskind²⁰.

These early decisions and reflections lay the groundwork for the business's future, making it essential for entrepreneurs to approach this stage with clarity, adaptability, and a strong support system.

Planning Stage

After the initial spark of inspiration and opportunity recognition, entrepreneurs move into the planning stage—a phase that involves structured thinking and the use of strategic tools to map out the next steps for the business²¹. This stage is critical for laying down a clear and systematic approach to guide future actions.

However, even the best plans can face obstacles. Common planning challenges include time constraints, insufficient funding, and technical issues. Time constraints refer to the limited window available to launch and stabilize the business. In the case of coffee shop owners, this often leads to rushed decisions, where entrepreneurs dive into the business without thoroughly assessing whether it fits the local market and environment. As Sarker²¹ points out, time limitations can significantly hinder effective planning.

Another major hurdle is inadequate financing. Many aspiring coffee shop owners struggle with securing enough capital to get their business off the ground. This often forces them to seek external funding sources with high interest rates, which can derail even the most well-thought-out plans²³.

Technical problems also pose serious challenges during the planning phase. These can range from hardware failures to software issues, such as system bugs or virus attacks. For entrepreneurs who lack technical expertise, these problems can be overwhelming. Sarker²¹ notes that such issues often lead to ineffective planning and poor execution, especially when entrepreneurs are unable to

leverage technology or manage the technical aspects of their business.

Execution Stage

Another critical phase where entrepreneurs often encounter challenges is the execution stage. In this study, the key issues identified during this phase include unaligned strategies, supplier-related problems, and customer concerns.

Unaligned strategies can disrupt the internal ecosystem of a business, leading to confusion and inconsistent actions across the organization. These misalignments often trigger a chain reaction of issues that affect overall performance. Addressing such challenges requires strong entrepreneurial competencies to realign goals and strategies effectively.

Supplier issues are another major concern. These are often unpredictable events that disrupt the relationship between coffee shop owners and their suppliers, threatening the stability of the supply chain. In this study, supplier issues are defined as disruptions that ripple through the entire supply chain, affecting operations at multiple levels²⁴. To mitigate these disruptions, businesses must adopt proactive and resilient strategies that can absorb external shocks and maintain supply continuity²⁵.

Customer issues also play a crucial role in the success or failure of a business. Since customers are the lifeblood of any enterprise, their satisfaction is paramount. In this study, customer issues refer to the powerful influence of word-of-mouth—where a single positive or negative experience shared by a customer can quickly spread and shape public perception of the business²⁶. This highlights the importance of consistently delivering quality service and maintaining strong customer relationships.

Controlling Stage

The controlling stage is the phase where managers or business owners monitor whether the objectives they set during planning are being effectively carried out and achieved. In this study, several challenges have been identified at this stage, including limited knowledge in market development, competition-related issues, and poor understanding of coffee shop management.

While promotion and innovation are key drivers of business success, a lack of market development knowledge can hinder growth. This refers to the failure to continuously innovate or adapt products to meet changing consumer preferences. Coffee shop owners must be aware of shifting trends, especially the transition from traditional business models to digital platforms. In this study, market development challenges are defined as the inability to gather and apply insights about the market, community, and business alliances to better understand customer preferences²⁷.

Competition issues arise when entrepreneurs fail to monitor and respond to competitors entering the market. Staying informed and agile is essential to maintaining a competitive edge²⁷.

Lastly, poor knowledge of coffee shop management can be a major barrier to long-term success. This includes a lack of understanding of the evolving coffee culture and the strategies needed to sustain growth in a competitive market²⁷. Without this knowledge, entrepreneurs may struggle to maintain customer interest and adapt to industry changes.

2. METHODS

This study adopted a mixed-method research design, combining both quantitative and qualitative approaches. While data from each method was collected and analyzed separately, the findings were interpreted together to provide a richer and more comprehensive understanding of the issues at hand. This approach allowed for a more nuanced exploration of the research topic, as it required careful integration of data collection, analysis, and interpretation techniques²⁸. By using triangulation, where one set of results is cross-validated with another, the study enhanced the depth of understanding and strengthened the validity of its conclusions²⁸.

For the qualitative aspect, a descriptive research design was used, involving interviews with novice entrepreneurs. These interviews aimed to uncover the evolving challenges they face in the coffee industry, with the goal of developing an entrepreneurial competency framework tailored to their needs.

The research was conducted in Region 2, specifically in the provinces of Cagayan, Isabela, Nueva Vizcaya, and Quirino. The province of Batanes was excluded due to accessibility limitations. Region 2 was chosen as the study site because of its growing coffee shop industry, which is gaining traction in the global market. The study aimed to explore the entrepreneurial competencies of established coffee shop owners in the region to help guide and support novice entrepreneurs.

Participants were purposively selected, with an initial minimum sample size of 10 respondents. However, following Patton's²⁸ recommendation to increase the sample size until data saturation is reached, the final number of participants was set at 26.

To be included in the study, respondents had to meet the following criteria:

They must be actively managing or owning a coffee shop business.

They must have been in the industry for at least one year.

A one-year operation was considered sufficient to classify a start-up as an established enterprise.

As Salkind²⁹ explains, inclusion criteria are predefined characteristics used to determine who qualifies to participate in a research study.

The distribution of respondents across the four provinces was as follows:

Province	Number of Respondents (coffee shop owners/managers)
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Cagayan (Tuguegarao City)	10
Isabela (Cauayan, Santiago, and Ilagan City)	13
Quirino	6
Nueva Vizcaya	7

All respondents were actively involved in managing their coffee shop businesses and were considered established entrepreneurs.

Coffee shops were selected based on these characteristics:

Located in major towns or cities

Employing at least three staff members

Independently owned (not franchised)

The study focused on interviewing the owners of these coffee shops, as they were best positioned to share insights on the challenges they encountered and the entrepreneurial competencies they applied to overcome them. The data gathered from these interviews served as the foundation for developing a competency framework aimed at supporting new and aspiring coffee shop entrepreneurs.

The instrument used for gathering data is a two-part, self-constructed survey questionnaire. The questionnaire was validated and tested for reliability. Part 1 of the questionnaire finds out the age, how long the coffee shop has existed, number of employees, the start-up capital, and the respondent's position in the business. Part 2 finds out how the evolved challenges of the coffee shops are addressed by the entrepreneurial competencies of the respondents. They are those who are engaged in leading the coffee shop business in the region and have been established entrepreneurs

In addition to the questionnaire, an interview guide consisting of open-ended questions was used to conduct interviews to determine how the challenges encountered by the entrepreneurs in the coffee shop business was addressed by the different entrepreneurial competencies. The guide contains essential questions and follow-up questions was added to clarify the context of the answers in order to ensure that the data reach the saturation point. According to Kabir³⁰, interviews are valuable since detailed questions may be asked; further probing can be done to provide rich data.

The reliability test was determined and validated by the reliable Business Management and Certified Public Accountant and PhD holders of Isabela State University. They have also their various research published both in Scopus and refereed journals.

The research analyzed two types of data, quantitative and qualitative. The quantitative data used inferential statistics to collect the data in the first part of the questionnaire. Measurement of central tendency, specifically mean and standard deviation, were computed for the data gathered in the second and third parts of the questionnaire.

Part 2 of the questionnaire was processed with the use of statistical measures of central tendency such as mean and standard deviation. These were ranked to identify the evolved challenges of the coffee shop business. On the other hand, thematic analysis and coding technique were utilized in the qualitative data analysis. The responses of the respondents in the study were transcribed. The transcribed data were then coded and analyzed according to themes. Glesne³¹ defined coding as “a progressive process of sorting and defining the collected data that are applicable to the research purpose. It consists of re-reading the transcripts and identifying recurring words, ideas, or patterns generated from the data. Also, Braun and Clarke³³ defined thematic analysis as a qualitative research method that can be widely used across a range of epistemologies and research questions. It is a method for identifying, analyzing, organizing, describing, and reporting themes found within a data set. Braun and Clarke³³ and King³⁴ argued that thematic analysis is a useful method for examining the perspectives of diverse research respondents, emphasizing similarities and differences, and generating unanticipated insights. Thematic analysis is also useful for summarizing key features of a large data set, as it forces the researcher to take a well-structured approach to handling data, helping to produce a clear and organized final report³⁴.

In addition, to make this study easy to understand, attract, and sustain the interest of readers, and efficiently present the data, tables and texts were used. According to In et al.³⁵, methods of data presentation was determined according to the data format, the method of analysis was used, and the information was emphasized. Inappropriately presented data fail to clearly convey information to readers and reviewers. Data which was gathered in questionnaire and the interview was presented in tables and explained in text. The tables showed systematic presentation of information, and the texts were served as the principal method for explaining the findings and providing contextual information.

3. RESULTS AND DISCUSSION

The following sections present the data gathered and the analyses and other processes that the data have gone through. The data will be shown according to the statement of the problem of the research.

This section of the study presents entrepreneurial challenges and the extent of entrepreneurial challenges that evolved in the coffee shop during the initiation stage, planning stage, execution stage and controlling stages in the four provinces of Cagayan Valley.

Starting up a coffee shop business is rife with challenges. The coffee shop industry is a competitive market, where they continually face various challenges to stay viable and profitable. Issues with product quality, service

consistency, and supply chain management are just a few of the obstacles that coffee shop owners often encounter. As a result, understanding these common problems can help individuals navigate through them and create a successful business venture³⁶.

The Evolution of Entrepreneurial Challenges in the Coffee Shop Business

Table 1 Stage When the Challenges Started

No.	Challenges	Initiation Stage		Planning Stage		Execution Stage		Control Stage	
		No.	Rank	No.	Rank	No.	Rank	No.	Rank
1	Unrecognized opportunities for the business,	13	1 st	4	3 rd	7	2 nd	2	4 th
2	Unidentified needs for the business during the initiation stage	8	2 nd	6	3 rd	9	1 st	3	4 th
3	Inability to manage time	10	1 st	7	2 nd	5	3	4	4 th
4	Inability to solve problems	7	3 rd	8	1 st	8	1 st	3	4 th
5	Inability to align strategies to accomplish goals.	12	1 st	4	3 rd	4	3 rd	6	2 nd
6	Inability to resolve suppliers' issues	11	1 st	8	2 nd	5	3 rd	3	4 th
7	Inability to resolve customers' issues.	9	1 st	8	2 nd	6	3 rd	3	4 th
8	Inability to improve knowledge in market development	7	2 nd	4	3 rd	14	1 st	1	4 th
9	Inability to solve competition issues.	6	3 rd	8	2 nd	10	1 st	2	4 th
10	Inability to improve knowledge in coffeeshop management	9	1 st	7	3 rd	9	1 st	1	4 th
	Total	92	1 st	64	3 rd	77	2 nd	28	4 th

Table 1 categorizes 10 common challenges faced by coffee shop entrepreneurs across four business stages, namely, initiation stage, planning stage, execution stage, and control stage. Each challenge is assessed based on the frequency or the number of times it was reported at each

stage, and rank or the relative importance or impact at that stage.

The initiation stage is considered the most critical stage, with a total of 90 respondents and a rank of 1st. This stage sees the highest concentration of challenges, indicating that many issues arise early in the business journey. Top challenges include unrecognized opportunities (13 reports, ranked 1st) and inability to align strategies with goals (12 reports, ranked 1st). Supplier and customer issues also emerge early, suggesting foundational relationship-building is crucial. This indicates that entrepreneurs often struggle with vision clarity, strategic alignment, and stakeholder engagement right from the start.

The execution stage is considered the second most challenging (Total: 77, Rank: 2nd). During actual operations, challenges shift toward practical management with the following as top challenges, unidentified business needs (9 reports, ranked 1st) and problem-solving and competition issues (8–10 reports, ranked 1st). Knowledge gaps in market development and coffee shop management also peak here. These results show that once the business is running, gaps in skills and market understanding become more apparent and impactful.

The planning stage is the next most challenging with a total respondents of 64 and ranked 3rd. This stage involves strategic preparation, and challenges are more moderate, problem-solving is the top issue (8 reports, ranked 1st) and time management and interpersonal issues are also notable. This means entrepreneurs may underestimate the complexity of planning, especially in aligning strategies and managing time effectively.

The least challenging stage among the four is the control stage (Total: 28, Rank: 4th). Challenges here are fewer, likely because this stage involves monitoring and adjustments rather than foundational decisions. Most challenges rank 4th in this stage, indicating lower frequency and impact. Once systems are in place, fewer new challenges arise, but ongoing refinement is still necessary.

The initiation stage is the most vulnerable period, where strategic missteps and overlooked opportunities can have lasting effects. The execution stage reveals operational weaknesses and knowledge gaps. The planning stage is often underestimated, leading to time and strategy misalignments. The control stage is relatively stable but still requires attention to detail.

Table 2 Stage When the Challenges Worsened

N o .	Challenges	Initia tion Stage		Plan ning Stag e		Exec ution Stag e		Contr ol Stage	
1	Unrecognized opportunities for the business,	10	1 st	9	2 nd	5	3 rd	2	4 th

2	Unidentified needs for the business during the initiation stage	9	2 nd	11	1 st	5	3 rd	1	4 th
3	Inability to manage time	12	1 st	8	2 nd	3	3 rd	3	3 rd
4	Inability to solve problems	15	1 st	7	2 nd	2	3 rd	1	3 rd
5	Inability to align strategies to accomplish goals.	8	2 nd	8	2 nd	9	1 st	1	3 rd
6	Inability to resolve suppliers' issues	13	1 st	5	3 rd	6	2 nd	2	4 th
7	Inability to resolve customers' issues.	10	1 st	8	2 nd	4	3 rd	4	3 rd
8	Inability to improve knowledge in market development	13	1 st	7	2 nd	4	3 rd	2	4 th
9	Inability to solve competition issues.	14	1 st	6	2 nd	3	3 rd	3	3 rd
10	Inability to improve knowledge in coffeshop management	9	1 st	7	2 nd	6	3 rd	4	4 th

This table complements the previous one by showing not when challenges first appeared, but when they became more severe or difficult to manage. It helps identify which stages are most vulnerable to escalation of problems. Again, the initiation stage is the most critical for worsening challenges. This stage shows the highest frequency of worsening challenges, with many ranked 1st in severity. The top challenges that worsened here include inability to solve problems (15 reports, 1st), inability to manage time (12 reports, 1st), supplier issues (13 reports, 1st), market development knowledge gaps (13 reports, 1st); and competition issues (14 reports, 1st). The results show that many foundational issues not only begin but also intensify during the initiation phase. This suggests that early-stage mismanagement or lack of preparation can quickly escalate if not addressed promptly.

The planning stage is the second most affected and the following challenges were identified as significantly worsened during this stage: unidentified business needs (11 reports, 1st); strategy alignment issues (8 reports, tied 2nd); and customer and time management issues also worsened here. The planning stage is where strategic clarity is crucial. If entrepreneurs fail to identify needs or align goals properly, it can lead to compounding issues later.

The execution stage has moderate worsening due to fewer challenges that became worse during this stage, but some still stand out, namely, strategy alignment (9 reports, 1st), supplier issues (6 reports, 2nd), and management knowledge gaps (6 reports, 3rd). Operational challenges tend to stabilize or become manageable if planning is done well. However, unresolved strategic or supplier issues can still escalate during this phase.

The control stage is the least affected because most challenges show minimal worsening here, with ranks of 3rd or 4th. This suggests that by the time businesses reach the control stage, they are better equipped to handle issues. The control stage benefits from accumulated experience and systems, making it less prone to worsening challenges.

The initiation stage is not only where most challenges begin but also where they tend to worsen the most. This highlights the importance of thorough preparation, training, and support during the early phase of business development. The planning stage is a critical pivot point—missteps here can exacerbate existing problems or create new ones. The execution and control Stages show fewer worsening challenges, suggesting that businesses become more resilient over time if early issues are addressed.

10	Inability to improve knowledge in coffeeshop management	4	4 th	7	2 nd	6	3 rd	9	1 st
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For resolved challenges, the control stage is the most effective for resolution. It shows the highest number of resolved challenges, with many ranked 1st, these are time management (11 reports, 1st), problem-solving (10 reports, 1st), customer issues (9 reports, 1st), competition issues (10 reports, 1st), and coffee shop management knowledge (9 reports, 1st). This stage benefits from accumulated experience, refined systems, and feedback loops. Entrepreneurs are better equipped to address earlier issues with more clarity and control.

The second most effective in challenge resolution is the execution stage. Several challenges were resolved during active operations, such as, unrecognized opportunities (8 reports, 1st), customer and supplier issues (8–9 reports, 1st), and market development knowledge (8 reports, 1st). This indicate that hands-on experience during execution allows entrepreneurs to directly confront and solve real-world problems, especially those related to customer service and market engagement.

In the planning stage, challenge resolution is moderate. Some strategic issues were addressed here, such as, strategy alignment (8 reports, 1st) and time management and supplier issues (5–7 reports, 2nd). This indicates that the planning stage is effective for resolving conceptual and strategic challenges, especially when entrepreneurs take time to reflect and adjust their approach.

Finally, as expected, the initiation stage is the least effective for challenge resolution. Only a few challenges were resolved at this stage, and most are ranked 3rd or 4th. These include problem-solving (1 report, 4th) and unrecognized opportunities (3 reports, 4th). This infers that the initiation stage is more about discovering problems than solving them. Entrepreneurs often lack the experience or resources to resolve issues early on.

The control stage emerges as the most effective phase for resolving challenges, likely due to improved systems, feedback mechanisms, and accumulated learning. The execution stage is also crucial, especially for resolving customer-facing and operational issues. Planning helps resolve strategic misalignments, but its effectiveness depends on how well the entrepreneur anticipates and prepares. Initiation is the least effective for resolution, reinforcing the need for mentorship, training, and support early in the business journey.

Challenges in the different stages of coffee shop business

Starting a coffee shop may sound exciting and promising, but it requires thorough preparation to ensure long-term success. Beyond branding, business registration, securing permits, and handling paperwork, entrepreneurs must anticipate potential challenges and develop strategies to address them early on.

Table 3 Stage When the Challenges were Resolved

No.	Challenges	Initiation Stage		Planning Stage		Execution Stage		Control Stage	
1	Unrecognized opportunities for the business	3	4 th	7	3 rd	8	1 st	8	1 st
2	Unidentified needs for the business during the initiation stage	2	4 th	5	3 rd	10	1 st	9	2 nd
3	Inability to manage time	5	2 nd	5	2 nd	5	2 nd	11	1 st
4	Inability to solve problems	1	4 th	6	3 rd	7	2 nd	10	1 st
5	Inability to align strategies to accomplish goals.	5	3 rd	8	1 st	5	3 rd	8	1 st
6	Inability to resolve suppliers' issues	4	4 th	7	2 nd	8	1 st	7	2 nd
7	Inability to resolve customers' issues.	4	3 rd	4	3 rd	9	1 st	9	1 st
8	Inability to improve knowledge in market development	6	3 rd	4	4 th	8	1 st	8	1 st
9	Inability to solve competition issues.	3	4 th	6	3 rd	7	2 nd	10	1 st

Running a coffee shop—whether at the start-up phase or during regular operations—comes with a variety of challenges. These include intense competition, menu planning, customer service, staff management, inventory control, pricing strategies, equipment needs, choosing the right location, building and maintaining a brand, financial management, growing the customer base, and retaining customer loyalty.

Before implementing solutions, it's essential to first identify and analyze these challenges. They should then be matched with the entrepreneur's existing competencies. If certain skills are lacking, a plan for developing those competencies should be put in place. Based on the responses from participants in this study, the following challenges were highlighted:

1. Manpower

Human resources are vital to the smooth operation of a coffee shop. Tasks such as brewing coffee, cleaning, washing dishes, and sourcing ingredients all require reliable staff. Many respondents, especially from Isabela, cited manpower as a major challenge. One entrepreneur shared the difficulty of finding employees who are committed and willing to stay long-term. Another mentioned that many hires lacked professionalism, making retention difficult. Training new staff also demands time, effort, and financial investment.

2. Location

Choosing the right location is crucial to a coffee shop's success. Most respondents emphasized the importance of selecting a trendy and accessible spot, especially to attract younger customers like millennials and Gen Z. One entrepreneur faced challenges after relocating, while another struggled to find a location with sufficient foot traffic.

3. Vendors/Suppliers

Managing vendor relationships is another common hurdle. Entrepreneurs need reliable suppliers who offer quality products at fair prices. Building strong relationships with vendors ensures consistent service and support. Key strategies include regular communication, negotiating favorable terms, and staying updated on new offerings. One participant noted the difficulty of finding trustworthy suppliers for essentials like equipment and high-quality coffee beans.

4. Technical Problems

Keeping up with technological advancements can be overwhelming. Entrepreneurs must leverage technology to enhance customer service, streamline operations, and boost efficiency. This includes online ordering systems, mobile payments, delivery services, and digital marketing. A respondent from Cagayan shared struggles with electrical and plumbing issues, while another expressed the need for a robust inventory system.

5. Customer Issues

Customer-related challenges vary by establishment but often include unclear brand identity, high expectations, and menu preferences. In Isabela, one entrepreneur

mentioned that customers demanded faster service, which was sometimes unreasonable. Meeting the evolving needs of today's coffee shop patrons is essential for success.

6. Competition

The coffee shop market is saturated, making it difficult for new businesses to stand out. Entrepreneurs must identify their target audience and offer something unique—or deliver existing offerings better than competitors. This could involve enhancing customer service, curating a distinctive menu, or adding features like games or books. One respondent noted that nearby cafés offered lower prices, making competition even tougher.

Interventions

To effectively address the common challenges faced by coffee shop entrepreneurs, it's essential to take a strategic and customer-centered approach. One of the first steps is to establish a clear identity for the café. This involves identifying the specific type of customers the business aims to attract—whether it's students, professionals, families, or coffee enthusiasts—and tailoring the brand experience to meet their expectations.

Understanding customer needs and staying responsive to their demands is crucial. Entrepreneurs can leverage technology to enhance customer service and streamline operations. For example, implementing mobile ordering systems, digital payment options, and customer feedback tools can significantly improve service efficiency and satisfaction.

Getting the menu right is another key factor. Offering a diverse selection of high-quality products at reasonable prices helps attract and retain customers. This requires conducting market research to understand local preferences, competitor offerings, and emerging trends. A well-curated menu that reflects the tastes of the target audience can set a coffee shop apart from others.

Exceptional customer service is non-negotiable. Hiring experienced staff and providing them with proper training ensures consistency in service delivery. Employees should be equipped not only with technical skills but also with interpersonal competencies to handle customer interactions professionally.

Operational efficiency also depends on having a robust inventory management system and a well-thought-out pricing strategy. These tools help maintain stock levels, reduce waste, and ensure profitability. Investing in quality equipment is equally important, as it affects both product consistency and customer experience.

Location plays a vital role in a coffee shop's visibility and accessibility. Entrepreneurs should choose sites that are easy to reach, have high foot traffic, and align with the lifestyle of their target market. A trendy, welcoming ambiance can further enhance the appeal of the location.

Effective human resource management is another pillar of success. This includes recruiting the right people, fostering a positive work culture, and implementing systems for performance evaluation and staff development.

Building a strong brand identity is essential for long-term growth. This involves consistent messaging, visual branding, and customer engagement across all touchpoints—from signage and packaging to social media and advertising.

On the financial side, entrepreneurs should prepare a contingency plan to manage unforeseen expenses. This ensures business continuity during unexpected events such as equipment breakdowns, supply chain disruptions, or economic downturns.

Marketing efforts should focus on attracting new customers through both traditional and digital channels. Social media campaigns, influencer partnerships, and community events can help build awareness and drive traffic to the café.

Finally, to retain existing customers, coffee shop owners can implement loyalty programs and promotions. These initiatives not only encourage repeat visits but also foster a sense of belonging and appreciation among patrons.

By aligning these strategies with the entrepreneurial competencies of the café owner—such as creativity, adaptability, leadership, and financial literacy—businesses can better navigate challenges and position themselves for sustainable success³¹.

The Entrepreneurial Framework for Business Challenges

An entrepreneurial framework for business challenges for a coffee shop business is developed by identifying the key competencies that are required for the success of the business. These competencies include personal competence, interpersonal competence, business competence, and other competencies that are specific to the coffee shop business.

The development of an entrepreneurial framework for a coffee shop business also considered the specific needs of the business. This included factors such as location, target market, competition, and other factors that may impact the success of the business. The main consideration, however, are the challenges that the coffee shop business experienced, how these escalated, and their resolution.

4. CONCLUSION

The fast-changing transformation of the digital world has also transformed several markets, including business trends. One of these trends is the coffee business. Additional competencies are needed by entrepreneurs to survive the changing world of the today's market. Entrepreneurial competencies identified as personal competency, interpersonal competency and business competency are a complex phenomenon that leads to and increases entrepreneurial success. The coffee shop industry has changed extensively, and the stages of this business have become inundated with challenges. This

research has investigated the way challenges has evolved in the different stages of the coffee industry and which of the stages are vulnerable to the specific challenges. It also showed which stage the challenges worsened and which one these are resolved.

The survey has shown that the selected set of respondents and respondents who satisfied the criteria set are mostly between the ages 18-24. Three quarters of the respondents are owners and only a quarter are managers or supervisors. This shows that the coffee shops involved are owned or manned by the younger generation. The results indicate a younger set of business enthusiasts in the coffee industry.

The interventions that can be used to meet the challenges of the coffee shop industry were also identified based on the challenges that were experienced and which stages they are most likely to worsen.

The results of the research show that the initiation stage is where challenges start and worsen. The control stage is where challenges get resolved. The other stages were less vulnerable to challenges and are also not prone for challenges to be resolved.

The interventions are set in the research, and these are: establish an identity for their establishments by identifying the type of customers they want to attract; keep up with customer demands by using technology to improve customer service and streamline operations; offering a variety of high-quality products at a reasonable price; conduct market research to identify target audience and competition; create a menu that is unique and caters to their target audience; provide excellent customer service and hire experienced employees and provide them with proper training; Implement an inventory management system and pricing strategy as well as invest in quality equipment; choose a location that is easily accessible and visible; develop an effective human resource management plan; create a strong brand identity; create a financial contingency plan for unforeseen expenses; market their coffee shop to attract new customers; and offer loyalty programs and promotions to retain existing customers.

5. RECOMMENDATIONS

The study recommends that start-ups for a coffee shop business is a specialized task which will require specific business competencies. The output of this research is a big help to guide new entrepreneurs in the business. It is therefore recommended that this be used. It is also recommended that risk management be at the most active in the initiation stage because this is the most vulnerable stage in business.

Additional studies should be conducted with regards to different areas of the industry, such as the competencies needed to manage the full supply chain itself. Additional research is recommended in the value chain challenges within the same four stages of the coffee industry

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