

# Successful Marketing Strategies of Madurai Café Entrepreneurs

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## ABSTRACT:

Cafes have become an indispensable part of urban culture. Café chains in India are currently expanding more quickly than quick-service restaurants (QSR) because younger consumers more frequently choose to hang out in cafes despite expensive menu prices reported The Economic Times (2023). However, not all Cafe's are successful. According to a survey, around 62% of independent Café's shuts down within the first five years of opening, while 17% close within the first 12 months (Bronwyn Linkhorn 2023). Proper investment in marketing strategies and creating a strong brand will reap a lot of benefits for the cafes, starting from designing of their product variety, fixing price, finding the right location, targeted promotional efforts, training employees and much more (Adeleke. Abi 2019). A study was conducted among cafe entrepreneurs in Madurai. The study follows descriptive research design to understand the marketing strategies followed by the café entrepreneurs in Madurai, and an interview schedule was adopted to collect data from the study participants. The study reveals that 77% actively promote their cafes, only 40% dive into daily data analysis, 48% are keen on waste management to save costs, 80% still stick to paper menus. Recommendations were provided based on the findings, and researchers helped three entrepreneurs to introduce a digital menu in their café.

**Keywords:** Marketing challenges, Entrepreneurs, Café

## INTRODUCTION:

A cafe is a type of establishment where beverages, typically coffee, tea, and other hot or cold drinks, are served along with light snacks or meals. Cafes often provide a relaxed and cozy atmosphere for customers to socialize, work, or simply enjoy their beverages and food. The success of a cafe is dependent not only on the excellence of its food and beverages but also on the efficacy of its marketing strategies.

Marketing Mix is the set of controllable variables that the firm can use to influence the buyer's response". This strategy comprises 7 p's namely product, price, place, promotion, process, people, and physical evidence.

- Product is "anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, personalities, places, organizations, and ideas encompassing not only tangible goods but also intangible offerings such as dietary options, variety of products, unique selling proposition, organic ingredients, packaging material, and packaging difficulty and
- Price is "the amount of money charged for a product or service or the sum of the values that consumers exchange for the benefits of having or using the product or service." The pricing strategies used in the

businesses need to take into account not only their costs but also the style and their target market.

- Place is "the process of making the product available to the consumer in the right quantity, at the right time, and in the right place." This component includes competition in-store location, strategies to beat competition, location pointers, and expansion that helps the businesses to reach more potential customers.
- Promotion is "the activities that communicate the merits of the product and persuade target customers to buy it." This involves the mode of promotion used, promotion in online platforms, data analysis from social media, frequency of data analysis, usage of sales promotion, and selling products in online apps. These effective promotional strategies can provide more revenue to the businesses.
- "People" refer to individuals who engage in marketing activities and interact with customers. This component includes Training Programs and Performance Evaluations conducted for the employees.
- "Process" refers to various marketing systems or processes in which the company creates value propositions and products. This involves Greeting Customers, Usage of a Digital Menu, Feedback from Customers for Services, and Feedback for payment options
- "Physical Evidence" refers to the place and atmosphere where customers buy or use the product. This involves the Cleanliness of the store, the Type of Menu Cards, and Playing Music in the store.

## REVIEW OF LITERATURE:

- Mohamed Bilal Basha, Abdul Ghafar, Mariam Abdulrahman Alzarooni, Haitham M. Alzoubi, Taher M. Ghazal, Muhammad Turki Alshurideh (2023) conducted a study 'Entrepreneurial Marketing Strategy and Customer Loyalty : An Empirical Evidence from coffee shops'. The findings reveal that all the variables (Pricing strategy, Behavioral strategy, Promotion strategy, Product strategy, and Locality/Area characteristics) significantly impact the consumer's positive attitude towards the entrepreneurs and business performance.
- Herfin Andiansyah Pamungkas, Natalia Desi Puspitasari, Putri Yaqin Zainiah, Fahriza Nurseha, Aliyatus, Nurul Qomariah (2023) conducted a study 'Marketing mix strategy to Increase sales Volume in Cafe Business'. The Findings revealed that the marketing mix which consists of product, price, location, and promotion, has a positive impact on the sales volume of Café Tiba Tiba Nangkring Bondowoso.
- Retno Dewi Safitri, Rahayu, M. Syamusul Hidayat (2023) conducted a study 'The Influence Of Marketing Mix(7Ps) On Purchasing Decisions At Estusae Café Trawas -Mojokerto'. The study revealed that the results obtained confirm acceptance of H<sub>a</sub>, indicating that all seven independent variables (7P) jointly or simultaneously influence the dependent variable, Estusae Cafe Trawas Purchasing Decision. Additionally, the correlation coefficient (R Square) is 0.648, suggesting that collectively, the 7P variables influence 65% of Estusae Cafe Trawas' Purchasing Decision and also the 7P marketing strategy holds significant importance in influencing consumer purchasing behavior. Such findings carry broader academic implication.
- Ateta E et al (2021) conducted a study on "The relation analysis of marketing mix and customer purchase of coffee in malabar mountain cafe in bogor city". The research findings emphasize the significance of the product and price in shaping consumer purchasing decisions for coffee at Malabar Mountain Café. The promotional mix is identified as an area that could be improved to further boost consumer engagement and encourage purchases.
- Fauzia Agustini, Khafi Puddin, Sabda Dian Nurani Siahaan (2022) conducted a study "Analysis of

Strategy Promotion word of Mouth (WOM) in Cafe Family Jermal Medan”.The findings reveals that the respondents stated that they received information about the cafe family Jermal from people they knew. The increase in sales levels and the increase in the number of consumers at the cafe family Jermal indicate that the word of mouth promotion strategy has been running effectively. Consumers who have come to the cafe convey to people they know information about the cafe. This shows that the success of word of mouth is closely related to consumer satisfaction.

## OBJECTIVES:

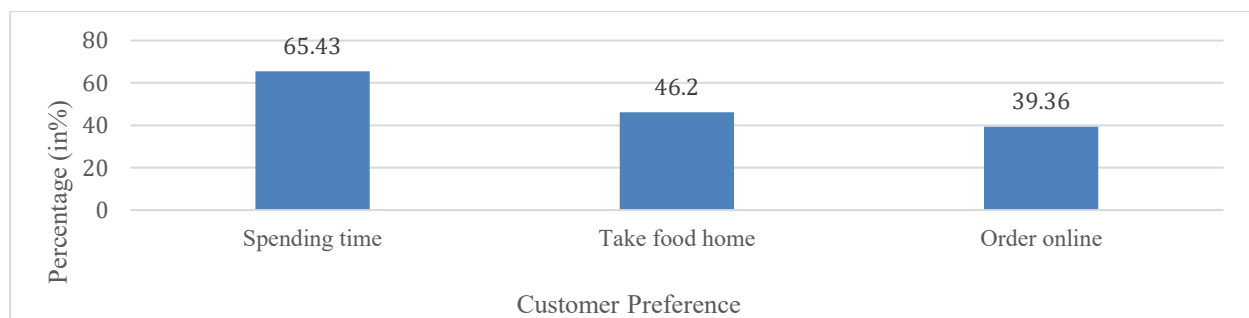
- To identify the key factors influencing consumer preferences and decision-making processes.
- To understand the use of different marketing strategies in promoting café.

## RESEARCH METHOD:

The research design used in this study is Descriptive research. The sample size of the study is 30 cafe entrepreneurs in Madurai city. Cafes are chosen based on the convenience of the researchers so the researchers have used a convenience sampling technique. This study follows an Interview Schedule method in which a set of questions were prepared and a face-to-face interaction with 30 Café entrepreneurs in Madurai city was held. The questionnaire contains a list of questions with both open-ended questions and closed-ended questions. This questionnaire includes the socio-demographic profile and the 7 dimensions of the marketing mix (Product, place, price, promotion, people, process, and physical evidence). Data is presented in the form of one-way tables, bar diagrams and descriptive statistics, like the percentage method and the Garrett ranking technique were used in the study.

## RESULTS AND DISCUSSION:

**Table No.1: CUSTOMER REASONS TO VISIT A CAFÉ**



The above diagram shows that spending time and eating at the café is ranked 1 with a mean score of 65.43, indicating it is the most preferred reason for customers to visit the café. This is followed by ordering in person and taking the food home, which is ranked 2 with a mean score of 46.2. Lastly, ordering online is ranked 3 with a mean score of 39.36. This indicates that while dining at the café is the most favoured option, takeout and online ordering are also significant preferences among customers.

**Table No. 1: DIETARY OPTIONS OFFERED BY CAFE**

DIETARY OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Veg	30	50

Non-veg	21	35
Gluten-free	4	7
Vegan	5	8
<b>Total</b>	60	100

The above table shows that 50% of the cafés offer vegetarian food options, 35% offer non-vegetarian food options, 7% provide gluten-free options, and 8% cater to a vegan diet. This indicates a diverse range of dietary choices, with a slight majority focusing on vegetarian offerings.

**Table No. 2: USAGE OF ORGANIC INGREDIENTS IN CAFE**

ORGANIC INGREDIENTS	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Yes	13	43
No	17	57
<b>Total</b>	30	100

The above table shows that 43% of cafés use organic ingredients, while 57% do not use organic ingredients for the food and beverages they offer. This indicates that, with a slight majority of cafés not using organic ingredients, the sample is fairly balanced in terms of this criterion. The distribution suggests a relatively equal representation of both categories, indicating that the data is not substantially skewed toward either group.

**Table No. 3: PRICING TECHNIQUE FOLLOWED BY CAFE**

PRICING TECHNIQUES	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Cost plus pricing	23	56
Market – based pricing	11	27
Competitive Pricing	5	12
Demand-oriented pricing	2	5
<b>Total</b>	41	100

Note: respondents followed multiple pricing techniques

The above table shows that 56% of cafés use the cost-plus pricing technique, 27% of cafés use the market-based pricing technique, 12% of cafés use the competitive pricing technique, and 5% of cafés use the demand-oriented pricing technique. Additionally, 93% of cafés are satisfied with their pricing techniques. Hence, it is concluded that the majority of cafés prefer the cost-plus pricing technique and are generally satisfied with their pricing strategies.

**Table No. 4.20: COST REDUCTION TECHNIQUE ADOPTED BY CAFÉ**

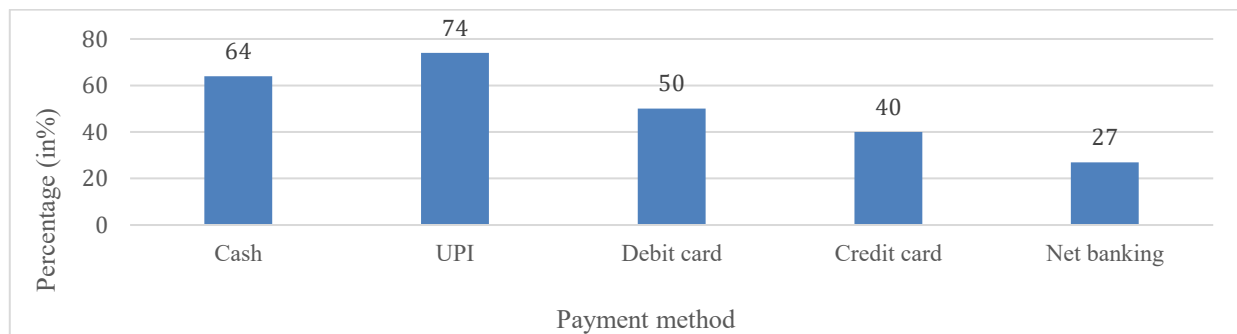
COST REDUCTION	NUMBER OF RESPONDENTS	PERCENTAGE
Direct material	13	29
Direct labor	5	11
Utilities	3	7
Rent and maintenance	2	4

Waste Management	21	48
<b>Total</b>	44	100

Note: respondents followed multiple cost-reduction strategies

The above table shows that 29% of the cafés wish to reduce direct material costs, 11% of the cafés aim to reduce direct labor costs, 7% of the cafés plan to reduce utility costs, 4% of the cafés intend to reduce rent and maintenance costs, and 48% of the cafés focus on waste management to reduce costs. Hence, it is concluded that the majority of cafés are prioritizing waste management as their primary cost-reduction strategy.

**Table No. 4.21 GARRATT RANKING FOR PAYMENT METHOD**



The above diagram shows that UPI is the most preferred mode of payment, ranked 1 with a mean score of 74.66. Cash is the second most preferred mode, ranked 2 with a mean score of 64.33, followed by debit cards, ranked 3 with a mean score of 49.66. Credit cards are ranked 4 with a mean score of 40.66, and net banking is the least preferred, ranked 5 with a mean score of 27.66. These findings suggest that UPI is the most popular payment mode among users, while net banking lags behind. This indicates a shift towards digital and instant payment methods, emphasizing the growing adoption of UPI as a preferred choice.

**Table No. 4.22 ADVANTAGES OF LOCATION ENJOYED BY CAFE**

LOCATION ADVANTAGE	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Yes	18	60
No	12	40
<b>Total</b>	30	100

The above table shows that 60% of the respondents stated that their café locations are advantageous to them, while 40% indicated that their locations are not advantageous. This suggests that a majority of respondents view their café locations positively, although a significant proportion feels otherwise. The distribution indicates that opinions are somewhat divided but lean toward a favorable perception of location advantage.

**Table No 4.23 COMPETITION FACED BY CAFÉ ENTREPRENEURS**

COMPETITION	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Yes	10	34
No	20	67

<b>Total</b>	30	100
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The table indicates that 34% of the respondents reported facing competition in their location, while 67% stated that they are not experiencing competition. This suggests that the majority of respondents do not perceive significant competition in their area, with a smaller proportion acknowledging its presence.

**Table No 4.29 MODE OF PROMOTION**

<b>PROMOTION</b>	<b>NUMBER OF RESPONDENTS</b>	<b>PERCENTAGE (in %)</b>
Online	13	56
Online and Offline	10	44
Total	23	100

**Source: Primary data**

Note: only 76.67% of the sample are promoting their café.

The above table reveals that, among 30 respondents, 56% favored online promotions, while 44% preferred a combination of both online and offline promotions. This indicates a stronger preference for online promotions, though a significant portion of respondents still value the integration of both methods.

**Table No. 4.31 DATA ANALYSIS FROM SOCIAL MEDIA**

<b>ANALYSE DATA</b>	<b>NUMBER OF RESPONDENTS</b>	<b>PERCENTAGE (in %)</b>
Yes	20	87
No	3	13
Total	23	100

**Source: Primary Data**

Note: only 76.67% of the sample are promoting their café.

The above table shows that 87% of the respondents analyze the data they acquire from social media, while 13% do not. This suggests that the majority of respondents recognize the importance of analyzing social media data, while a smaller proportion do not engage in this practice.

**Table No. 4.34 OFFLINE PLATFORM**

<b>OFFLINE PLATFORM</b>	<b>NUMBER OF RESPONDENTS</b>	<b>PERCENTAGE (in %)</b>
Billboards	3	12
Pamphlets	6	24
Posters	7	28
Events	6	24

Prints ad	3	12
<b>Total</b>	25	100

**Source: Primary Data**

The above table shows that posters are the most preferred offline advertising platform, with 28% of respondents selecting them. Events and pamphlets follow closely behind, each garnering 24% of preferences. Billboards and print ads are less popular, each attracting 12% of respondents. This distribution highlights the greater favorability towards posters and events/pamphlets compared to other offline advertising methods.

**Table 4.35 USAGE OF SALES PROMOTION**

USAGE OF SALES PROMOTION	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Yes	20	66
No	10	33
<b>Total</b>	30	100

**Source: Primary Data**

The above table indicates that, out of 30 respondents, 66% expressed a positive response toward sales promotions, while 33% declined. This suggests that a significant majority of respondents favor the use of sales promotions, whereas a smaller proportion does not support them.

**Table No. 4.39 DISCOUNT ON FOOD DELIVERY APPS**

DISCOUNTS OFFERED	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Yes	22	73
No	8	27
<b>Total</b>	30	100

**Source: Primary Data**

The above table shows that, out of the respondents, 73% of cafés offer discounts on food delivery apps, while 27% do not. This highlights that most cafés leverage discounts as a promotional tool on these platforms, with a smaller proportion opting not to provide such incentives.

**Tables No. 4.40 NO. OF EMPLOYEES**

NO. OF EMPLOYEES	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Less than 5	14	47
5 -10	14	47
More than 10	2	6



<b>Total</b>	30	100
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**Source: Primary Data**

The above table shows that 47% of the respondents have fewer than 5 employees, while another 47% employ between 5 and 10 people. Only 3% of respondents have between 10 and 15 employees, and an equal 3% have more than 15 employees. This suggests that the majority of respondents operate with smaller teams, with very few businesses employing larger workforces.

**Tables No 4.43 CHALLENGE IN MANAGING STAFF TURNOVER**

<b>CHALLENGE IN MANAGING STAFF TURNOVER</b>	<b>NUMBER OF RESPONDENTS</b>	<b>PERCENTAGE (in %)</b>
Offering competitive prices	18	60
Providing growth opportunities	5	17
Regularly assessing and improving working conditions	7	23
<b>Total</b>	30	100

**Source: Primary Data**

The above table shows that 60% of the respondents believe that offering competitive prices is the most effective way to manage staff turnover. Meanwhile, 17% prioritize regularly assessing and improving working conditions, and 23% see providing growth opportunities as the best approach. Additionally, 83% of the respondents offer incentives to their employees, while 17% do not provide any incentives. This indicates that competitive pricing and employee incentives are the primary strategies for managing staff turnover among the majority of respondents.

**Table No 4.47 DIGITAL MENU**

<b>DIGITAL MENU</b>	<b>NUMBER OF RESPONDENTS</b>	<b>PERCENTAGE (in%)</b>
Yes	6	20
No	24	80
<b>Total</b>	30	100

**Source: Primary Data**

The above table shows that 20% of cafés offer a digital menu to their customers, while 80% do not provide this option. This suggests that the majority of cafés have not yet adopted digital menus, with a smaller proportion incorporating this feature into their service offering.

**Table 4.51 CLEANLINESS**

<b>CLEANLINESS</b>	<b>NUMBER OF RESPONDENTS</b>	<b>PERCENTAGE (in%)</b>
Yes	30	100
No	0	0



<b>Total</b>	30	100
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**Source: Primary Data**

The above table shows that 100% of the cafés maintain the cleanliness of their premises. This indicates that all surveyed cafés prioritize hygiene and cleanliness as a key aspect of their operations.

**Table 4.53 CUTLERY ON TABLE**

PROVIDING CUTLERY ON TABLE	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Yes	9	30
No	21	70
<b>Total</b>	30	100

**Source: Primary Data**

The above table shows that 30% of cafés provide cutlery on the table, while 70% do not. This indicates that the majority of cafés do not offer cutlery directly on the table, with a smaller proportion choosing to provide it in this manner.

**Table No. 4.54 TYPE OF MENU CARDS**

MENU CARDS	NUMBER OF RESPONDENTS	PERCENTAGE (in %)
Paper menu	29	80
Digital menu	2	6
QR code menu	4	11
Online menu	1	3
<b>Total</b>	36	100

**Source: Primary Data**

The above table illustrates that 80% of cafés use paper menu cards, making them the most widely adopted option. In contrast, 6% of cafés opt for digital menu cards, while 11% use QR code menu cards, and only

1% provide online menu cards. This highlights a clear preference for traditional paper menus, with digital and QR code alternatives gaining modest traction.

**Table 4.56 PLAYING MUSIC**

PLAYING MUSIC	NUMBER RESPONDENTS	OF PERCENTAGE (in %)
Yes	26	87
No	4	13
<b>Total</b>	30	100

**Source: Primary Data**

The above table shows that 87% of cafés play music, contributing to the ambiance, while 13% do not offer music in their establishment. This suggests that most cafés consider music an important element of their atmosphere, with a smaller number opting for a quieter environment.

## SUGGESTIONS:

- **Product:** 57% of café do not use organic ingredients for the food and beverage they offer. The cafes can bring in some food options with organic ingredients as there is expected growth in the Café market in India and the health concern of the people is also increasing.
- **Price:** 27% of café entrepreneurs are not satisfied with their pricing techniques, and they need to understand the various target market and positioning strategy to find the right technique for themselves. So it is suggested that cost plus pricing can be adopted since may cafes are already using it and are satisfied with it.
- **Place:** 10% of the cafes has said that they're facing competition in their location, so it is suggested that the cafés use unique marketing strategies to stand out from their competitors in the location.
- **Promotion:** Only 20% of the cafés in madurai are promoting their cafes and a lot of cafes like Leda café, jade are having their own USPs, and they don't promote those so cafés can regularly promote through social media and which can increase their sales rapidly.
- **People:** 60% of the cafe entrepreneurs are using competitive pricing as their strategy to reduce labour turn over and they also said that its an effective method, Café can follow this strategy.
- **Process:** It is suggested to install clear signage and menu boards to create easy navigation and ordering. Digital menu cards can be introduced along with paper menus as only 6% of the cafes are using digital menu. It is also suggested to install QR codes for easy online payments.
- **Physical Evidence:** The entrepreneurs are suggested to focus on factors like lighting, music, and decor to create an inviting and appealing atmosphere for the customers.

**OUTCOME OF THE STUDY:**

80% of the cafes do not use a digital menu because they are not very conscious of it. The researchers gave suggestions to all the 30 cafe entrepreneurs to upgrade to a digital menu and 10 entrepreneurs showed interest in building a digital and researchers were able to help three entrepreneurs to build their own digital menu. This is very beneficial for entrepreneurs as they need not change their menu often and it is very easy to upgrade their menu.

**CONCLUSION:**

Marketing strategies are very important for any business to sustain in this competitive environment. The competition in the cafe industry is increasing each year with a lot of new entrants into the market. This study reveals that entrepreneurs are trying to force new marketing strategies to increase the profitability of the business. We extend our gratitude to all those who were directly or indirectly involved in this study. Special thanks to Ms. Dhanushri S, Ms. Ifrah Rabiya A, Ms. Jeniluva Elizabeth M, Ms. Nithishree S.P, Ms. Pavithra Devi K, Ms. Sneha D, Ms. Sneha M and Ms. Sree Subhashini N S for their invaluable contribution.

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