

MARKET ANALYSIS OF FRESH & HONEST'S BUSINESS MODEL COFFEE MAKER RENTALS AND COFFEE BEAN SALES

Roshan M¹, Dr. Kabirdoss Devi*²

II MBA Department of Management Studies, School of Management Studies,

Vels Institute of Science Technology and Advanced Studies (VISTAS), Pallavaram, Chennai¹

Associate Professor, Department of Management Studies, School of Management Studies,

Vels Institute of Science Technology and Advanced Studies (VISTAS), Pallavaram, Chennai²

*Corresponding Author

Abstract: This study oversees the business model of Fresh & Honest, a premium coffee solution provider specializing in coffee machine rentals and coffee bean sales to high-end clients such as 5-star and 7-star hotels, luxury resorts, and corporate offices. The study focuses on understanding how bundling coffee machines with coffee bean supply impacts customer loyalty and retention compared to offering them separately. While existing research in the coffee industry discusses customer loyalty, there is limited insight into the effectiveness of bundling products in a B2B context. This research fills that gap by analyzing how such bundling strategies influence purchasing decisions and long-term partnerships.

The project uses a census-based primary data collection method, targeting existing customers of Fresh & Honest. Data was collected using structured questionnaires comprising multiple-choice, Likert scale, ranking, and open-ended questions. These questions were specifically designed to assess customer satisfaction, machine usage frequency, perceived value, and likelihood of contract renewal when coffee beans and machines are offered as a bundle.

The research design is descriptive in nature, aiming to observe and analyze current client behavior and attitudes. Data analysis tools such as ANOVA, correlation, and regression were used to examine relationships between product bundling and customer retention metrics.

A key case study addresses the issue of underutilized coffee machines at client locations. After identifying challenges like poor machine placement, lack of staff training, and minimal promotional support, a comprehensive implementation plan was developed. The strategic repositioning of machines, combined with targeted engagement initiatives, led to a significant increase in usage and client satisfaction.

This study offers actionable insights for B2B product bundling strategies, underlining the importance of integrated service models to drive loyalty and improve business outcomes.

Keywords: Customer Loyalty, Customer Retention, B2B Marketing, Coffee Machine Rentals, Coffee Bean Sales, Descriptive Research Design, Census-Based Data Collection, Client Satisfaction.

I.INTRODUCTION

In today's competitive B2B landscape, delivering not just products but comprehensive solutions has become a critical strategy for sustaining long-term client relationships. The coffee industry, especially in the premium segment, is witnessing a shift from simple product transactions to value-added service models. One such example is Fresh & Honest, a leading premium coffee solution provider in India, known for offering a unique combination of coffee maker rentals and high-quality coffee bean sales to clients such as 5-star and 7-star hotels, luxury resorts, upscale cafes, and corporate offices.

This business model aligns with the growing demand among businesses for hassle-free, all-in-one solutions that ensure quality, convenience, and cost-efficiency. By bundling coffee machines with a steady supply of beans, Fresh & Honest aims to enhance customer satisfaction, increase usage frequency, and foster loyalty.

However, while this bundling strategy may seem intuitively beneficial, there is limited empirical research evaluating its actual impact on customer loyalty, retention, and purchasing decisions in the B2B context.

This study seeks to bridge that gap by conducting a market analysis of Fresh & Honest's bundled service model. Through structured data collection and statistical analysis, the project will explore how various elements—such as pricing, brand awareness, service quality, and bundling formats—contribute to client perceptions and long-term engagement. Special attention is given to identifying operational challenges, such as underutilization of machines, and providing strategic recommendations to improve adoption and satisfaction rates.

By understanding these dynamics, the research aims to provide actionable insights not only for Fresh & Honest but also for other premium service providers seeking to refine their B2B marketing and retention strategies.

Research Problem

In the B2B coffee solutions market, customer retention and loyalty are critical success factors, especially when catering to premium clients such as luxury hotels, resorts, and corporate offices. While there is substantial research on consumer loyalty in B2C markets, there is a noticeable gap in empirical evidence on how product bundling strategies—specifically bundling coffee machines with coffee bean supplies—impact loyalty in a B2B setting. Fresh & Honest, a leading premium coffee solution provider, employs such a bundling model, yet its effectiveness in driving customer satisfaction and retention remains underexplored.

Objectives

- Analyze the impact of coffee maker rentals and coffee bean sales on customer purchase decisions and long-term business relationships.
- To examine how pricing of coffee machines and beans influences consumer demand and profitability.
- To evaluate the role of brand awareness in customer acquisition and retention.
- To assess the effect of product quality and customer service on customer satisfaction.
- To explore how rental and subscription models contribute to customer loyalty and contract renewals.

Research Questions

1. Does bundling coffee machines with bean supply positively influence customer retention?
2. How does pricing affect the perceived value and purchase decisions of clients?
3. Is there a significant relationship between service quality and customer satisfaction?
4. Do clients prefer bundled offerings over standalone products?

Hypotheses

H1: Whether integrated offerings result in longer client relationships compared to standalone services.

H2: The cost factor directly impacts how customers perceive the value of the bundled service and their likelihood to purchase.

H3: This examines whether high-quality customer service and product performance drive satisfaction among B2B clients.

H4: This investigates whether customers perceive more value, convenience, or efficiency in bundled services compared to separate offerings.

Significance of the Study

This study is significant because it provides actionable insights for firms operating in the B2B service sector, especially those dealing in premium, recurring-use products. By understanding the effect of bundling on customer behavior, companies like Fresh & Honest can refine their business strategies to enhance retention, maximize revenue, and build long-term partnerships with high-value clients.

II. LITERATURE REVIEW

The coffee industry has seen a growing interest in rental-based and value-driven models, with several studies exploring various aspects of coffee machine rentals, coffee bean sales, and marketing strategies. Frans Sudirjo (2023) investigates the coffee machine rental market in Bandung City, identifying factors like cost-efficiency, convenience, and flexibility as key drivers of demand. He highlights challenges such as pricing, customer acquisition, and maintenance, emphasizing the need for strategic planning to ensure long-term success. Complementing this, Elias Abebe (2019) focuses on coffee bean sales, analyzing production costs, demand, pricing, and trade regulations. His study also evaluates the profitability of private processing firms and identifies barriers like supply chain inefficiencies and regulatory hurdles.

Similarly, Mustamir Sultan and Ahmad Ramadhan Siregar (2024) use SWOT analysis to determine effective marketing strategies for coffee bean sales at Kapakata Coffee Roasters. Their findings stress the importance of brand awareness, customer engagement, and adapting to market trends. Charles C. Manz and Karen P. Manz (2023) take a broader ethical view, arguing that businesses must balance profit with social and environmental sustainability. They emphasize that ethical sourcing, eco-friendly practices, and community well-being are essential for building brand loyalty and long-term industry resilience. Further exploring market dynamics, Dadang Suratman and Cristian Helmy Rumayar (2024) examine the role of coffee tourism in promoting bean sales in West Java. Their research shows that direct interaction between tourists and producers boosts sales, marketing visibility, and supports smallholder farmers. Finally, Mohammed Al-Mahish and Reem Alfayadh (2024) analyze the pricing of specialty coffee beans, identifying quality, origin, and processing as crucial factors influencing value.

RESEARCH GAP

How consumer loyalty and retention change when coffee beans and machines are offered together vs separately. Many studies talk about customer loyalty in the coffee business, but few look at how selling coffee beans and machines together affects loyalty and retention. Most research focuses on selling them separately. It is still unclear if bundling them helps keep customers for longer. More research is needed to understand the best way to sell these products for strong customer loyalty.

III. RESEARCH METHODOLOGY

Research Design

Descriptive

ive Research Design

Sampling Technique

Census Sampling Technique

Data Analysis Tools

To analyze the collected data, the study will use:

- ANOVA (analysis of variance)
- Chi – Square Test
- Correlation Analysis
- Regression Analysis
- Critical factor analysis

Tools used

Software: SPSS

Statistical Techniques: Correlation, ANOVA, Regression

Ethical Considerations

All participants provided informed consent. Responses were anonymous and confidential.

IV. RESULTS

A moderate positive correlation with Customer Motivation for Bundled Products (CMBP) ($r = 0.330$, $p < 0.05$), suggesting that pricing strategies can influence customer preferences for bundled offerings. All other correlations with PP are weak or statistically insignificant, indicating pricing may not directly affect perceptions in other areas like brand preference or loyalty. A moderate positive correlation with Customer Retention and Loyalty (CRL) ($r = 0.337$, $p < 0.05$), highlighting the importance of long-term engagement and value in securing repeat customers. Weak or non-significant correlations with other variables, suggesting a more targeted effect of LRF specifically on retention. Moderately correlated with Customer Motivation for Bundled Products (CMBP) ($r = 0.379$, $p < 0.01$), indicating that a strong brand image can positively influence customer interest in bundled offerings. This supports the role of brand reputation in shaping purchase behavior. Significant positive relationships with both BGFN and PP, reinforcing that both brand reputation and attractive pricing drive customer interest in bundled solutions. Significantly correlated with LRF ($r = 0.337$, $p < 0.05$), underscoring the role of relationship building strategies in promoting long-term customer engagement. All other correlations with CRL are weak or statistically insignificant. Weak or negligible correlations with all other variables, suggesting it may not be a central influencer in customer decision-making in this dataset.

Correlation Analysis

	BP	PP	LRF	BGFN	CMBP	CRL
Pearson Correlation	1	-.012	.144	.070	.164	.117
Sig. (2-tailed)		.934	.317	.630	.255	.419
N	50	49	50	50	50	50
Pearson Correlation	-.012	1	-.103	.140	.330*	-.070
Sig. (2-tailed)	.934		.481	.336	.020	.633
N	49	49	49	49	49	49
Pearson Correlation	.144	-.103	1	-.096	.070	.337*
Sig. (2-tailed)	.317	.481		.509	.630	.017
N	50	49	50	50	50	50
Pearson Correlation	.070	.140	-.096	1	.379**	.159
Sig. (2-tailed)	.630	.336	.509		.007	.271
N	50	49	50	50	50	50
Pearson Correlation	.164	.330*	.070	.379**	1	.224
Sig. (2-tailed)	.255	.020	.630	.007		.118
N	50	49	50	50	50	50
Pearson Correlation	.117	-.070	.337*	.159	.224	1
Sig. (2-tailed)	.419	.633	.017	.271	.118	
N	50	49	50	50	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

V.FINDINGS

Strategic pricing plays an important role in shaping customer preferences for bundled offerings. When products and services are priced attractively as part of a package, it increases the perceived value for the customer, making them more likely to opt for the bundle. This suggests that customers are motivated not just by the individual price of a product but by the overall value they receive when multiple related items are combined.

Furthermore, building long-term relationships with customers—through consistent support, personalized service, and reliable follow-up—has a strong impact on fostering loyalty. When customers feel valued and experience trust and satisfaction over time, they are more likely to remain committed to the brand, making repeat purchases and continuing their association with the company.

Additionally, a well-established brand image and familiarity with the brand significantly enhance customer motivation to engage with bundled products. When a brand is recognized for its quality, consistency, and credibility, customers are more confident in their purchasing decisions. This trust in the brand positively influences their willingness to invest in bundled solutions, as they associate the offering with reliability and value.

Altogether, these findings emphasize that while pricing is important, the real drivers of customer motivation and retention lie in long-term relationship management and strong brand positioning. Companies that focus on these areas are more likely to succeed in attracting and keeping loyal customers, especially in competitive, premium markets.

Comparison with Previous Studies

These findings are consistent with Frans Sudirjo (2023), who emphasized customer needs and convenience as key motivators for renting coffee machines. The result aligns with Mustamir Sultan & Ahmad Ramadhan Siregar (2024), who found that brand strength and market strategy directly influence coffee bean sales. Similarly, Mohammed Al-Mahish & Reem Alfayadh (2024) highlighted that product quality, pricing, and market demand are interrelated and influence perceived value—an observation mirrored in the current study.

However, unlike Elias Abebe (2019), who found that pricing plays a pivotal role across all sales factors, our results suggest pricing alone may not significantly affect brand preference or loyalty unless combined with other elements like relationship management and branding.

VI.RECOMMENDATION

This study contributes to the existing literature by validating the multidimensional impact of bundling strategies on consumer behavior in the premium coffee equipment market. Theoretically, it supports the bundling and customer retention frameworks, emphasizing that value perception is not built on pricing alone but also on relationship quality and brand equity.

VII.LIMITATIONS

- The sample size (n = 50) is relatively small, which may limit the generalizability of the findings.
- The data was cross-sectional, capturing a snapshot rather than long-term behavioral changes.
- The study relies on self-reported survey responses, which may introduce social desirability or response bias.
- The sample was focused on premium segment clients (e.g., hotels, offices), which may not reflect behaviors in mass-market contexts.

VIII.FUTURE RESEARCH DIRECTIONS

- Conduct a longitudinal study to assess changes in loyalty and behavior over time.
- Expand the sample to include a wider range of customer types such as small businesses or cafes.
- Investigate the impact of personalized bundling options and dynamic pricing on loyalty.
- Examine the role of digital platforms in supporting bundled offerings and customer service.

IX.CONCLUSION

This study explored the influence of bundling coffee machines with bean supply on customer preferences, retention, and loyalty, with a focus on high-end clients. The analysis showed that while pricing does influence motivation for bundled products, it is relationship management and brand reputation that play more substantial roles in driving long-term customer engagement.

The primary objective—to analyze the impact of coffee maker rentals and coffee bean sales on customer purchase decisions and market growth—was successfully met. The secondary objectives relating to pricing, brand awareness, service quality, and subscription models were also addressed through empirical analysis.

The findings underscore the importance of multi-faceted bundling strategies, where pricing, trust, and brand identity work together to create customer value. These insights offer practical guidance to firms like Fresh & Honest, enabling them to design offerings that not only attract but also retain premium clientele in a competitive market.

REFERENCES

- [1]. Abebe, E. (2019). Factors affecting coffee bean sales and profitability
- [2]. Al-Mahish, M., & Alfayadh, R. (2024). Pricing dynamics in specialty coffee markets: A buyer and producer perspective
- [3]. Manz, C. C., & Manz, K. P. (2023). Sustainability and profitability in the global coffee industry.
- [4]. Sudirjo, F. (2023). Market strategies for coffee machine rental businesses in Bandung City.
- [5]. Sultan, M., & Siregar, A. R. (2024). Marketing strategy development for coffee beans: A SWOT analysis approach.
- [6]. Suratman, D., & Rumayar, C. H. (2024). The impact of coffee tourism on local coffee bean sales in West Java.