

Enhancing SME Café Sustainability through Inventory Management and Customer Retention Strategies: A SULAM Case Study

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ABSTRACT

This study examines how inventory management and customer retention strategies can enhance the sustainability of an SME café through a SULAM case study. The study adopts a qualitative case study approach using secondary data from a SULAM business advisory project involving a local food and beverage SME café in Johor, Malaysia. To protect confidentiality, the business is referred to as Café A. The study is guided by the Resource-Based View, which explains how internal resources and capabilities contribute to business sustainability. The findings reveal two main challenges faced by Café A. First, limited storage capacity and reliance on frequent small-quantity procurement increase operating costs, transportation expenses, inventory shortage risks, and exposure to price fluctuations. Second, the absence of a structured customer retention and feedback system limits the café's ability to monitor customer satisfaction, understand customer preferences, and encourage repeat visits. The study finds that practical and low-cost strategies, such as acquiring additional freezer capacity, implementing bulk purchasing, using stock cards, introducing loyalty cards, adopting WhatsApp Business, and collecting feedback through Google Forms, can strengthen operational efficiency and customer engagement. The study also demonstrates that SULAM can serve as a meaningful platform for connecting academic learning with real SME problem-solving. Overall, this research highlights that SME café sustainability can be improved by strengthening basic internal resources and applying practical strategies suited to small business limitations.

Keywords: Customer retention, Inventory management, Resource-Based View, SME café sustainability, SULAM case study.

INTRODUCTION

Small and medium enterprises (SMEs) play an important role in supporting local economic growth, employment opportunities, and community development (Enaifoghe & Ramsuraj, 2023; Mokoena, 2019). In Malaysia, food and beverage SMEs, particularly cafés, have become increasingly competitive as customer preferences continue to change (Halid et al., 2026; Jais & Gani, 2024). Customers today do not only expect good food and reasonable prices. They also value service quality, convenience, consistency, customer engagement, and a memorable dining experience. As a result, SME cafés must manage both internal operations and customer relationships effectively in order to remain sustainable (Taiwo et al., 2012).

However, many SME cafés face practical business challenges due to limited resources, informal management systems, and dependence on manual daily operations (Mohamad et al., 2025). Inventory management is one of the key areas that can affect business sustainability (Carpitella & Izquierdo, 2025). Poor inventory planning may lead to stock shortages, wastage, higher purchasing costs, and inconsistent product availability (Alsoussi &

Tahboub, 2025). For cafés that rely on fresh ingredients, the challenge becomes more significant because they must balance freshness with cost efficiency. Without proper storage capacity and stock monitoring, cafés may need to purchase ingredients frequently in small quantities, which can increase transportation costs, staff workload, and exposure to price changes (Lugina & Myamba, 2025).

Customer retention is another important factor in SME café sustainability (Lamsal, 2025). In a competitive food and beverage market, businesses cannot depend only on walk-in customers or one-time purchases. They need to encourage repeat visits, build customer loyalty, and collect feedback to understand customer satisfaction and preferences. Simple tools such as loyalty cards, WhatsApp Business, and digital feedback forms can help small cafés engage customers more effectively without requiring high implementation costs (Azionya & Mashigo, 2025; Hoq, 2025). These strategies allow SMEs to strengthen customer relationships while improving service quality based on customer responses.

In the case examined in this study, two main issues were identified. The first issue relates to cost sensitivity and inadequate storage capacity. The café relies heavily on daily procurement of raw materials because of limited freezer and storage space. This practice restricts the café's ability to purchase in bulk, increases repeated transportation costs, and exposes the business to sudden price changes. During peak demand, especially on weekends, the café may face stock shortages, last-minute purchases, and higher operational pressure. At the same time, over-purchasing without proper storage may increase the risk of wastage. These conditions affect cost control, menu consistency, staff efficiency, and customer satisfaction. Therefore, inventory management becomes a central concern in sustaining the café's daily operations and long-term profitability.

The second issue concerns the lack of a structured customer retention and feedback system. Although the café has informal customer engagement efforts, its reservation, loyalty tracking, and feedback collection processes are still handled manually. This limits the business's ability to systematically understand customer preferences, monitor satisfaction, and encourage repeat purchases. In a café market where customers have many alternatives, weak customer retention may lead to unstable sales and higher dependence on new customers. Without proper feedback mechanisms, the café may also miss important information about service delays, menu preferences, staff performance, and customer expectations. Addressing this issue is important because customer loyalty and feedback are not only marketing tools, but also sources of business intelligence for improving service quality and competitiveness.

This study focuses on an SME café involved in a Service-Learning Malaysia, University for Society (SULAM) project. The SULAM approach allows students to apply classroom knowledge to real business situations while contributing practical recommendations to the community (Abdull Rahman et al., 2025; Mohamad et al., 2024). Through this case study, students examined the café's business challenges and proposed strategies related to inventory management and customer retention. The case provides a useful context for understanding how academic learning, community engagement, and business advisory activities can support SME sustainability.

The significance of this study lies in its practical and educational contributions. From a business perspective, the study highlights how simple, low-cost strategies such as storage improvement, bulk purchasing, stock cards, loyalty cards, WhatsApp Business, and digital feedback forms can help SME cafés improve operational efficiency and customer engagement. These recommendations are realistic for small businesses because they do not require complex technology or large financial investment. From an academic perspective, this study demonstrates the value of SULAM as an experiential learning platform that connects theory with real business practice. It shows how students can use classroom concepts such as inventory management, cost control, customer relationship management, and business sustainability to diagnose actual SME problems and propose practical solutions. Therefore, the study benefits SME owners, students, educators, and future researchers interested in community-based business advisory projects.

Therefore, this research aims to examine the inventory management and customer retention challenges faced by an SME café, analyse the proposed strategies for improving operational efficiency, customer engagement, and cost control, and evaluate how a SULAM case study approach contributes to practical business problem-solving

for SME café sustainability. This study is expected to provide insights into how low-cost and practical business strategies can help SME cafés improve their operations, retain customers, and sustain long-term growth.

LITERATURE REVIEW

SME Café Sustainability

SME sustainability refers to the ability of a small or medium enterprise to maintain its operations, remain competitive, control costs, satisfy customers, and continue growing over time (Litvaj et al., 2023; Purcidonio et al., 2020). In the food and beverage sector, sustainability depends not only on financial performance but also on operational efficiency, service quality, product consistency, customer loyalty, and the ability to respond to changing market conditions (Akanmu et al., 2023; Dressler & Paunović, 2020). For SME cafés, these factors are especially important because they usually operate with limited capital, limited manpower, and less formalised management systems compared to larger restaurant chains.

The Malaysian food and beverage SME sector faces strong pressure to remain sustainable because customer expectations continue to increase. Customers expect fresh food, reasonable prices, fast service, clean premises, friendly staff, and engaging customer experiences. At the same time, food and beverage SMEs are exposed to rising raw material costs, intense competition, changing consumer trends, and operational disruptions. Recent research on Malaysian food and beverage SMEs shows that sustainable development is influenced by factors such as innovation capability, technology capability, organisational culture, sustainability orientation, and government support (Saad et al., 2024). This suggests that SME sustainability is not achieved through one factor alone. It requires businesses to strengthen both internal operations and external customer relationships.

In the context of this study, SME café sustainability is examined through two main areas: inventory management and customer retention (Nomleni et al., 2025; Robinson et al., 2024). These two areas are closely connected to business survival. Poor inventory management may increase cost, create stock shortages, reduce menu availability, and affect customer satisfaction (Atnafu & Balda, 2018; Karamshetty et al., 2022). Weak customer retention may cause unstable revenue, dependence on new customers, and limited understanding of customer preferences. Therefore, improving inventory control and customer engagement can support long-term café sustainability (Riswanto et al., 2024).

The SULAM case study used in this research shows that the selected SME café experienced two major business issues. The first issue was cost sensitivity and inadequate storage capacity, which limited the café's ability to purchase ingredients in bulk and increased dependence on frequent daily procurement. The second issue was the lack of a structured customer retention and feedback system, which limited the café's ability to track customer satisfaction and encourage repeat visits. These issues are practical and common among SMEs because many small businesses rely on informal systems rather than structured operational tools.

Inventory Management in SMEs

Inventory management is a critical business function because it ensures that the right quantity of materials is available at the right time and at a reasonable cost (Munyaka & Yadavalli, 2022; Oluwaseyi et al., 2017). For food and beverage SMEs, inventory management is more complex because many ingredients are perishable and must be managed carefully to avoid spoilage, wastage, or shortages. A café must balance two competing needs: keeping enough stock to meet customer demand and avoiding excessive stock that may expire or increase holding costs.

Previous studies show that inventory management practices influence SME performance. A systematic review on inventory management and SME performance highlights that technical, technological, and behavioural know-how can affect inventory practices and, ultimately, business performance (Panigrahi et al., 2024). Another study on inventory management practices and SME operational performance argues that inventory practices are linked to operational performance from a supply chain perspective (Panigrahi et al. (b), 2024). These findings support

the argument that inventory management is not only a back-end administrative activity. It directly affects cost efficiency, service reliability, and business competitiveness.

For small cafés, weak inventory management may occur because of limited storage space, manual records, unpredictable demand, supplier dependency, and lack of forecasting. When a café cannot store sufficient raw materials, it may need to purchase ingredients frequently in small quantities (Chevallier-Chantepie & Batt, 2021; Hang, 2024). This may increase transportation cost, staff workload, and exposure to market price changes. It may also lead to emergency purchases when demand suddenly increases (Ahmed et al., 2021; Karim et al., 2018). In the SULAM case study, the café's limited storage capacity caused frequent procurement and increased the risk of shortages, wastage, and higher operating costs.

A practical inventory strategy for SMEs does not always require complex technology. Simple tools such as stock cards, Google Sheets, minimum stock levels, and basic demand tracking can improve visibility over stock movement (Hassan et al., 2025). These tools help owners and employees monitor stock usage, identify low inventory levels, reduce over-purchasing, and plan procurement more effectively (Stanger et al., 2012). In the case study, the proposed use of a Google Sheet-based stock card was intended to reduce reliance on one individual, improve transparency, and support better inventory monitoring.

Bulk purchasing is another relevant strategy (Masudin et al., 2018; Wallin et al., 2006). When storage capacity is sufficient, SMEs may purchase key ingredients in larger quantities to reduce unit costs, transportation costs, and repeated ordering (Mostofa, 2024; Wambui, 2010). However, bulk purchasing must be supported by proper storage and stock monitoring. Without these controls, it may increase wastage. In this case, bulk purchasing was recommended for high-demand ingredients because the café could reduce purchasing trips and obtain cost savings. The project estimated yearly savings from bulk purchasing of selected ingredients, showing that inventory decisions can directly affect financial performance.

Customer Retention and Feedback Systems

Customer retention refers to a business's ability to encourage existing customers to continue purchasing its products or services (Hawkins & Hoon, 2019; Ranaweera & Prabhu, 2003). For SME cafés, customer retention is important because repeat customers provide more stable revenue and reduce dependence on attracting new customers every day. In a competitive café market, customers can easily switch to other cafés if they experience poor service, inconsistent food quality, long waiting times, or weak engagement.

Customer loyalty is especially valuable for small businesses because loyal customers do more than repeat purchases (Khan, 2013). They may also recommend the business to others, share positive reviews, and support the business during competitive periods. A recent systematic review on consumer loyalty in micro, small, and medium enterprises states that loyalty contributes to long-term business success because loyal customers make repeat purchases and often spread positive experiences through word-of-mouth and online reviews (Ananda et al., 2024). This is highly relevant to cafés because food and beverage decisions are often influenced by recommendations, reviews, and social media exposure.

Customer retention is closely linked to customer relationship management (CRM) (Boadu, 2019; Verhoef, 2003). CRM involves collecting, organising, and using customer information to improve engagement, satisfaction, and loyalty (Arora et al., 2021). For SMEs, CRM does not necessarily require expensive software. It may involve simple practices such as loyalty cards, customer databases, WhatsApp Business, feedback forms, birthday rewards, and personalised communication. Literature on CRM in SMEs suggests that CRM can improve customer engagement, loyalty, competitiveness, and overall business performance, especially when SMEs face resource constraints (Andriansyah & Susanto, 2025).

In the SULAM case study, the café already had informal customer engagement practices, but its retention and feedback processes were not structured. Reservations, feedback collection, and loyalty tracking were handled manually, which limited the café's ability to understand customer preferences and monitor satisfaction

consistently. This creates a business risk because customer information remains scattered and difficult to analyse. Without proper feedback, the café may not know whether customers are dissatisfied with waiting time, food quality, staff friendliness, menu variety, or pricing.

Simple customer retention tools can address this issue. A stamp-based loyalty card can encourage repeat visits by rewarding customers after a certain number of purchases (Berman, 2006; Hajdukiewicz, 2016). WhatsApp Business can centralise customer communication, display menu information, and reduce repeated enquiries (Jannah, 2023). Google Forms can collect structured feedback through a QR code, allowing customers to share their views on food quality, service time, staff friendliness, and overall experience. These tools are suitable for SMEs because they are low-cost, easy to implement, and familiar to both customers and staff.

Customer feedback also supports continuous improvement (Koval et al., 2018). When feedback is collected systematically, the café can identify recurring problems and adjust its operations. For example, if customers frequently complain about waiting time, the café can review staffing, kitchen workflow, or order preparation. If customers show strong preference for certain menu items, the café can focus promotion and inventory planning around those items. Therefore, feedback systems contribute not only to marketing but also to operational decision-making.

Resource-Based View Theory

This study is underpinned by the Resource-Based View (RBV) (Barney, 1991). RBV explains that a firm's internal resources and capabilities can become sources of competitive advantage when they are valuable, rare, difficult to imitate, and not easily substituted. Barney's classic work argues that firms achieve sustained competitive advantage when they control strategic resources that competitors cannot easily copy or replace.

RBV is suitable for this study because the research focuses on how an SME café can improve sustainability by strengthening internal resources and capabilities. In this context, resources are not limited to money or physical assets (Edin, 2001; Moore, 1992). They also include storage capacity, inventory records, procurement practices, staff knowledge, supplier relationships, customer relationships, feedback systems, and simple digital tools (Collins et al., 2010; Scuotto et al., 2017). These resources may appear basic, but they can strongly influence the café's ability to control costs, maintain product availability, satisfy customers, and compete in the local market.

The café's inventory issue can be explained using RBV. Limited storage capacity weakens the café's resource base because it restricts the ability to purchase in bulk, maintain buffer stock, and manage demand fluctuations. Manual inventory monitoring also limits the café's capability to track stock accurately. Therefore, recommendations such as acquiring an additional freezer, using bulk purchasing, and implementing a stock card system can be viewed as resource-enhancing strategies. These strategies improve the café's operational capability and may strengthen its cost control and service consistency.

The customer retention issue can also be explained through RBV (Hawkins & Hoon, 2019). Customer relationships, loyalty, and feedback data are intangible resources. They help the business understand customers, encourage repeat visits, and improve service quality. When customer retention is handled informally, the café cannot fully use customer information as a strategic resource. Therefore, loyalty cards, WhatsApp Business, and Google Forms can strengthen the café's relational resources by making customer engagement more systematic and measurable.

RBV also fits the sustainability focus of the paper. SME sustainability depends on the business's ability to convert limited resources into practical capabilities. Larger businesses may use expensive systems, advanced CRM software, or automated inventory platforms. However, SME cafés often need affordable and realistic solutions. RBV allows this study to argue that even simple resources, when properly organised and used, can improve business performance. A stock card, freezer, loyalty card, and feedback form may not be rare individually, but their effective integration into daily operations can create practical value for a small café.

Application of RBV to the Study

Based on RBV, this study views inventory management and customer retention as internal capabilities that support SME café sustainability. The café's sustainability problem is not only caused by external competition or changing customer trends. It is also caused by internal resource constraints, particularly limited storage, frequent procurement, manual stock control, and unstructured customer engagement.

The proposed strategies in the SULAM project can be interpreted as efforts to strengthen the café's internal resource base. Storage expansion improves physical resources. Bulk purchasing improves procurement capability. Stock cards improve information and monitoring capability. Loyalty cards improve customer relationship capability. WhatsApp Business improves communication capability. Google Forms improve feedback and customer insight capability. Together, these strategies support cost control, operational efficiency, customer satisfaction, and repeat purchases.

Therefore, the literature suggests that SME café sustainability can be enhanced when internal resources are managed more strategically. Inventory management helps the café control costs and maintain product availability, while customer retention strategies help the café build stable demand and better understand customer needs. RBV provides a strong theoretical lens because it explains how these internal improvements can contribute to long-term competitiveness and sustainability.

Research Method

This study employed a qualitative case study design to examine how inventory management and customer retention strategies can enhance the sustainability of an SME café. A qualitative approach was considered appropriate because the study sought to understand business issues in their actual organisational context rather than measure statistical relationships (Jean Lee, 1992; Antwi, & Hamza, 2015). The case study method also allowed the researcher to analyse the operational conditions, customer engagement practices, and proposed improvement strategies of a specific SME café in depth. Since the study was developed from a SULAM business advisory project, the case provided a practical setting in which classroom knowledge, community engagement, and business problem-solving were connected.

The case organisation was a local food and beverage SME café operating in Johor, Malaysia. The café was selected because it reflected common characteristics of small food and beverage enterprises, including limited resources, manual operating systems, dependence on daily procurement, and informal customer relationship practices. The business also operated in a competitive café market and served a mixed customer segment consisting of families, young adults, students, working adults, and local community members. These features made the case suitable for examining SME café sustainability through the lenses of operational efficiency and customer retention.

To protect the confidentiality of the case organisation, the café is referred to as "Café A" throughout this study. The actual business name, owner's name, exact location, brand visuals, social media details, and other identifiable information were omitted or generalised. This anonymisation process was necessary because the study discusses internal business issues, including storage limitations, procurement practices, customer feedback systems, and operational constraints. Although the business identity was protected, the core business context and issues were retained to ensure the academic value and relevance of the case analysis.

The study relied on secondary data obtained from the SULAM business advisory report prepared by students. The report contained detailed information on the café's background, business strategy, market segmentation, critical success factors, social capital, PESTEL analysis, Porter's Five Forces analysis, SWOT analysis, value chain analysis, identified business issues, cost comparisons, and proposed recommendations. The report also included information gathered through student engagement with the business owner, observation of business practices, and analysis of operational challenges during the SULAM project. Therefore, the report provided a

sufficient basis for examining the relationship between inventory management, customer retention, and SME café sustainability.

The analysis focused on two main issues identified in the SULAM report. The first issue concerned cost sensitivity and inadequate storage capacity. Café A depended heavily on frequent procurement because its storage capacity was limited, which restricted its ability to purchase ingredients in bulk. This condition increased transportation costs, exposed the business to price fluctuations, and created a risk of inventory shortages during peak demand. The second issue concerned the lack of a structured customer retention and feedback system. Although the café had informal customer engagement practices, reservation handling, loyalty tracking, and feedback collection were mostly conducted manually. This limited the café's ability to understand customer preferences, monitor satisfaction, and encourage repeat purchases in a systematic way.

Data were analysed using thematic analysis. Thematic analysis was suitable because it enabled the researcher to identify recurring patterns within the case materials and organise them according to the study's research objectives. The process began with repeated reading of the SULAM report to understand the café's business background and the nature of the problems identified. The data were then coded according to relevant themes, including storage capacity, daily procurement, cost control, stock monitoring, customer loyalty, feedback collection, customer communication, and SME sustainability. These codes were subsequently grouped into broader analytical themes related to inventory management challenges, customer retention challenges, proposed improvement strategies, and expected sustainability outcomes.

The interpretation of findings was guided by the Resource-Based View (RBV). RBV was used as the theoretical lens because it explains how internal resources and capabilities can support competitive advantage and long-term sustainability. In this study, the café's storage capacity, procurement practices, stock monitoring system, customer relationships, feedback mechanisms, and communication tools were treated as internal resources. The identified problems were interpreted as resource constraints that weakened the café's operational efficiency and customer relationship management. Conversely, the proposed recommendations, including acquiring additional freezer capacity, implementing bulk purchasing, using stock cards, introducing loyalty cards, adopting WhatsApp Business, and collecting feedback through Google Forms, were analysed as resource-enhancing strategies.

The use of RBV allowed the study to move beyond a descriptive discussion of business problems. Instead of viewing limited storage and weak customer retention merely as operational weaknesses, the study interpreted them as gaps in the café's internal resource base. Improved storage capacity could strengthen physical resources, while stock cards and bulk purchasing could improve inventory control capability. Similarly, loyalty cards, WhatsApp Business, and digital feedback forms could strengthen relational and informational resources by helping the café communicate with customers, collect feedback, and encourage repeat visits. Through this theoretical lens, SME café sustainability was understood as the outcome of more effective use of available resources and practical capability development.

The scope of the study was limited to one SME café involved in a SULAM business advisory project. The study concentrated specifically on inventory management and customer retention because these areas were directly linked to the research title and objectives. Other aspects of the business, such as branding, human resource management, financial reporting, and broader marketing strategy, were not examined in detail except where they supported the discussion of inventory or customer engagement. The study also analysed proposed strategies rather than actual post-implementation results. Therefore, the findings represent the potential contribution of the recommendations to SME sustainability, rather than measured long-term business outcomes.

Ethical considerations were addressed through the anonymisation of the case organisation and the careful presentation of business issues. The study did not disclose the real name of the café, the owner, the exact location, or identifiable brand elements. The discussion was framed constructively and focused on business improvement rather than criticism of the owner, employees, or existing practices. Since the study was based on a SULAM

advisory project, the research approach respected the community-engagement purpose of the project by presenting the café as a learning case and as an example of practical SME development.

FINDINGS

The findings of this study reveal that Café A's sustainability is mainly influenced by two interrelated areas: inventory management capability and customer retention capability. Although the café has strong market potential, a clear customer segment, and a differentiated product offering, its long-term sustainability depends on whether it can strengthen its internal operational systems and customer engagement practices. The case indicates that the café operates in the growth stage of the business life cycle, supported by increasing market demand, active product development, and opportunities for future branch expansion. However, the business still relies heavily on manual systems in procurement, stock monitoring, reservation handling, and customer feedback collection, which limits its ability to scale efficiently.

The first major finding concerns the café's inventory management constraints. Café A places strong emphasis on product freshness by purchasing raw materials daily and conducting manual stock checks. This approach supports food quality, but it also creates operational inefficiency because the café depends on frequent small-quantity purchases. The SULAM report shows that limited storage capacity prevents the café from purchasing ingredients in bulk, which increases purchasing frequency, labour involvement, and transportation costs. During weekdays, demand is relatively stable, yet the café still needs to purchase ingredients frequently because of limited storage space. During weekends, demand becomes higher and less predictable, creating greater pressure on inventory planning and increasing the possibility of emergency restocking, stock shortages, or wastage if ingredients are over-purchased.

This finding suggests that the café's inventory issue is not simply a matter of purchasing practice. It reflects a deeper resource constraint. The existing freezer and storage facilities are insufficient to support better procurement planning. As a result, the café is unable to maintain an adequate buffer stock for high-demand ingredients. The report explains that the current freezers are already fully utilised and are not systematically organised, with different ingredients stored together due to space limitations. This reduces storage efficiency and increases reliance on daily suppliers. From the Resource-Based View perspective, inadequate storage capacity weakens the café's physical resource base and limits its ability to convert procurement activities into cost-saving advantages.

The second finding shows that limited inventory capacity increases cost sensitivity. Because the café cannot purchase in larger quantities, it is more exposed to prevailing market prices and supplier fluctuations. When shortages occur, employees may need to make last-minute purchases from nearby supermarkets, which increases fuel costs, staff workload, and operational pressure. The report identifies this issue as a factor that raises operating costs, reduces profit margins, and affects daily operational efficiency. This means that inventory weakness has a direct financial effect. The café's sustainability is affected not only by sales performance but also by hidden operational costs caused by repeated procurement and poor stock buffering.

The proposed bulk purchasing strategy demonstrates the potential financial value of improving inventory management. The SULAM report calculated that changing the purchasing pattern for selected high-demand ingredients could generate meaningful savings. For chicken chop, the proposed three-day bulk purchasing method could reduce the total weekly cost from RM1,517.49 to RM1,256.99, producing savings of RM260.50 per week. For fish fillet, the proposed bulk purchasing method could reduce the total weekly cost from RM387 to RM333, producing savings of RM54 per week. The estimated total yearly savings from both items amounted to RM15,096. These findings indicate that inventory management improvements can create direct cost-control benefits for SME cafés, especially when purchasing is linked to actual menu demand and supported by adequate storage.

The findings also show that the café requires a more structured inventory monitoring system. At present, inventory control depends mainly on manual practices and the knowledge of specific individuals. This creates

operational risk when the person responsible for stock management is unavailable. The SULAM report recommends the use of a Google Sheet-based stock card to monitor key raw materials such as chicken and fish fillet. The proposed stock card would allow inventory information to be updated and accessed by more than one employee, reducing reliance on a single individual and improving transparency in stock control. This finding is significant because it shows that digital transformation for SMEs does not always require advanced software. A simple and familiar tool can strengthen inventory visibility, reduce human error, and improve daily decision-making.

The second major area of findings concerns customer retention and feedback. Café A has a strong foundation in customer engagement because it already practises informal loyalty initiatives such as gifts, birthday rewards, lucky draws, and personalised customer interactions. The café also targets a broad market segment, including families, young adults, students, working adults, and social media-active customers. However, the findings show that these customer engagement practices are not yet supported by a structured system. The SULAM report states that customer engagement processes, including reservations, feedback collection, and loyalty tracking, are handled manually. This limits scalability and consistency, especially as the café plans to expand its market and branch operations.

The lack of a structured retention system creates several business risks. First, the café may experience revenue instability because it relies heavily on walk-in customers rather than a systematically managed base of repeat customers. Second, weak retention practices increase dependence on attracting new customers, which requires continuous marketing effort and may increase promotional costs. Third, the absence of an integrated customer management system limits the café's ability to collect and analyse customer data such as purchase history, visit frequency, menu preferences, and satisfaction levels. The report explains that feedback is mainly obtained through informal conversations or social media comments, making it inconsistent and difficult to track. Therefore, the issue is not a lack of customer interaction, but the lack of a reliable system to transform interaction into useful business information.

The proposed loyalty card system addresses this gap by formalising repeat-purchase incentives. The SULAM report recommends a simple stamp card system in which customers receive stamps based on a minimum purchase amount and can later redeem rewards such as discounts or free drinks. This recommendation is appropriate for an SME café because it is low-cost, easy to implement, and does not require advanced technology. The report argues that the loyalty card can encourage repeat visits, improve customer retention, strengthen brand recognition, and reduce the likelihood of customers switching to competitors. This finding supports the idea that customer retention strategies for SMEs should be practical and affordable rather than overly complex.

The adoption of WhatsApp Business was also identified as a practical solution for improving customer communication and reservation management. The absence of a formal WhatsApp Business account weakens the café's ability to conduct follow-up communication, share promotions, provide menu information, and respond consistently to customer enquiries. The SULAM report recommends WhatsApp Business because it allows the café to use an official business profile and catalogue feature to display menu items, prices, set menus, and reservation information in an organised manner. This can reduce repeated customer questions, prevent incomplete reservation details, and help staff respond more efficiently during peak hours. The finding indicates that customer retention is closely tied to communication efficiency. When customers receive clear and timely information, the business becomes more accessible and professional.

The findings further show that systematic feedback collection is necessary for service improvement. Without a structured feedback form, the café may not be able to identify recurring customer concerns related to food quality, waiting time, staff friendliness, menu preferences, or overall satisfaction. The report recommends Google Forms as a free and mobile-friendly tool that can be distributed through a QR code. Customer responses can be automatically organised into charts and linked to Google Sheets for long-term tracking. This recommendation is important because it turns customer feedback into usable data. Instead of relying on

occasional comments, the café can monitor customer expectations more consistently and make evidence-based improvements to its menu, service process, and marketing strategy.

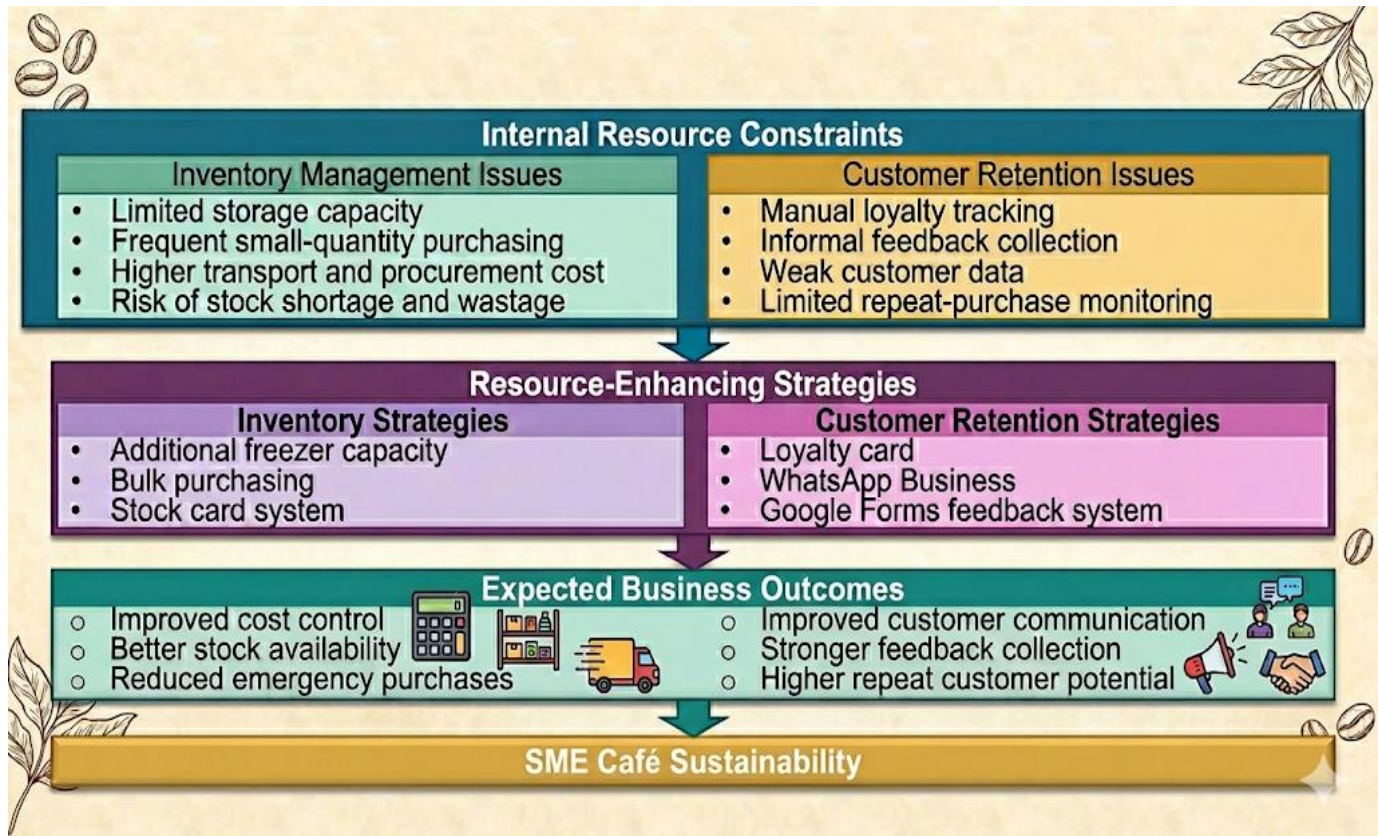


Figure 1: Inventory Management and Customer Retention Model for SME Café Sustainability

Figure 1 illustrates the proposed model linking inventory management, customer retention, and SME café sustainability. The model shows that the café’s sustainability challenges begin with internal resource constraints, particularly in inventory management and customer retention. Inventory-related issues include limited storage capacity, frequent small-quantity purchasing, higher procurement costs, and the risk of stock shortages or wastage. Customer-related issues include manual loyalty tracking, informal feedback collection, weak customer data, and limited monitoring of repeat purchases.

To address these constraints, the model proposes resource-enhancing strategies. Inventory strategies such as additional freezer capacity, bulk purchasing, and a stock card system can improve stock availability, reduce emergency purchases, and strengthen cost control. Customer retention strategies such as loyalty cards, WhatsApp Business, and Google Forms feedback systems can improve customer communication, strengthen feedback collection, and encourage repeat purchases. Overall, the model suggests that SME café sustainability can be enhanced when internal resources are improved and systematically integrated into daily business operations.

The overall findings from the case indicate that Café A’s sustainability depends on strengthening basic internal capabilities rather than adopting expensive or complex systems. Inventory management improvements can reduce operating costs, improve stock availability, and protect profit margins. Customer retention strategies can stabilise revenue, strengthen customer relationships, and provide useful feedback for service improvement. These findings support the Resource-Based View because the café’s long-term sustainability is shaped by how effectively it develops and uses internal resources such as storage capacity, inventory information, procurement routines, customer relationships, communication platforms, and feedback data. In this case, practical resources such as a commercial freezer, stock card, loyalty card, WhatsApp Business account, and Google Form can become valuable capabilities when integrated into daily operations.

CONCLUSION

This study examined how inventory management and customer retention strategies can enhance SME café sustainability through a SULAM case study. Based on the findings, the sustainability of Café A is strongly influenced by its ability to strengthen internal business resources and capabilities. Although the café has market potential, customer appeal, and growth opportunities, its current reliance on manual procurement, limited storage capacity, informal inventory monitoring, and unstructured customer retention practices creates operational and strategic constraints.

The first research objective was to examine the inventory management and customer retention challenges faced by an SME café. The study found that limited storage capacity caused Café A to rely heavily on frequent small-quantity purchases. This increased transportation costs, staff workload, exposure to price fluctuations, and the risk of stock shortages during peak demand. The café also lacked a structured customer retention and feedback system, causing customer engagement to depend mainly on informal practices. This limited the café's ability to track customer satisfaction, understand customer preferences, and encourage repeat visits systematically.

The second research objective was to analyse the proposed inventory management and customer retention strategies for improving operational efficiency, customer engagement, and cost control. The study found that the proposed strategies were practical and suitable for an SME context. Acquiring additional freezer capacity, practising bulk purchasing, and using a stock card system can improve inventory control, reduce emergency purchases, and support better cost management. Similarly, introducing loyalty cards, WhatsApp Business, and Google Forms can help the café strengthen customer communication, collect feedback more systematically, and encourage repeat purchases. These strategies are valuable because they are low-cost, easy to implement, and realistic for small businesses with limited resources.

The third research objective was to evaluate how a SULAM case study approach contributes to practical business problem-solving for SME café sustainability. The study shows that SULAM provides a meaningful platform for connecting academic knowledge with real business challenges. Through the project, students were able to identify operational and customer-related issues, analyse their impact, and propose practical recommendations that could support business improvement. This demonstrates that SULAM is not only a teaching and learning activity, but also a community-based advisory approach that can benefit local SMEs.

The study also supports the relevance of the Resource-Based View. Café A's sustainability depends not only on external market opportunities, but also on how effectively it manages internal resources such as storage facilities, procurement practices, inventory records, customer relationships, communication channels, and feedback data. When these resources are weak or informal, the business becomes more exposed to cost inefficiency and unstable customer retention. However, when these resources are strengthened through practical interventions, they can support operational efficiency, customer loyalty, and long-term competitiveness.

From the findings, this study concludes that SME café sustainability can be improved through simple but strategic business practices. Small cafés do not necessarily need expensive systems to become more efficient and competitive. Instead, they can begin with manageable improvements such as better storage planning, structured stock monitoring, planned bulk purchasing, basic loyalty programmes, formal customer communication channels, and digital feedback tools. These strategies can help SMEs reduce costs, improve service consistency, understand customers better, and build stronger long-term relationships.

This study contributes to SME practice by highlighting practical strategies that are suitable for small food and beverage businesses. It also contributes to academic discussion by showing how SULAM case studies can be used as a research context for analysing real business problems. Future studies may expand this research by examining several SME cafés, collecting post-implementation data, or measuring the actual impact of inventory and customer retention strategies on sales, cost savings, customer satisfaction, and business performance.

Future research may extend this study by examining several SME cafés or food and beverage businesses to compare whether similar inventory management and customer retention issues occur across different business settings. A larger study could use interviews, surveys, or post-implementation data to measure the actual impact of the proposed strategies on cost savings, customer satisfaction, repeat purchase behaviour, and overall business performance. Future researchers may also explore the long-term effectiveness of simple digital tools such as WhatsApp Business, Google Forms, and stock card systems in helping SMEs make better operational and customer-related decisions. This would provide stronger empirical evidence on how low-cost business interventions contribute to SME sustainability beyond a single SULAM case study.

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