



## Proposed business strategy for coffee shop based on customer preferences

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### ABSTRACT

The purpose of this research is to find out the proposed business strategy for coffee shops based on customer preferences. This study uses qualitative research and data collection using primary and secondary data. The results of the study showed that, in general, the decline in sales of Kopi Nalar was caused by the COVID-19 outbreak, which resulted in social restrictions and a decrease in the number of customers visiting Kopi Nalar. In addition, the lack of a quantitative and innovative business plan contributed to the fall in Kopi Nalar's total sales. Even after two years of COVID, sales of Reasonable Coffee have not been able to recover from pre-COVID-19 levels. Based on the results of this study, four factors and sixteen sub-criteria have been identified as influencing consumer preferences when visiting coffee shops in Jakarta. These factors have been studied using an analytical hierarchical process model (AHP), and the results of this analysis are presented in the following order: Product, place, service, and marketing last. The top five sub-criteria are: taste, cleanliness and comfort, quick response, attitude of staff, and final coffee shop design, then Based on the Tows matrix and Diamond Model strategy analysis, a business strategy is formulated.



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## INTRODUNCTION

Growth in the business world in the current era of globalization, especially in Indonesia, is increasing rapidly and is tight in terms of business competition. One of them is the increase in the coffee industry. Indonesia is one of the largest coffee-producing countries and coffee bean exporters in the world. Indonesia is the fourth largest producer and exporter of coffee in the world, after Brazil, Vietnam, and Colombia (As' ad & Aji, 2020). Most of its production is the lower quality robusta variety. Indonesia is also famous for having a number of specialty coffees such as 'coffee luwak' (One of the world's most expensive coffees) and 'coffee Mandailing' (see below) (Indonesia-Investments, 2017). In terms of agricultural commodities, coffee is the fourth largest foreign exchange earner for Indonesia after palm oil, rubber and cocoa. Where Coffee is a drink that comes from coffee beans and is often used as a way to relax by many people (Mariahma & Sipayung, 2021). In recent years, coffee's popularity has increased due to the rise of café culture and the altering consumption habits of younger generations. According to (Andiani, 2018) remarked that some individuals consume coffee as a lifestyle. Indonesians' coffee-drinking lifestyle boosts local demand. According to the USDA's "Coffee: World Markets and Trade" report published in December 2021, Indonesia's domestic coffee consumption in June 2021 was 144% greater than that of Australia, 28% greater than that of the United Kingdom, and only 6% lower than that of Canada-countries with a reputation for high per-capita coffee consumption (USDA, 2022).

Table 1 World Coffee Consumption in Thousand 60kg Bags

Exporting countries nation	2017/2018	2018/2019	2019/2020	2020/2021	CAGR (2017-2021)
Brazil	21.997	22.200	22.000	22.400	0,6%
Indonesia	4.750	4.800	4.806	5.000	1,7%
Ethiopia	3.643	3.685	3.781	3.798	1,4%
Phillippines	3.180	3.300	3.250	3.312	1,4%
Vietnam	2.500	2.600	2.650	2.700	2,6%

Source: International Coffee Organization (2021)

The report published by the ICO in May 2021 also revealed that, among exporting nations, Indonesia ranked second to Brazil in terms of domestic consumption growth between 2017/18 and 2020/21, at a compound annual rate of 1.7% (International Coffee Organization, 2021). Along with Brazil, Indonesia's rising domestic consumption has the potential to transform the global coffee market. This statistic does not differentiate between commercial coffee and specialty coffee. The development of the coffee business is currently one of the businesses that is in great demand. The number of coffee shop businesses raises market competition (Hamzah et al., 2020). So according to (Widiyanti, 2020), competition in today's business world is getting sharper and sharper. Entrepreneurs are faced with more difficult challenges in running their businesses in order to survive and be able to develop the business they have managed as optimally as possible. Nonetheless, it is a significant indicator of the influence that the Indonesian domestic coffee market can have on the global industry.

The increase in domestic consumption can be attributed to the spread of café culture, particularly among younger urban residents. Younger Indonesians have embraced the fourth wave of coffee culture due to increased wealth and exposure to international consumption trends. Locally sourced, high-quality coffee, as well as iced milk coffee-based beverages in a variety of flavors to suit local preferences, are currently on trend. Where customer preferences are about choices among choices, acceptance indicates a willingness to tolerate the status quo (Erinda & Kumadji, 2016). With a Muslim-majority population, coffee shops replaced bars as the most popular gathering spot. In terms of market presence, local coffee chains have surpassed international brands in recent years. The COVID-19 pandemic has increased the pressure on the coffee industry, which is already vulnerable to fluctuations in international coffee prices, low productivity levels, the effects of climate change, and damage caused by pests and diseases. Moreover, governments have imposed measures such as social distancing and lockdowns, and large number of employees working from home which have had a significant impact on cafes, micro-roasters, restaurants, and other out-of-home businesses, resulting in a dynamic market impact. All business owner had to respond quickly and forcefully to the pandemic's difficulties. Businesses need to look for and grab the opportunities presented by the recovery as we enter the next phase with right and innovative strategy. According to Chandler in (Pawata, 2017), strategy is a tool to achieve company goals in relation to long-term goals, follow-up programs, and priority allocation of resources. According to Wheelen and Hunger in (Bintang & Narundana, 2022), business strategy is aimed at increasing competition. Company or. Other business units in terms of both products and services within an industry or market segment compared to the relevant.

Research conducted by (Lestari & Masrifah, 2022) states that the SWOT chart leads to a "growth-oriented strategy" to support an aggressive strategy. The results are reflected in the improvement of the business model canvas. The implementation shows that the nine business model canvas factors are recommended for improvement, and the resulting strategy can be used as a reference for management. Furthermore, research conducted by (Pawata, 2017) stated that based on SWOT analysis, three alternative marketing strategies were obtained, namely maintaining product and service quality with preference value, making it easier for customers to place orders online, and maintaining appropriate product portions at affordable prices by establishing good relations with suppliers in order to get cheap raw materials with a preference value. So based on the description above, the researcher wants to research the proposed business strategy for coffee shops based on customer preferences.

## **RESEARCH METHODS**

The research method used is a qualitative research method, which, according to (Sugiyono, 2019), is often called a "naturalistic research method" because the research is carried out in natural conditions. The data collection for this research using primary data dan secondary data. First, in deep interview conduct to 10 people to gather information the criteria that will used as AHP factor. We also extracted the coffee shop selection criteria that were important in the previous studies combine with in deep interview before. After that, to gather data for AHP analysis, pairwise comparison questionnaire is used as primary data that spread to certain number of respondents. All of the questionnaire's questions were translated into Bahasa Indonesia to aid the respondents' comprehension. Google forms were used to disseminate questionnaires to respondents. In the meantime, the secondary data utilized in this study were gathered from prior literature studies and journals. The Analytic Hierarchy Process (AHP) was introduced as decision making approach tools by multicriteria. The approach that employs Analytical

Hierarchy Processes (AHP) also use the principle of hierarchy composition to diversify the priority of alternatives with regard to each component and criterion.

The criteria in this questionnaire are derived through a study of the data. The facts from the literature review and competitor content analysis will enhance which part is suitable for achieving this research's objectives. These factors will be evaluated using AHP pairwise comparison. According to Saaty in (Fauzi & Hidayatulloh, 2017), the relevance of each AHP criteria and alternative can be determined using a method based on pairwise comparisons. As a decision maker, the respondent is required to evaluate the worth of a single pairwise comparison at a time. This method will produce a reliable representation of the preferences of the responder, who is the decision maker. As a result of the quantitative method, reality is objectively measured using data. In this research, a questionnaire is administered to respondents in order to determine their. The primary instrument for data collection in this study will be a questionnaire disseminated to the target market of Kopi Nalar as respondents in accordance with the Analytical Hierarchy Process approach. The questionnaire data will be analyzed using the Analytical Hierarchy Process (AHP). The approach of quantitative research is premised on the empiricist perspective. After pairwise comparison questionnaire is spread, the respondent will choose the 1 to 9 scale that relevant to them. Below is the detail of relative importance scale in 9-point intensity.

## **RESULTS AND DISCUSSION**

### **Environment Analysis**

This Environmental analysis helps organizations discover competitive advantages. The PESTEL Framework helps firms discover unmanageable factors such as threat and opportunities. Companies utilize PESTEL research to evaluate their business environment with Political, Economic, Social, Technological, Environmental, and Legal aspects (Aryanti & Atmoko, 2021).

#### **1. Political**

Government rules and restrictions impact coffee cafes. Coffee firms may struggle to sell due to government requirements. If the government sets the domestic coffee price, coffee shops must adjust their prices. This may affect the coffee business's profitability. PPKM harmed all businesses like the Coffee Shop. Because PPKM prohibited everyone's activities, coffee cafes lost money. However, at the time of this PPKM, there were fewer Coffee Shops due to limited time for activities, but practically everyone wanted to enjoy coffee and the Coffee Shop environment. Thus, Coffee Shop sells coffee via Take Away to break the Covid-19 chain, but by hanging out at the Coffee Shop directly, it earns less.

#### **2. Economy**

Economic factors can affect coffee shops in Indonesia through the overall economic conditions. This includes the rate of economic growth, inflation, interest rates, and the level of demand for coffee products. Indonesia's relatively robust economic growth has boosted the purchasing power of the Indonesian people, especially when the PPKM regulations were released during the pandemic, hence increasing the demand for coffee items in coffee shops. The government's ability to stabilize inflation in Indonesia has also been successful in preventing the inflation of coffee commodity costs, thereby keeping the price of coffee in coffee shops affordable. The Indonesian central bank raised interest rates significantly, resulting in higher rates for its clients. As a result, coffee shops that use loans to expand their businesses will have difficulties completing payments owing to the heavy financial strain.

#### **3. Sociocultural**

The impact of a social aspect on a business may manifest as changes in consumer behaviour. Businesses must adapt their products and marketing methods in order to accommodate these developments. Since consumers are becoming accustomed to food ordering apps, they should be able to influence the company's coffee on the go marketing strategy. Consumers concerned about their health have increased demand for healthy, low-calorie coffee products. In addition, a shift in taste for different varieties of coffee may have an impact on Indonesia's coffee shops. With more and more people preferring Arabica coffee these days, demand for Robusta is falling. The increase in the price of the public minimum wage also affects the basic capital in operational activity.

#### **4. Technology**

Additionally, technology can help coffee companies minimize operational expenses. Online payment technology reduces cash transaction fees, allowing businesses to save money on operating expenses and improve the business's productivity. In addition, information system technology can

facilitate the efficient management of client data, orders, and product inventories. This will assist the coffee shop boost service speed and reduce the risk of service mistakes. Additionally, technology from third-party providers for online ordering, such as Go-Food, makes it easier for coffee shops to reach a broader market, allowing them to grow sales via online channels.

#### 5. Environment

From Indonesia's coffee production are impacted by climate change since coffee seedlings need the correct conditions to flourish. Hotter weather slows coffee seedling growth and yields. Indonesian coffee production may decrease due to climate change, limiting coffee shop supplies. Coffee cafes must comply with Indonesian waste management laws. Coffee businesses must possess and pay for equipment to meet federal waste management requirements. These charges can decrease coffee shop operations.

#### 6. Law

In Indonesia, a legitimate business license is required for coffee cafes to operate legally. This rule is intended to ensure the safety and quality of items offered to consumers. The government has the authority to shut coffee businesses without appropriate business licenses. The Indonesian government has established coffee quality requirements that coffee businesses must achieve in order to sell goods on the domestic market. These restrictions may have an impact on the quality of coffee goods provided by coffee shops and enhance competitiveness within the coffee business. The Indonesian government has established a rate of sales tax on goods and services (PPnBJ) that coffee businesses must pay on all coffee product sales.

### **Industry Analysis**

When analysing the state of a company's industry, the Five Forces framework is a valuable tool to utilize. It derives from the economics of industrial organization, which has an effect on the degree of competitiveness within an industry as well as the business's allure in terms of potential profits.

#### 1. Rivalry among existing competitors (High)

Kopi Nalar faces the strong force of competitive rivalry due to the boom of coffee shops all around Indonesia. There are large number of coffeehouses and food service firms, as well as low switching costs between them. In addition, Kopi Nalar has many competitors of different sizes from multinational businesses to small local cafés. Competition is strengthened because of low switching costs reduce barriers when customers switch from Kopi Nalar to its competitors.

#### 2. Threat of new entrants (High)

Kopi Nalar faces high risk of competition from new coffee shop. New competitors can reduce Kopi Nalar's market share and earnings by opening coffee shop that are smaller and cheaper to operate. Smaller cafés have lower supply requirements, lower costs of operation, and lower capital requirements than large-scale establishments. Despite its relatively modest size, this new competitor poses a substantial threat to Kopi Nalar because it has the resources necessary to launch its own brand in direct competition with Kopi Nalar. This is a common strategy on the part of new competitors who lack existing brand recognition or popularity.

#### 3. Threat of substitute products or services (High)

Kopi Nalar is threatened by the availability of substitutes, including RTD, drink powders, snacks, etc. In addition, many of these alternatives are less expensive than Kopi Nalar product and can even be found anywhere, including minimarkets and grocery stores, hence increasing the threat of replacements.

#### 4. Bargaining power of buyers (High)

Some of the most significant factor in the industry of coffee shops are the buying power and preferences of consumers. Customers can easily move from Kopi Nalar to other brands due to the low switching costs involved with the process. In addition, consumers may easily avoid Kopi Nalar products because there are plenty of alternatives, such as instant drinks and home-brewed coffee.

#### 5. Bargaining power of suppliers (Mid)

On the coffee shop industry, suppliers have more power over pricing and other terms. But if they all get their beans from the same location, various suppliers may have essentially the same supplies. Kopi Nalar is able to go from one provider to another with a fair amount of ease due to the similarities between them. Due in part to supply problems, coffee suppliers have more bargaining power. Due to crop failures and shortages, suppliers are able to increase prices for coffee beans to have more power.

## Competitive Analysis

An examination of the competitive market of the Jakarta coffee shop industry was carried out by using a competitive analysis is explained in Figure II.X. Kopi Nalar will be able to strategically determine and apply the core competencies necessary to compete through this analysis, which, when combined with the earlier analysis of the business environment and core competencies, will be defined to them. The competitive analysis is conducted using matrix, namely product quality and price, as the primary criteria for comparison. Competitors included in the analysis include direct competitors in Local Single Operated Coffee Shops and International Coffee Chains. Then the indirect competitor is the grab-to-go coffee business. Descriptions of the analysis are listed below in Table II.X:

Based on the list above, direct competitors with single operated stores have a higher quality product compared to international coffee chains. Due to the fact that single operated stores have fewer stores than coffee chains, therefore quality control on the use of raw materials such as coffee beans is still prioritized by using specialty or grade 1 beans with medium and medium to dark roasting levels. In international coffee chains such as Starbucks, management already has a standard system that is implemented in all branches in the world, but the use of beans uses grade 2 or grade 3 with dark roasting so that it reduces the quality of the coffee itself. In customer perspective, this does not become a problem for customers because product variety and brands that are well known by customers, so the level of sensitivity is low for price and quality. It's different from single operated coffee shops which have to maintain quality and compete on price due to the focus on gaining brand recognition and the high level of sensitivity among customers.

In the coffee to go business, a brand that operates as a startup with self-management through funding will have a higher quality product than the franchise model. This is because coffee startups focus on growth and improve product quality at a lower price than dine in coffee shops due to their focus on selling through online channels. Whereas in the coffee franchise, the company will focus on increasing the number of branches through a franchise scheme that will be managed by its own franchisees, so that quality cannot be controlled but has a lower price.

Comparison of the competition matrix in the market is depicted in Figure II.X. It can be seen that Kopi Nalar has a higher price compared to other single operated coffee shops, but this is in line with the product quality it has. The toughest competition for Nalar Coffee in the market is First Crack and Common Ground, these two coffee brands have a higher product quality but can provide prices that tend to be cheaper than Nalar Coffee. In terms of product quality, Kopi Nalar is superior to international coffee chains such as Starbucks and % Arabica, and is also superior to other single operated stores such as Ombe Koffie and Anomali Coffee, where the four brands tend to have higher prices than Kopi Nalar. It can also be seen that there is a matrix below, that the dine in coffee shop tends to have high prices due to the large operational costs compared to coffee to go business which has low operational costs and focuses on online sales.

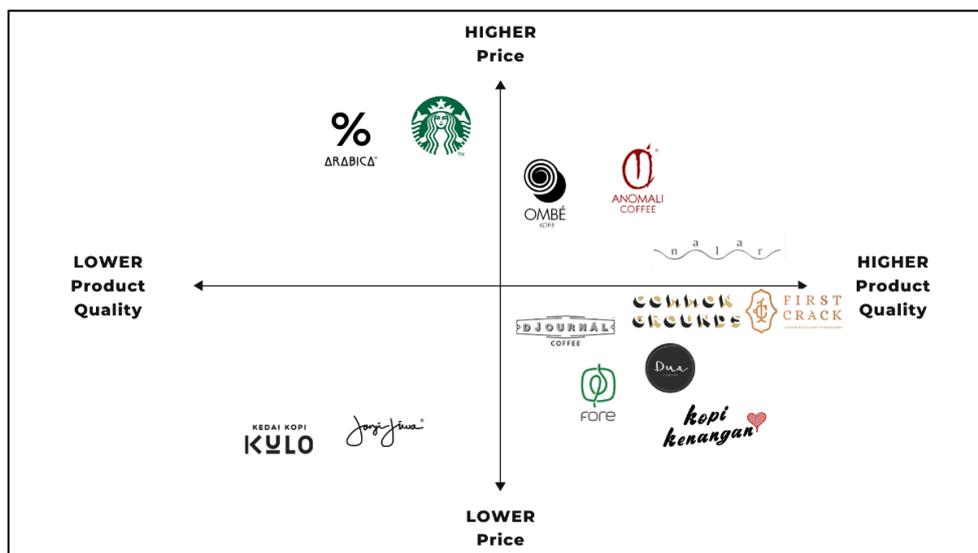


Figure 2 Comparison of competition matrix in the market

### Internal Analysis

The VRIO framework evaluates the company Resources, capabilities, and activities that define the company's internal condition. This framework is implicitly used by the resource-based method to identify types of resources that increase firm performance. Rare, valuable, inimitable, and most importantly is should be organized to gain competitive advantage (Rothaermel, 2021).

### SWOT Analysis

SWOT analysis integrates internal and external analysis. Capabilities, strengths, and shortcomings are internal. PESTEL identifies the firm's external opportunities and risks. The strategist may evaluate a company's future. SWOT analysis examines internal and external factors that may affect the firm's competitive advantage. The firm's competitive edge depends on internal and external factors. Table II.3 shows this study's SWOT analysis.

**Table 2 Kopi Nalar SWOT Analysis**

<b>Strength</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>• Strategic store location</li> <li>• Great customer experience</li> <li>• Corporate leadership and vision</li> <li>• Special menu and coffee flavour</li> <li>• Ability to expand Strong region presence</li> </ul>	<ul style="list-style-type: none"> <li>• Temporary strong national presence</li> <li>• Employee demotivation</li> <li>• Employee lack of product knowledge</li> <li>• Human resources management Low RnD skill</li> </ul>
<b>Opportunity</b>	<b>Threat</b>
<ul style="list-style-type: none"> <li>• Adoption of online order application</li> <li>• Expansion of stores</li> <li>• Raising demand of consumers</li> <li>• Economic stability Price and supply stability</li> </ul>	<ul style="list-style-type: none"> <li>• Large number of competitors</li> <li>• Large variety of substitute</li> <li>• Low switching cost</li> <li>• Unclear political regulation Rising coffee prices to crop failure</li> </ul>

### Root-Cause Effect Analysis

This The underlying cause of the issue was explored and defined with the use of a root cause analysis with a Fishbone Diagram explained in Figure II.2. This was done to find out the reasons why coffee shop sales are low or drop based on the preferences of the customers. The problem in this cause effect diagram is why sales drop. The diagram separated the key factor into 4; people, environment, product and operation.

#### 1. People

From a people perspective, several factors contribute to the decline in sales. First, the demotivation of a number of employees. Due to the impact of the pandemic on the company's income, no employee will receive a bonus in 2020 or 2021. Several employees' salaries were lowered as a consequence of their reduced work hours as a result of government regulations that limited our store's opening hours. During the pandemic, several positions must be refilled because the incumbents did not meet company requirements. Some of our new employees lacked the necessary knowledge of our menu and store operations, which could have a negative impact on sales. There were numerous customer complaints regarding our employees' lack of product knowledge.

#### 2. Environment

In environment aspect, Covid pandemic played significant role that made our sales dropped. During a pandemic, the government implemented a set of rules known as PPKM to restrict people's mobilization. During the initial phase of PPKM, we were not allowed to open an offline store, so we relied entirely on our online channel to sell the product. In contrast to Kopi Kenangan, which uses "Ojol" to sell their product, our coffee shop focuses on service and dine-in customers, resulting in a significant decline in sales. In online channel distribution, it is difficult for us to compete with Kopi Kenangan and others due to their lower prices and extensive branch coverage.

In the second phase of PPKM, the government restricts F&B establishments' hours of operation to 21.00. Even so, it will not increase our sales, as our peak hours are from 21.00 to 24.00. As a result of the Covid pandemic, consumer behaviour has shifted toward more online transactions. Some customers still prefer to take our product away rather than consume it in our store.

The second factor is the proliferation of new coffee shops during the pandemic. It was true that many coffee shops shut down due to the pandemic. However, the majority of rent prices in our store area (premium area) are decreasing significantly from their previous levels. It encourages many business owners to open stores in the Senopati region.

The final element was the conflict between management and the investor. The investor was not satisfied with the terms, and we were unable to meet our projection goal. It resulted in a number of conflicts between us, which negatively impacted our performance as business operators and sales.

### 3. Product

In terms of products, we still lack R&D for new signature menus due to the inexperience of some employees in this industry. Food and beverage waste was the cause of our declining profits. Many unsalable items are discarded. As the number of menus with distinct raw materials increased, the situation worsened.

### 4. Operation

In term of operation, we are required to limit employee shifts based on government regulations due PPKM's. Another issue during the pandemic was that we began utilizing in-house marketing, where the team was not as effective as our previous external marketing agent. We appointed a manager to oversee daily operations at our new retail location. We were still unable to fill this position with the most qualified candidates. It is essential because the manager of a store plays a crucial role in the success of the company.

## Analytical Hierarchy Process

In order to collect primary data, an AHP survey is undertaken by designing a pairwise comparison questionnaire that is distributed to the target market. Using an AHP formula from Saaty (1987), the required number of respondents is determined to be  $n(n-1)/2$ , where  $n$  represents the number of criterions. The quantity of criteria that has been determined is four criteria, which would require a minimum of six respondents. To obtain valid results, the number of respondents is increased to 65. The AHP pairwise comparison questionnaire is administered and calculated using Super Decisions, AHP analysis software. Each respondent is a client of a various coffee shop in and around Jakarta.

## Analytical Hierarchy Process Analysis

To obtain the order of the main priorities that influence customers in choosing a coffee shop, the researchers used the Hierarchical Analysis Process (AHP) method. In this study, AHP was carried out using Super Decision Version 2.0 software. The analysis begins by making a AHP model of customer preference in choosing a coffee shop that the data obtained from previous interviews and journals, as shown in Figure below:

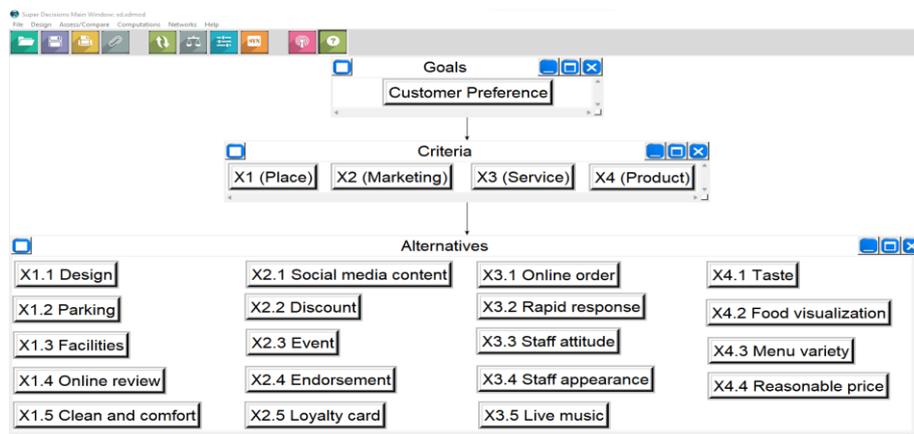
In this study, the model above will be used as a basis in the priority selection process for selecting customers for coffee shops using the AHP method using Super Decision. The first step is Determine Goals, Criteria, as well as Sub criteria. Goal is the intended target, in this case the "Customer Preference Factor in choosing a Coffee Shop". Criteria are the limitations that researchers apply to the choice of tips, in this study these limits are Place (X1), Marketing (X2), Service (X3), and Product (X4). Sub criteria are the choices available in this problem. In this study there are 19 sub-criteria choices, namely:

**Table 3 Sub-Criteria Decision-Making Factor**

Sub-criteria	Description
<i>Criteria 1 – Place (X1)</i>	
X1.1	Design
X1.2	Parking
X1.3	Facilities
X1.4	Online review
X1.5	Clean and comfort
<i>Criteria 2 – Marketing and Promotion (X2)</i>	
X2.1	Social media content
X2.2	Discount
X2.3	Event

X2.4	Endorsement
X2.5	Loyalty card
<b>Criteria 3 – Service (X3)</b>	
X3.1	Online order
X3.2	Rapid response
X3.3	Staff attitude
X3.4	Staff appearance
X3.5	Live music
<b>Criteria 4 – Product (X4)</b>	
X4.1	Taste
X4.2	Food visualization
X4.3	Menu variety
X4.4	Reasonable price

The AHP data analysis was conducted utilizing the Superdecision program with the highest average value taken into consideration. Using the specified AHP model, the next step is to develop a hierarchical structure with the objective of identifying the customer preference factor in selecting a Coffee Shop. Figure depicts the AHP structure designed with Super Decision software.



**Figure 2 AHP model on Superdecision software**

The pairwise comparison questionnaire in this research was designed to gather data from the respondent. Data is then used to compute the hierarichal component for each criteria and subcriteria. Using the super decision, respondents' responses are mapped and the priority is determined. All processes in this phase are executed using advanced decision-making software, yielding the following results:

1. Criteria priority from all criteria

2. Node comparisons with respect to Customer Preference										3. Results													
Graphical Verbal Matrix Questionnaire Direct										Normal Hybrid													
Comparisons wrt "Customer Preference" node in "Criteria" cluster										Inconsistency: 0.00065													
X1 (Place) is very strongly to extremely more important than X2 (Marketing)										X1 (Place)	0.31728												
1.	X1 (Place)	>=9.5	9	8	7	6	5	4	3	2	2	3	4	5	6	7	8	9	>=9.5	N	X2 (Marke-	0.03853	
2.	X1 (Place)	>=9.5	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	>=9.5	N	X3 (Servi-	0.31728
3.	X1 (Place)	>=9.5	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	>=9.5	N	X4 (Produ-	0.32691
4.	X2 (Marketing)	>=9.5	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	>=9.5	N		
5.	X2 (Marketing)	>=9.5	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	>=9.5	N		
6.	X3 (Service)	>=9.5	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	>=9.5	N		

**Figure 3 The Result of All Criteria Using Superdecision**

As for the results of processing the respondents' answers in this questionnaires, the results show that the main criterion of the respondents in choosing a coffee shop is a product with a value of 0.3269. Service and Place criteria are ranked second with a value of 0.3172 each, and Marketing with a value of

0.0385, respectively having a priority vector value below Product. This priority determination is based on the value of the priority vector of the product criteria which has a high value compared to the value of the priority vector of other criteria.

In determining this priority, the researcher must first look at the inconsistency value of the results of the analysis using the super decision, if the inconsistency is  $<0.1$ , it can be concluded that the results of the test are consistent and can be continued. From Figure X it can be seen that the inconsistency value is  $<0.1$ , so the priority vector value can be used. Thus, it can be said that from the results of a study of 65 respondents it was found that the main criterion in the customer preference factor in choosing a coffee shop is the Product.

## 2. Sub-criteria priority for Place (X1)

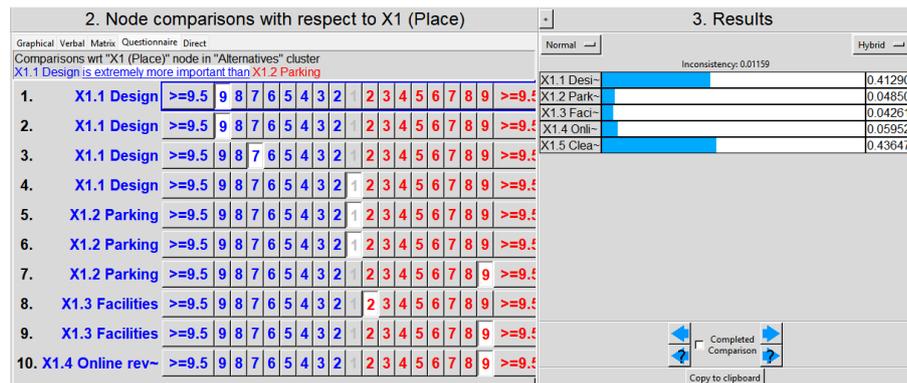


Figure 4 The Result of Sub-Criteria X1 Using Superdecision

To establish the importance of alternative place criteria, researchers must, similar to the previous explanation, first examine the inconsistency value. In this investigation, the obtained inconsistency was less than 0.1 (10 percent), namely 0.011 (3.9 percent), so that a choice can be made based on the data collected. Or it may be claimed that decisions regarding different criteria for placing priorities can be made.

According to Figure X, the highest priority vector value for clean and comfort on the place criterion is known (0.4364). On the basis of the Place criterion, it can be concluded that cleanliness and comfort are the most important factors for respondents when selecting a coffee shop.

## 3. Sub-criteria priority for Marketing (X2)

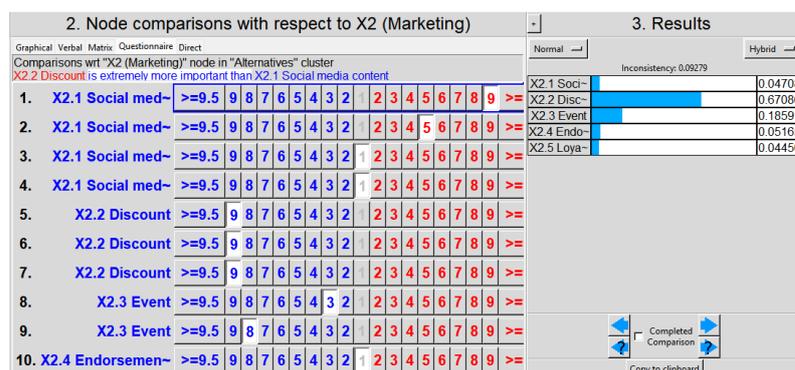


Figure 5 The Result of Sub-Criteria X2 Using Superdecision

In the marketing criteria, the inconsistency value reached 9.27 percent, which is less than 10 percent. Thus, the results of this processing can be used in finding alternative priorities for the category of marketing criteria. On this criterion, the Discount value reaches the highest value, namely 0.6708. It can be said that the main priority of respondents in terms of customer preference factors in choosing a coffee shop is Marketing.

#### 4. Sub-criteria priority for Service (X3)



Figure 6 The Result of Sub-Criteria X3 Using Superdecision

In this criterion, there are five options: online order, speedy response, staff attitude, staff appearance, and live music. The inconsistency value on the Service criterion is less than 10 percent, or 3.53 percent. Thus, the processing results can be utilized to identify alternatives with higher priority.

According to Figure X, the values of Staff attitude and Rapid response are nearly identical. However, Rapid reaction is marginally superior with a 0.4327 rating. Alternatively, if the respondent concentrates on the Service criterion, then Rapid Response is the most important customer preference feature when selecting a coffee shop.

#### 5. Sub-criteria priority for Product (X4)

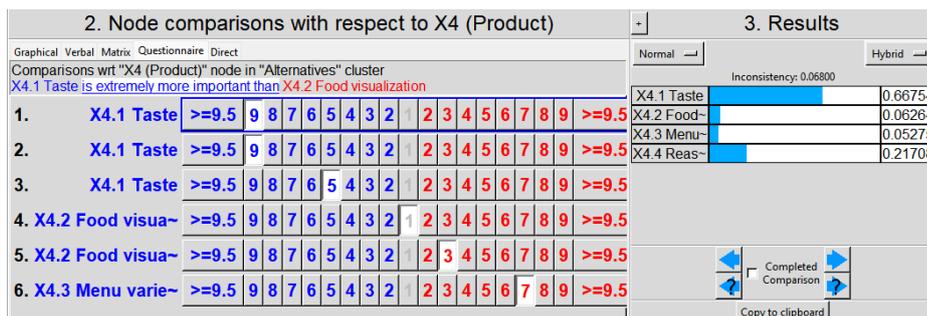


Figure 7 The Result of Sub-Criteria X4 Using Superdecision

In this product criterion, it has a consistency of <10 percent, which is 6.28 percent. Thus, the results of the analysis with the super decision can be used in decision making. The highest priority vector value is found in the sub-criteria point in the form of Taste (0.667), followed by Reasonable price (0,217) , Food visualization (0,062) and Menu variety with the smallest value of 0.0527.

Name	Graphic	Ideals	Normals	Raw
X1.1 Design	<div style="width: 60%;"></div>	0.600329	0.131007	0.065504
X1.2 Parking	<div style="width: 10%;"></div>	0.070510	0.015387	0.007694
X1.3 Facilities	<div style="width: 10%;"></div>	0.061945	0.013518	0.006759
X1.4 Online review	<div style="width: 15%;"></div>	0.086544	0.018886	0.009443
X1.5 Clean and comfort	<div style="width: 70%;"></div>	0.634591	0.138484	0.069242
X2.1 Social media content	<div style="width: 5%;"></div>	0.008311	0.001814	0.000907
X2.2 Discount	<div style="width: 20%;"></div>	0.118433	0.025845	0.012923
X2.3 Event	<div style="width: 10%;"></div>	0.032820	0.007162	0.003581
X2.4 Endorsement	<div style="width: 5%;"></div>	0.009119	0.001990	0.000995
X2.5 Loyalty card	<div style="width: 10%;"></div>	0.007857	0.001715	0.000857
X3.1 Online order	<div style="width: 20%;"></div>	0.092394	0.020163	0.010081
X3.2 Rapid response	<div style="width: 60%;"></div>	0.629240	0.137316	0.068658
X3.3 Staff attitude	<div style="width: 60%;"></div>	0.606098	0.131088	0.065544
X3.4 Staff appearance	<div style="width: 15%;"></div>	0.073613	0.016064	0.008032
X3.5 Live music	<div style="width: 10%;"></div>	0.057974	0.012651	0.006326
X4.1 Taste	<div style="width: 100%;"></div>	1.000000	0.218226	0.109113
X4.2 Food visualization	<div style="width: 10%;"></div>	0.093830	0.020476	0.010238
X4.3 Menu variety	<div style="width: 10%;"></div>	0.079017	0.017243	0.008622
X4.4 Reasonable price	<div style="width: 30%;"></div>	0.325188	0.070964	0.035482

Figure 8 Overall Sub-Criteria Synthesis Results

Based on the results of the alternative synthesis presented above, it can be concluded that Taste, with a weight of 0.2182 under the Product criteria, is the overall alternative priority that determines respondents' selection of a coffee shop to visit. The Loyalty card is 0.0017 for alternatives that are not a priority for consumer preference factors when selecting a coffee establishment.

Moreover, if the greatest alternative weight is picked from each criterion, it is determined that Place, Cleanliness, and Comfort are the consumer preference elements in selecting a coffee shop, with a weight of 0.1384. With a weight of 0.0258 in Marketing criterion, Discount is a customer preference factor in selecting a coffee shop. Then, on the Service criterion, Rapid Response becomes a 0.1375-weighted consumer preference factor in selecting a coffee business. Lastly, in the Product criterion, Taste is a consumer preference consideration with a weight of 0.2182 when selecting a coffee shop. Then, on the Service criteria, Rapid Response becomes a customer preference factor in choosing a coffee shop with a weight of 0.1373. Finally, in the Product criteria, Taste is a customer preference factor in choosing a coffee shop with a weight of 0.2182.

### Business Solution

The business solution was developed using Tows Matrix and Diamond Strategy Model based on company internal analysis, external analysis and customer preference factor using the AHP Model.

### Tows Matrix

An examination of the competitive market of the Jakarta coffee shop industry was carried out by using a competitive analysis is explained in Table IV.13

**Table 4 Kopi Nalar TOWS Matrix**

		STRENGTH	WEAKNESS
<b>TOWS MATRIX</b>		Corporate leadership and vision Ability to expand Special menu and coffee flavour Good quality of coffee Great customer experience Strong region presence Strategic store location Suitable place to socialize and work	Temporary strong national presence Ineffective marketing strategy Dine-in services focus Poor human resources management Employee demotivation Employee lack of product knowledge Low RnD skill
	<b>OPPORTUNITY</b>	<b>SO STRATEGY</b>	<b>WO STRATEGY</b>
	Adoption of online order application Raising demand of consumers Population growth in Jakarta Economic stability Price and supply stability Number of potential suppliers	(S1 S2 - O1 O2 O3 O4) Optimizing Coffee to Go in Online Sales Chanel (SO 1)  (S3 S4 - O3 O4) Provide Highest Product Quality (SO 2)  (S5 S6 S7 - O2 O3 O4 O5 O6) Store Expansion in Strategic Location (SO 3)	(W1 W2 W3 - O1 O2 O3 O4 O5 O6 O7) Develop Digital Marketing Strategy (WO 1)  (W4 W5 W6 W7 - O2 O3 O4 O5 O6 O7) Develop Human Resources Competencies based on Product and Services (WO 2)
<b>THREAT</b>		<b>ST STRATEGY</b>	<b>WT STRATEGY</b>
	Health protocol restriction Unclear political regulation	(S1 S2 S3 – T1 T2 T3 T4)	(W1 W2 W3 – T1 T2 T3 T4)

Supply chain problem due to the pandemic	Specialty Product with High Margin Sales	Build Product Quality Based Differentiator
Rising coffee prices due to crop failure	(ST 1)	(WT 1)
Large number of competitors	(S4 S5 S6 S7 – T5 T6 T7)	(W4 W5 W6 W7 - O2 O3 O4 O5 O6 O7)
Large variety of substitute	Build Third-Place Customer Experience	Enhance Customer Experience and Employee Satisfaction
Low switching cost	(ST 2)	(WT 2)

1. Third Place Customer Experience (ST 2 – WO 2 – WT 2)

In implementing (WO 2) and (WT 2) to achieve the (ST 2) based on the TOWS Matrix, Kopi Nalar has to implement two things to create an exceptional customer experience. The employees at Kopi Nalar needs to receive training in both competences including brewing and customer relations. In order to improve the customer experience, this develops employees to pay close attention to both the drinks and the customers. Employee satisfaction is another aspect. Kereta Api Indonesia (KAI) and Starbucks have both shown the efficiency of this approach in increasing customer satisfaction by having satisfied employees. When Kopi Nalar employees are engaged with their jobs and customers, they are always helpful and well-trained in preparing drink. These elements combine to produce an unmatched level of customer experience.

To achieve a competitive advantage as a local coffee shop in the market, Kopi Nalar stores must be strategically positioned as a third place between home and work where people can relax in a placed and friendly atmosphere (ST 2). All customers were allowed to work or just hanging out with their friends at a Kopi Nalar. These aspects, including music, lighting, and the placement of seats and tables, are all hugely affected either by atmosphere of the stores. Its supporting facilities, such as fast Wi-Fi and the availability of power outlets, are another factor that supports it.

2. Product Quality Differentiator (SO 2 – ST 1 – WT 1)

Kopi Nalar must leverage product differentiation to set itself apart from competition' offerings with qualities which will appeal to a broad range of customers (WT 1). Because of this, Kopi Nalar places a priority on product quality, and customers are willing to pay more for it. Product development will help Kopi Nalar expand by developing new, high-quality products variants that boost sales. This strategy's adoption could highlight Kopi Nalar's value proposition related to the high quality and originality of its products (SO 2). Through promoting the comfortable and welcoming atmosphere that customers enjoy at Kopi Nalar stores, it set business apart from other local coffee shops offered in the market as compared to competing on the market through a low-cost strategy (ST 1).

3. Stores Expansion (SO 3)

Kopi Nalar store expansion in the existing market in Jakarta as well as in new markets in other big cities can develop its market share to get the opportunity to position the Kopi Nalar brand as a well-known coffee shop in Indonesia, this aims to gain a strong national presence. Store expansion locations must be located in areas of high visibility with high mobility that are the center of customer activity.

4. Coffee-to-Go (SO 1 – WO 1)

Due to the pandemic health restriction, the dine in coffee shop business is forced to innovate in providing services, due to visitor restrictions, which causes revenue to fall drastically. The pattern of consumer behavior that increasingly orders products online creates opportunities to create sales conversions through new channels. Kopi Nalar must see this opportunity in developing online sales with coffee to go through third party delivery apps such as Go-Food, GrabFood, and ShopeeFood (SO 1). In developing the online channel, a well-executed digital marketing strategy is needed so that the promotion can reach a wide and effective audience (WO 1).

5. Five Element of Strategy Diamond Model

The diamond strategy is a model for thinking and evaluating Kopi Nalar's strategic plans. All five elements must be combined because a strategy can only be effective as a whole. This model is formulated based on the adoption factor and TOWS matrix which has been analyzed previously. This model is highly effective for Kopi Nalar to adopt since it provides all stakeholders with a clear set of growth opportunities.

## 6. Arena Element of Strategy

**Table 5 Kopi Nalar Arena Element**

What	Kopi Nalar operates as a third-place local coffee shop that provides high-quality beverages with large product diversification for customers to socialize, working, or studying by providing a great atmosphere, customer experience, and convenience. The basic products of coffee, tea, milk, and other sweet drinks that is matched with the taste of customers in Jakarta.
Who	Targeting workers, students and employers who need a place to work, study, meet or socialize with an interest in drinking coffee or sweet drinks to fulfil their daily needs.
Where	Kopi Nalar store focuses on strategic locations of Jakarta, where the level of mobility is high and areas that are a reference for customers to hang out. Currently Kopi Nalar has two stores operating in Kebayoran Baru with a distance of 600 meters.
When	The implementation of this business solution will start in the 2nd quarter of 2023
How	By selling high quality beverages, providing a place with a comfortable atmosphere, and giving customers a good experience.
Why	High quality and product variety of coffee, tea, milk, and other sweet drinks are popular in Jakarta, particularly teenagers. It able to draw customers with a variety of tastes and preferences which is validated on customer preferences as the most important sub-criteria of the hierarchy model. The atmosphere of a clean and comfortable coffee shop encourages customers to stay longer, make larger purchases, and return. It is validated as the second highest customer preference sub-criteria in the hierarchy model. Rapid Response is the third-highest sub-criteria, and staff attitude is the fourth-highest sub-criteria, both of which confirm that excellent customer service will become a competitive advantage.

## 7. Vehicle Element of Strategy

Single Operated Businesses Kopi Nalar's plan for growing its market share is adding more stores in existing markets and new markets where there is a chance to position the brand as a local third-place coffee shop in Jakarta. Kopi Nalar stores are located in highly trafficked areas that are the centre of customers activity. Kopi Nalar added its store by carrying out an Operational Cooperation (KSO) with investors who wish to add their branches, but the management of the store is fully managed by the central management.

## 8. Differentiator Element of Strategy

Kopi Nalar use broad product differentiation strategy to differentiate the product offering from the competition. The most important customer preference criteria for a successful differentiation strategy are that consumers' demands and tastes vary considerably and cannot be satisfied by a conventional product offering. Furthermore, Kopi Nalar differentiator offers a broad variety of items, including coffee, tea, sweetened drinks, mixed drinks, etc. These products are accompanied by various selection of meals and snacks to give its customers more options. The R&D division must be established so that food and beverage items are continually innovated. Investing in customer service to deliver experiences for customers is an effective method for achieving this objective. This strategy includes developing an emotional relationship with the customers by using kopi nalar as a regular gathering place for friends

## 9. Staging Element of Strategy

Kopi Nalar Staging is grown from an origin of a third-place local coffee shop in the market, by ensuring product quality and customer experience as part of its values. Several methods are adopted in order to maintain the company's sustainability and avoid high speed growth that would create financial problems for the company. This is done by investing in employee competency training and product development to ensure product quality, as well as expanding Kopi Nalar business through self-investment without using partnerships or joint ventures with other companies.

## 10. Economic Logic of Strategy

Kopi Nalar has set out to develop a successful differentiator strategy through product differentiation and price differentiation. The product differentiation of Kopi Nalar will be created by using high quality coffee beans and ensure that its customer get the best products at a fair price. Kopi Nalar should be slightly more expensive than the average prices offered by local dine in coffee shops

but less expensive than those offers by international coffee chains, these prices will allow Kopi Nalar to create a premium price for its products while still being very affordable. The use of store design and customer service will be used in combination with price to create positive buyer loyalty towards the brand, people tend to view all aspects of purchasing something like a cup of coffee carefully so providing all facets that would attract buyers is very important for success.

## Discussion

According to the findings of this study, to boost the sales performance of Kopi Nalar, a business strategy must be developed based on the research questions and objectives. Based on the examination of the previous chapters, the following are the key conclusions: In general, this decline in sales of Kopi Nalar is due to the COVID-19 outbreak, which has resulted in social restrictions and a decrease in the number of customers visiting Kopi Nalar. In addition, the lack of a quantitative and innovative business plan contributed to the fall in Kopi Nalar's total sales. Even after two years of COVID, sales of Reasonable Coffee have not been able to recover from pre-COVID-19 levels. And Based on the results of this study, four factors and sixteen sub-criteria have been identified as influencing consumer preferences when visiting coffee shops in Jakarta. These factors have been studied using an analytical hierarchical process model (AHP), and the results of this analysis are presented in the following order: product (X4), place (X1), service (X3), and lastly, marketing (X2). The top five sub-criteria are: taste (X4.1), cleanliness and comfort (X1.5), quick response (X3.2), staff attitude (X3.3), and final coffee shop design (X1.1). And then Based on the Tows matrix and Diamond Model strategy analysis, a business strategy is formulated. This research is in line with research conducted by (Lestari & Masrifah, 2022) stating that SWOT charts lead to a "growth-oriented strategy" to support an aggressive strategy. The results are reflected in the improved business model canvas. Implementation shows that the nine factors of the business model canvas are recommended for improvement, and the resulting strategy can be used as a reference for management.

## CONCLUSIONS

Based on the description above, it can be concluded that, in general, the decline in sales of Kopi Nalar was caused by the COVID-19 outbreak, which resulted in social restrictions and a decrease in the number of customers visiting Kopi Nalar. In addition, the lack of a quantitative and innovative business plan contributed to the fall in Kopi Nalar's total sales. Even after two years of COVID, sales of Reasonable Coffee have not been able to recover from pre-COVID-19 levels. And Based on the results of this study, four factors and sixteen sub-criteria have been identified as influencing consumer preferences when visiting coffee shops in Jakarta. These factors have been studied using an analytical hierarchical process model (AHP), and the results of this analysis are presented in the following order: Product (X4), Place (X1), Service (X3), and Marketing (X2). The top five sub-criteria are: taste (X4.1), cleanliness and comfort (X1.5), quick response (X3.2), staff attitude (X3.3), and final coffee shop design (X1.1). And then Based on the Tows matrix and Diamond Model Strategy analysis, a business strategy is formulated.

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