

## RECOVERY OR NEW STRUGGLE? COMPETITIVE ADVANTAGE IN “THE CITY OF 1000 COFFEE SHOP”

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### ABSTRACT

The coffee shop business is currently very popular with businesspeople, especially in Pontianak which has the nickname City of a Thousand Coffee Shops. This is driven by the cultural factors of the people of Pontianak who like to gather either with coworkers, or even families in modern and traditional coffee shops. This has caused the coffee shop business competition to be very high in Pontianak. Although during the covid-19 pandemic many coffee shops went out of business, in fact, new coffee shops are still proliferating. Therefore, this research focuses on the competitive advantages carried out by coffee shop business actors in order to survive during and after the pandemic. This research was conducted with a descriptive qualitative approach. The interview process is carried out until the data is saturated. The results showed a process of change in value chain management and operational processes in order to survive and improve hospitality to strengthen customer loyalty as a competitive advantage of coffee shops.

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## 1. INTRODUCTION

The food and beverage industry, especially coffee shops in Indonesia, shows an increasing trend with a surge from 2016 of 1,083 outlets to 2,937 in 2019 with an estimated total profit of Rp 4.8 trillion [1]. This significant growth itself is a reflection of the cultural patterns of Indonesian society which are collective rather than individualistic [2] where the culture of gathering often occurs in coffee shops [3].

The increasing number of coffee shops also occurs in Pontianak City, which is nicknamed the city of 1000 coffee shops. The Pontianak City Government itself hopes that this nickname can be achieved because currently only 800 coffee shops and restaurants have been recorded in Pontianak. So that the increase in the number of coffee shop businesses is expected to be a potential source of income for the region [4]. The occurrence of the Covid-19 pandemic in general has a real impact on coffee shop businesses. They face their own opportunities and challenges to keep running and making profits during the pandemic [5]. On the other hand, the increase in the number of coffee shops in Pontianak has not subsided during the pandemic. The leniency enacted in early 2022 provided a breath of fresh air for coffee shop business actors [6]. Thus, the high number of coffee shops and the proliferation of coffee shops in Pontianak have led to increasingly competitive competition. This research aims to describe coffee shop competitive advantage that make them able to survive.

## 2. LITERATURE REVIEW

### Competitive Advantage

Competitive Advantage can be a tool for business actors, especially in the coffee shop industry, to survive [7]. Competitive advantage itself is a concept that has long existed, but does not have an explicit definition, but it is generally emphasized that competitive advantage comes from the company's ability to create superior value for its buyers such as offering lower prices than competitors for equivalent benefits or providing more unique benefits to offset higher prices [8].

Previous research by Roz in 2021 [9] looked for relationships between supply chain management, competitive advantage, and operational performance in coffee shops in Indonesia and found a positive relationship between competitive advantage and operational performance. Competitive advantage is also a perfect mediator because it has a significant positive effect on operational performance in coffee shops in Indonesia. This is in line with other findings [10] where the higher the quality of management of supply

chain management, customer relationships and information, the more it increases the competitive advantage of coffee shop MSMEs.

### **Operational performance**

Operational performance itself is a measurable aspect of the outcomes of a process in an organization such as reliability, production cycle time, and inventory turnover. Where operational performance in turn will affect business performance measures such as market share and customer satisfaction [11]. Previous research [5] shows that carrying out incentive strategies such as market penetration, product development, and market development is a suitable strategy for coffee shop business actors.

### **Supply chain management**

In fulfilling consumer desires, a process is also needed from planning, designing, and controlling the flow of information and materials along the supply chain. This process is called supply chain management [12]. Supply chain management itself is one part of a competitive strategy that can be applied in business, where a fully integrated process is carried out such as from procurement of raw materials, services, and transformation activities into semi-finished goods to final goods/products, until finally delivery to consumers/clients [13].

## **3. METHOD**

This research uses qualitative research with an interpretivism approach [14]. This was done to gain an in-depth understanding of the concept of the strategy model carried out by coffee shop business actors during and after the pandemic. There are three coffee shops that became respondents in this study with characteristics such as 1 coffee shop that has been around for more than 3 years, 1 coffee shop that was just established during the Covid-19 pandemic (early 2020 to 2021) and 1 barista who has worked in several coffee shops within 4-5 years. No additional sources and data collection were conducted because the data was saturated.

### **Analysis Method**

Data collection was carried out by in-depth interviews with each respondent in order to understand the conditions of social reality by seeing the world as it is, not the world that should be [15]. Furthermore, the data reduction process was carried out by coding based on the results of the interview, describing, and comparing related data and theories. Then data presentation is carried out in the form of brief descriptions, charts, category relationships, flowcharts, and the like. At the end of the research, a verification process was carried out by drawing conclusions by obtaining valid evidence so that the conclusions found were credible conclusions. The type of data used is secondary data, namely the type of data obtained through the processing of the second party from the results of field research and through library research, namely research through the library. The data used, obtained through the Central Statistics Agency (BPS).

## **4. RESULT AND DISCUSSION**

The people of Pontianak city have first recognized "warung kopi", a traditional coffee shop rather than a modern coffee shop as a place to gather and this activity is commonly called "ngopi". Then over time, "modern" coffee was introduced by several coffee shops with specialty or artisan coffee models [16]. During the pandemic, the policy to only serve take away caused the activities of the people of Pontianak, especially this coffee culture, could not be carried out. In fact, this culture is what causes coffee shops or coffee shops to be visited by the public and increase their sales. This has caused income to drop significantly during the pandemic. However, this does not mean that after the pandemic the coffee shop business players felt relieved, because with the revocation of PPKM (Enforcement of Restrictions on Community Activities), it has led to the proliferation of coffee shops in Pontianak with various new schemes and themes. hence some of what coffee shop businesspeople do to stay in business include:

### **Raw Material**

The main raw material in the coffee shop business is coffee beans. Therefore, each of the business owners has only one supplier for their coffee beans. Both coffee shops and their suppliers, called the Roastery, have a very strong closeness relationship. This is shown by the availability of coffee beans when requested, in addition, during the pandemic, the roastery also provided some relief for coffee shop owners

in the payment process of the ordered coffee beans. Thus, in general, in the coffee business in Pontianak, there are no significant constraints on the availability of raw materials.

### Efficiency in production processes

The production process starts with the calibration process which is the responsibility of the captain barista. During this process, there is also a process of checking the quality of the menu, cleanliness, supplies, and other things from the beginning of the coffee beans to the coffee shop until it is served to customers. Furthermore, some adjustments were made during the pandemic by cutting the cost of production. However, this is done by considering changes in the taste of the drinks offered so that they remain in accordance with what customers like.

Two coffee shop owners chose to use flair, which is a coffee maker that is operated manually, without electricity during the pandemic. R1's own coffee shop opened when the covid-19 pandemic took place so that from the beginning he chose to use flair to cut electricity costs, which is a considerable burden when having to operate a coffee machine. This has been experienced by R2, where initially his coffee shop used a coffee machine and switched to using flair to cut electricity costs. Meanwhile, R3 works in a fairly large coffee shop, so he still uses a coffee machine in the process of making coffee drinks. of course, this causes considerable operational costs that cannot be avoided.

### Consumer service: Hospitality

Service to consumers is prioritized by always asking for feedback on the taste of coffee, and there are even coffee shops that fulfill the amount of coffee beans desired by customers. Closeness to customers is one of the important strategies for coffee shops through baristas so that customers make their coffee shop their first choice to relax. The baristas themselves also cause customers to visit and become regular customers, but this also creates a condition where customers will then shift when their baristas move to other coffee shops. During the pandemic, coffee shop owners continue to open their shops but with consideration of who is "allowed" to come. Therefore, some coffee shops implemented segmented sales. Not only about the target market, but in general by choosing who consumers are allowed to gather at their coffee shop. This is done to ensure that loyal customers are not too disturbed by the presence of new customers who are just trying to come but cause inconvenience or do not consider the comfort of their regular customers.

## 5. CONCLUSION

The main competitive advantage offered in the coffee shop business in Pontianak is hospitality by building closeness between baristas, including coffee shop owners to customers. Where they focus on making customers who came to become regular customers. Providing a comfortable place for customers to do their activities. Coffee shop businesses prefer a segmented target market, namely people who are coffee lovers and certain groups. The segmented market share causes the main product offering for customers to be the unique taste of coffee which is considered to be able to provide a different sensation from other coffee shops. So that raw materials must always be maintained, both in terms of quality and quantity. As for price competition, the average does not have a significant difference. So that in order to continue operating, coffee shops must be able to minimize expenses that occur because the coffee shop chooses to target a highly segmented niche market due to the high competition in the coffee shop business in Pontianak.

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