



Development Strategy of Coffee Shop Business in Office Area Jakarta, Indonesia

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Author's contribution

The sole author designed, analyzed, interpreted and prepared the manuscript.

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ABSTRACT

The coffee shop culinary services industry is now growing rapidly in urban areas such as Jakarta. purpose of this study is to determine the priority strategy for the development of the coffee shop busin The study was designed using Quantitative Strategic Planning Matrix (QSPM) method which is supported by IE Matrix and SWOT Analysis method. The data retrieval used is Focus Group Discus (FGD) involving customers, management, and staff as respondents. The results of this study, matr shows that the company is in Quadrant II growing and developing which means J.CO Donuts & Cc needs to focus on carrying out intensive strategies such as market penetration, market development, product development. The result of QSPM is a strategy to improve the quality of human resou services, to correct the shortcomings of workers' skills. This strategy can be realized in the form of tra or refreshment to take employees to more advanced coffee shops.

Keywords: QSPM; SWOT; development strategies; coffee shops; business development.

1. INTRODUCTION

The coffee shop service industry is growing rapidly nowadays in big cities such as Jakarta. Coffee shop business has long existed in Indonesia since India sent Yemeni coffee bean

seeds named Arabica to the Dutch government in Batavia. Natural resources are the big backbones for economic growth and new emerging the Micro, Small and Medium Enterprises (SMEs) in Indonesia [1]. Coffee delivery is partly for consumption, other than

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grown in plantations for export abroad. In addition to economic potential, coffee is also useful for environmental sustainability because coffee is a perennial that can maintain groundwater. The nature of coffee planting patterns that require intercropping plants as shade, provides added value for farmers. Farmers not only produce coffee, but can also produce other commodities. Oranges and white pepper are one of the plants that are usually superimposed in coffee plantations. Based on this, coffee has a large potential to be developed. Countries with abundant coffee plantations have great advantages that can be used to develop local industries.[2]. With the characteristics of coffee production mostly done by farmers, there needs to be concrete steps from the government to improve coffee productivity.

This study focuses on coffee shops J.CO Donuts & Coffee which has business developments with big prospects. In just 1 year, they have managed to open 16 outlets with the number of outlet employees reaching 450 people. In 2007, it has been working on Go International with several destination countries such as Singapore, Australia and Hong Kong. Now the success of J.Co Donut & Coffee as one of the original Indonesian culinary companies has inspired many. Until 2018 already has more than 200 outlets spread throughout its branches both Indonesia and abroad.

Promotion or marketing is one of the factors that businesses must consider in order to attract many customers. An effective strategy is needed to increase sales through services that satisfy consumers. Consumers often evaluate the totality of a consumption experience rather than attribute level performance evaluation, particularly when it is hard to articulate differences among top-performing brands [3]. To determine the most effective development strategy, the views of all internal and external parties are required.

2. METHOD

This study uses quantitative strategic planning matrix (QSPM) method to determine the most effective development strategy. QSPM is a decision-making stage of development strategy determination that takes into account internal and external factors. QSPM evaluates alternative strategies based on external and internal strategic factors to make final strategy decisions for organizations [4]. In the concept, QSPM is a

recommended tool for researchers to objectively evaluate alternative strategy options. Quantitative Strategic Planning Matrix is applied for quantitative evaluation of strategies [5]. The strategic design in this study has a unity of interrelated processes.

The study began with the identification of major internal and external factors in the Internal Factor Evaluation (IFE), External Factor Evaluation (EFE), Internal-External (I-E) matrix, and strength weakness opportunity challenge (SWOC) matrix. The main objectives of SWOC methods are to build strengths, eliminate weaknesses, exploit opportunities and deal with challenges or obstacles.[6]. The IFE matrix is used to determine the internal factors of Pangandaran related to strengths and weaknesses. The EFE matrix contains external factors that affect Pangandaran with its opportunities and challenges. The IE matrix elaborates data from the IFE and EFE matrices, then formulates alternative strategies. The result of swoc matrix is an alternative development strategy analyzed by QSPM method. Based on the input of relevant stakeholders, SWOC and QSPM analysis is conducted to determine the right strategy. [7]. This study uses IFE, EFE, SWOC and QSPM analysis methods to obtain a comprehensive development strategy.

Data collection is conducted by Focus Group Discussion (FGD) method which involves involving all interested parties such as hoteliers, restaurants, traders, governments, communities and non-governmental organizations. This method has the main characteristic of using interaction data resulting from discussions between participants. The main strength of FGD method is proven to provide more in-depth, more informative, and more valuable data than other methods.

The stages in the QSPM method are the creation of IFE and EFE matrices, the weighting of each internal and external factor, the identification of alternative strategies, the determination of attraction values, and the calculation of total attractiveness values. The alternative strategy chosen is the one that has the highest total attractiveness value.

3. RESULT AND DISCUSSION

The identification factors of Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) have been obtained from research based

on facts in the field, as for determining internal and external factors are conducted by interviewing customers and discussing to managers and staff who have an important role in operations and management at donuts & coffee J.CO.

3.1 Internal Factor Evaluation (IFE) Analysis

The respondents were visitors who had been and visited and recently visited as external respondents as many as 11 respondents and managers as internal respondents as many as 5 respondents. Filling out questionnaires conducted directly. Factors of strength (S) and weakness (W) found are as follows:

- S1 As a pioneer of coffee provider
- S2 Has a distinctive taste of
- S3 Strategic location
- S4 Brand that is widely known by the
- S5 community Has an online ordering information system
- S6 Menu drinks and donuts that vary
- W1 many competitors in the location near
- W2 Price is quite expensive
- W3 Less friendly service

The following is the result data from the processing of IFE Matrix data is :

In the chart picture 1 as for the internal variable with the largest strength score is the variable S4 namely Brand J.CO Donuts & Coffee widely known by the public with a score of 0.49 after that variable S6 namely Menu drinks and donuts a diverse score of 0.47. While the main weakness variable with a large low score total owned by J.CO Donuts & Coffee is the variable W1 that is the number of competitors located with a total score of 0.34 and variable W3 Service provided less friendly with a score of 0.18

3.2 External Factor Evaluation Analysis (EFE)

Analysis of external factors looks at the opportunities and threats that exist in the coffee business J.CO Donuts & Coffee. Opportunity factors (O) and threats (T) found are as follows:

- O1 Wide market potential
- O2 Sekmen market area perkantran
- O3 Increasing lifestyle drinking coffee
- O4 Innovation new flavor
- O5 Brand image large
- T1 Tight competition
- T2 Many competitors with low prices

- T3 Changes consumer taste
- T4 Increase in production costs
- T5 Consumers are getting bored

The following is the result data from the processing of EFE Matrix data is :

On the Graph 2 external variables with the highest chance score J.CO Donuts & Coffee is variable O5 that has a brand image large enough so as to improve perception with a score of 0.43 after that variable O2 and namely Taking a handful of markets in the center of the office with a score of 0.41 While the main threat variable with the highest total score of J.CO Donuts & Coffee is variable T2 that is the number of competitor offers product packages at a cheaper price , total score of 0.29 and variable T1 is very tight competition because of the number of competitors located with a score of 0.26.

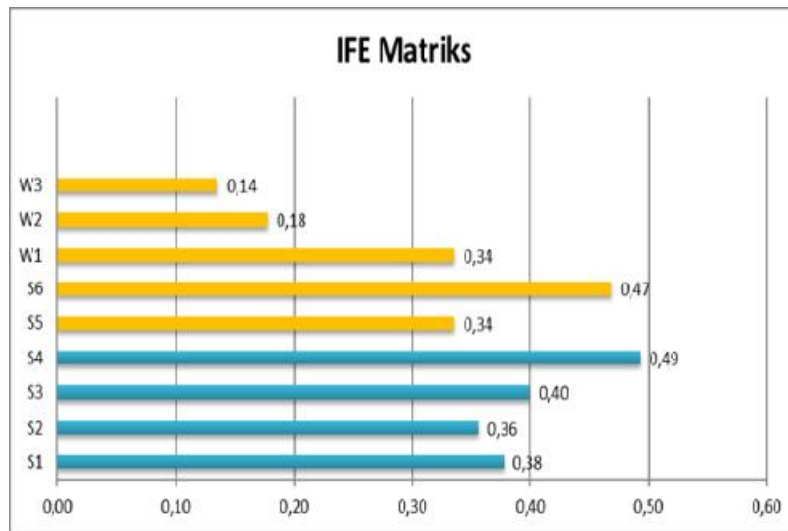
3.3 IE Matrix Analysis

Based on the results of the total score in the IFE and EFE matrices, the total IFE score of 3.08 and the total EFE score of 3.00 can be compiled by the IE matrix. Based on analysis IE Matrix is derived from a total IFE score of 33.08 and a total EFE score of 3.00. So J.CO Donuts & Coffee occupies quadrant II which is the quadrant of growth and build (grow and develop) in other words J.CO Donuts & Coffee needs to focus on carrying out intensive strategies such as market penetration, market development, and product development.

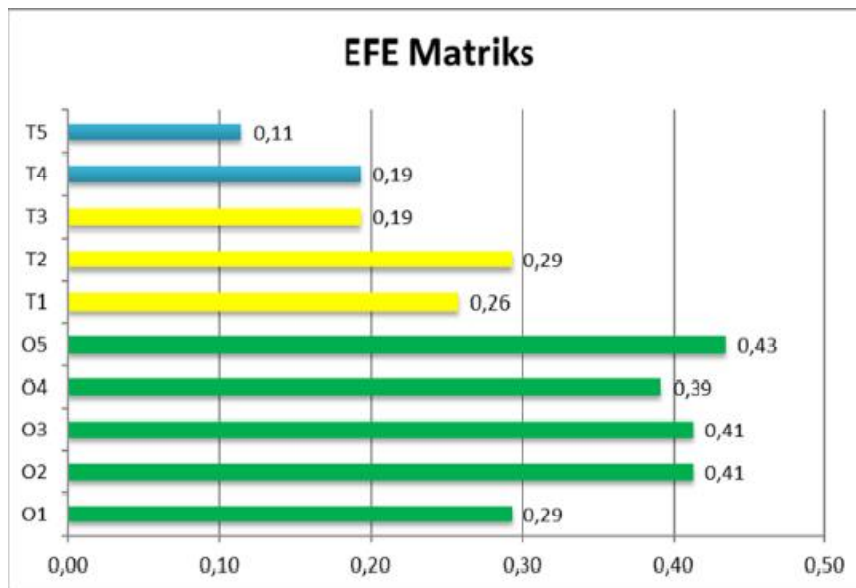
3.4 SWOT Analysis

SWOT matrix is realized from 4 (four) alternative strategies. Alternative strategies are: SO strategy (opportunity-strength), WO strategy (opportunity-weakness), ST strategy (threat-force), and WT strategy (hazard-weakness). Based on the design and discussion with managers and staff who play an important role in the J.CO Donuts & Coffee, 4 priority strategies according to existing cells.

In the SWOT matrix analysis, the results of the strategy to apply the development strategy on the donuts & coffee J.CO, which consists of 4 kinds of strategies, namely SO Strategy to innovate and develop products in the J.CO Coffee & Donuts, WO Strategy improves the quality of human resources services, ST strategy improves the type of product variation, and WT strategy maintains good relationship with customers. Everyone will be very happy if they feel cared for and considered important to make them feel valued and cared for.



Graph 1. IFE Matrix



Graph 2. EFE Matrix

The SO strategy shows that companies can develop products and services that appeal more to consumers. Product and service innovations should increase customer satisfaction from ordering to product acceptance. WO strategy explains companies to improve employees' skills to provide better services. ST strategy reminds companies to diversify their products amid intense competition. WT strategy explains the company to maintain good customer relationships.

3.5 Quantitative Strategic Planning Matrix (QSPM) Analysis

After the input stage and matching stage, several alternative strategies were produced from the SWOT analysis results. However, it is necessary to determine which strategy is most appropriate for the company to implement. Furthermore, each alternative strategy is assessed using QSPM method to be known objectively by evaluating the internal and external

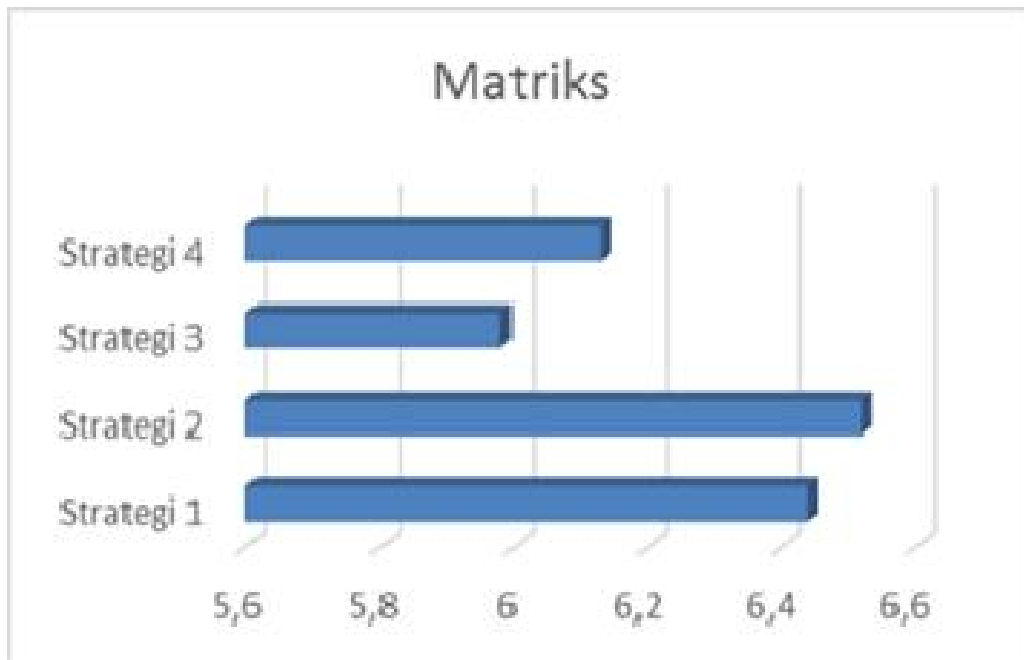
environmental conditions of the company. The qspm calculation of 4 alternative strategy : – Strategy 1: Innovating and developing products – Strategy 2: Improving the quality of HR services – Strategy 3: Improving product variation type – Strategy 4: Maintaining good relationships with customers Based on the results of filling weights on questionnaires and calculation of total attractive scores using Microsoft Excel software, assessment results are obtained on the QSPM matrix such as Graph 4:

From the above results it is known that alternative strategy 2 improve the quality of human resources services selected as the most effective strategy according to QSPM analysis.Strategic choices are associated with the vision, mission, objectives and external and internal analysis of the organization [8]. This strategy is to correct the shortcomings of workers' skills with training. This result corresponds to the results of the IE matrix which is located in quadrant II which requires an intensive strategy.Technology is used to improve production quality, minimize costs and make activities more efficient and competitive [9].

The recent rise of the coffee shop industry is less balanced with the quality of human resources (HR) available. Consumers pay more attention to

service than attributes to a coffee shop [3]. HR has a major role in every company's activities. Although supported by facilities and infrastructure, promising financial resources, but without reliable human resources support, the company's activities will not be completed properly. This shows that human resources are a key factor that must be considered with all their needs. Good service can make the comfort of customers who come with a variety of purposes.In modern coffee shops, customers come up with many purposes such as political negotiations, business transactions, discussion of socio-cultural issues, and others [10].

In business growth and development, companies need to enrich human resources in terms of quality and quantity to achieve the vision and mission of the company which will become a competitive advantage and support the company's business development. Many studies show that good hr management has a significant impact on the company's reputation, which has a positive influence on the increase in turnover [11]. The development of this coffee shop business is in accordance with the economic development strategy in Indonesia that emphasizes on strengthening micro, small and medium enterprises.



Graph 3. QSPM Matrix

4. CONCLUSION

From the results of the analysis and discussion conducted by the author, the conclusions obtained from this study are as follows:

1. There are 4 kinds of alternative strategies created through the SWOT matrix, namely: Strategy 1 to innovate and develop products in the J.CO Donuts & Coffee, Strategy 2 reminds the quality of human resources services in J.CO Donuts & Coffee, Strategy 3 improves the type of product variation to meet consumer desires, Strategy 4 maintains good relationships with customers.
2. Priority strategy for the development of J.CO Donuts & Coffee is Strategy 2 which is to improve the quality of human resources services. In improving the quality of human resources, to correct the shortcomings of the skills of workers need to add insight and training. With this strategy is very suitable to form a quality performance, have skills, and enrich human resources in terms of quality to achieve the vision and mission of the company that will support the development of business.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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