



Effect of feasibility analysis of business development of badman coffee shop and waffle

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ABSTRACT

Badman Coffee & Waffle Coffee Shop is a shop that runs its business, especially in the field of coffee, as one that provides coffee drinks with characteristics that are different from other shops. This research is based on the fact that the Badman and Waffle coffee shop has been running its business well so far, but the problem with the current location is that it is not strategic because the location is not spacious enough to only accommodate four table stands while there are quite a lot of visitors who come to the location. The purpose of this study is to analyze the feasibility of the Badman coffee shop business which includes marketing aspects, human resource aspects, operational management aspects, financial aspects, and legal aspects. This study uses descriptive analysis by collecting data through observation, interviews with owners, managers and visitors and distributing questionnaires to customers of Badman and Waffle Coffee shops to obtain secondary data relating to the purpose of analyzing the feasibility of developing the Badman and Waffle coffee shop business with SWOT analysis. The results of the study concluded that Badman and Waffle coffee shop is feasible for business development to a wider and strategic location.

Keywords: Business development; feasibility analysis; Strategic location

INTRODUCTION

In order to improve the community's economy, especially the coffee business which continues to spread and grow rapidly, it is necessary to improve its branding and marketing related to the coffee business. Indonesia as a coffee producer, when compared to Vietnam which produces 1.5 million tons annually, currently the volume or yield of coffee harvests in Indonesia, which amounts to around 655 thousand tons per year, is still far behind so that national coffee crop productivity must be increased so that deficits can be minimized. Especially because coffee consumers in the community outside and within the country began to increase from 0.8 kilograms per capita to 1.3 kilograms per capita. The growth of coffee consumers in other countries such as China can also be said to be increasing so that Indonesia has a great opportunity to export coffee to these countries, because so far the largest destination for

Indonesian coffee exports has been the United States (AEKI (Association of Coffee Exporters and Industries) Indonesia, 2016).

According to the International Coffee Organization, Indonesia is included in the 10 largest coffee producing countries in the world. Based on data from the International Coffee Organization (ICO), coffee production was the largest in Brazil with a total of 63.4 million sacks measuring 60 kilograms (kg) last year. Vietnam was in second place with coffee production reaching 29 million sacks in 2020. After that, Colombia with coffee production of 14.3 million sacks in the same period. Indonesia is in fourth place with coffee production of 11.95 million sacks. Indonesia's achievement as the 4th largest coffee producing country in the world is in line with the high consumption of coffee in Indonesia.

Drinking coffee is now a lifestyle for millennial generation children and not just a drowsiness drink. This is reflected in the mushrooming of cafes or shops selling drinks from brewed coffee grounds throughout the archipelago. In addition, with the influence of cultural and social aspects coming from abroad, the pattern of Indonesian people's behavior has changed. For example, people who used their lunch break only for lunch, but now they also use it as a means to socialize. With these changes and influences, it causes a shift or change in the function of the cafe or coffee shop, which gives birth to new phenomena and culture.

The results of the research conducted by Toffin in 2019 revealed seven factors driving the growth of the coffee shop business in Indonesia. First, the habit (culture) of hanging out while drinking coffee. Second, the increasing purchasing power of consumers, the growth of the middle class and the more affordable prices of RTD (ready to drink) coffee in modern shops. Third, the dominance of Indonesia's young population (generations Y and Z) has created a new lifestyle in consuming coffee. Fifth, the presence of social media makes it easier for coffee shop businesses to carry out marketing and promotional activities. Fifth, the presence of ride hailing platforms (grabfood and gofood) which facilitate the sales process. Sixth, low entry barriers in the coffee business are supported by the availability of supplies of raw materials, equipment (coffee machines), and resources to build a coffee shop business. Seventh, the margins of the coffee shop business are relatively high (Degaga, 2020; Ghoshray & Mohan, 2021; Purnomo et al., 2019; van Keulen & Kirchherr, 2021; Yunita et al., 2019).

Based on the Center for Agricultural Data and Information Systems of the Ministry of Agriculture (can be seen in Figure 1.1) national coffee consumption in 2016 reached around 250 thousand tons and grew 10.54% to 276 thousand tons. Indonesian coffee consumption throughout the 2016-2021 period is predicted to grow at an average of 8.22%/year. In 2021, coffee consumption is predicted to reach 370 thousand tons. The increase in national coffee consumption cannot be separated from the increasing number of coffee shops, coffee shops or coffee shops that have sprung up. According to Moelyono Soesilo, Head of the BPP Specialty & Industry Department of the Indonesian Coffee Exporters and Industry Association (AEKI), said that in the last 4 years, the development of cafes, coffee shops and restaurants is still strong (Ministry of Industry, 2019). With this growth, it certainly encourages the domestic coffee processing industry to have the potential to continue to grow along with the proliferation of coffee shops and restaurants. Now to be able to enjoy quality coffee not only at Starbucks or at Coffee Bean. This is because cafes selling local coffee drinks are now present everywhere, from roadside, business districts to malls.

According to the Director General of Agro Industry of the Ministry of Industry of the Republic of Indonesia, the development of coffee consumption in Indonesia cannot be separated from the transformation wave of world coffee. In the first wave, large coffee producing companies encouraged an exponential increase in consumption of industrially produced coffee with ready-to-drink coffee products. Furthermore, the second wave was marked by the emergence of global network cafes with the use of espresso machines. With this machine,

consumers can enjoy coffee with a different taste due to the presence of new processing or serving techniques. Entering the third wave, the coffee business was introduced with the concept of specialty coffee. Then global coffee shops started to compete with local coffee shops which served typical coffee from various regions or called single origin coffee with a variety of brewing techniques. Then in the fourth wave. At this time the size of the coffee shop market in Indonesia increased significantly. New brands of coffee shops have sprung up and each of them immediately opened dozens to hundreds of branches in various cities (Ministry of Industry, 2020). To work on the younger segment (school children to first jobbers), these coffee shop businessmen opened Coffee to Go shops, which are small shops that provide ready-to-drink coffee at affordable prices to take home or not consume on the spot. The presence of the ride-hailing platforms Gofood and Grabfood has contributed to the boom of this coffee to go shop. This makes it easier for consumers in the process of buying coffee (Safira & Chikaraishi, 2022; Trixievania & Halim, 2022).

The rapid development of the coffee business has attracted many investors and venture companies to invest in coffee shops. For the last three years, investors have allocated their funds to various coffee shops. This is considered quite surprising considering that so far most investors have only provided funds to startups in the technology sector. In January 2019, two local coffee brands received investment funds of USD 8.5 million or around IDR 127 billion from Agaeti Venture Capital, SMDV, Insignia Ventures Partners, East Ventures and Pavilion Capital, as well as USD 20 million or around IDR 288 billion from Sequoia India (Gobiz, 2019). This investment has made these two local coffee brands even more diligent in opening new outlets and expanding very quickly. As for other coffee entrepreneurs, the success of these two local coffee brands in obtaining investment has opened up markets for them. This means that other local brands have the potential to be eyed by large investors if they do have an attractive business. This investment can allow local entrepreneurs to open more outlets and expand more rapidly across Indonesia.

Coffee shops have mushroomed on every street corner in the city of Bandung and for now consuming coffee has become a lifestyle for city people (Trixievania & Halim, 2022). There are more than 125 coffee shops in the city of Bandung with different scales. Even with that number, in Bandung every month there are 2-3 new coffee shops (Manual Brew Community 2019). Many coffee shops with various concepts are offered to attract customers, both from young and old people and from a middle to upper class economic perspective. Coffee shops that have been established for a long time or coffee shops that have recently opened are trying to introduce and offer new menus so that they can be well received by consumers (Lengauer, 2022; Leong-Salobir & Leong-Salobir, 2019).

The coffee shop business in Indonesia continues to grow. This can be seen from the significant increase in the number of coffee shops in Indonesia in the last three years and the increase in domestic consumption of coffee in Indonesia. In TOFFIN's research results, together with MIX MarComm SWA Media Group Magazine shows, the number of coffee shops in Indonesia in August 2019 reached more than 2950 outlets. This number has almost tripled compared to 2016 which was only around 1,000.

Coffee products produced by Badman Coffee and Waffle are of various choices as Badman and Waffle's superior products, of course the business owners need to carry out development by moving to a wider location or adding new branches in strategic places and with ample tables and chairs capacity. In running the coffee business, it is necessary to understand and calculate the feasibility and development of the business as an effort to increase its profitability. Suad Husnan and Suwarsono Muhammad (2014), said that a business feasibility study is research on whether or not a business project (usually an investment business project) is implemented successfully, whereas according to Sulyanto (2010) a business feasibility study is research that aims to

decide whether a business idea is feasible or not. A business idea is considered feasible to be implemented if the idea can bring greater benefits to all parties (stakeholders) compared to the negative impacts it causes.

Market and Marketing Aspects, namely the products produced by Badman and Waffle Coffee shops are quite varied with prices that can compete with other coffee shops, but if viewed from a promotional perspective, they are still limited to only using promotions via Instagram, as well as the location (place) used as a place of sale inadequate. Technical and production aspects of Badman Coffee & Waffle, in terms of production the selected production scale is not optimal, the facilities are not adequate, the production process has not been chosen correctly, there are difficulties in maintaining facilities. From the financial aspect, in 2021 - 2022 there was an increase of IDR 20,130,000, an increase in income (EAT) with a margin of 24%. Legal Aspects, from the legal aspect of the Badman and Waffle Coffee shops, it has complied with it, but such as a Nuisance Permit (IGU) and others need to be taken care of, with the aim of avoiding protests from the nearby community. The economic aspect is viewed from the aspect of social geography related to economic matters. The economic aspect itself discusses how the company develops, which of course has a positive impact on the income earned.

METHOD

The research method used in this study is the descriptive quantitative method, which involves the collection of data through observation, interviews, and questionnaires to obtain a comprehensive and systematic picture of the feasibility analysis for the business development of Badman and Waffle coffee shops in the city of Bandung. The data collected is then processed, studied, and analyzed to achieve the specific goals and uses of the research. The focus of this research is on financial management disciplines, and the method used is scientifically justified in accordance with the research objectives and assumptions. a SWOT analysis was also conducted to identify the strengths, weaknesses, opportunities, and threats of Badman Coffee & Waffle Coffee Shop. The research method includes the stages of preparation, data and information collection, data processing, and study and analysis (Creswell & Creswell, 2017).

In the preparation stage, the research strategy and steps were formulated to ensure the validity and reliability of the research. The data and information collection stage involved the use of multiple sources, including interviews with the owners and managers of Badman and Waffle coffee shops, observation of the coffee shop's operations, and distribution of questionnaires to customers. The data processing stage involved the organization and analysis of the collected data using statistical tools and software.

The study and analysis stage involved the examination of the data and information to draw conclusions and make recommendations regarding the feasibility of business development for Badman and Waffle coffee shops. The focus of the analysis was on the marketing aspects, human resource aspects, operational management aspects, financial aspects, and legal aspects of the business.

RESULT AND DISCUSSION

Result

The analysis used is SWOT analysis. This analysis is based on logic that can maximize Strengths and Opportunities, but simultaneously can minimize Weaknesses and Threats. Using

internal analysis, the positions of Badman and Waffle Coffee shops are as follows (table 1).

Tabel 1
Internal Strategy Factors

	Strength	Weight	Rating	weight x Rating
1	Having quite a lot of assets to be developed and managed optimally.	3	0.176	0.529
2	Investment for additional capital is sufficient	3	0.176	0.529
3	The Badman Coffee and Waffle menu varies	2	0.118	0.235
4	Experienced HR	2	0.118	0.235
Weakness				
5	Place Less Strategies	3	0.176	0.529
6	Production technique is still slow	2	0.118	0.235
7	Promotion using only Instagram	2	0.118	0.235
		17	1,00	2,529

Based on Table 1, it shows that the internal strength and weakness factors of Badman and Waffle coffee shops have a weight value of 17, a rating of 1.0, and a weight x rating value of 2.529. This indicates a score of 2.6 and 2.4, which shows that the position of Badman and Waffle coffee shops is in a neutral position, not strong nor weak.

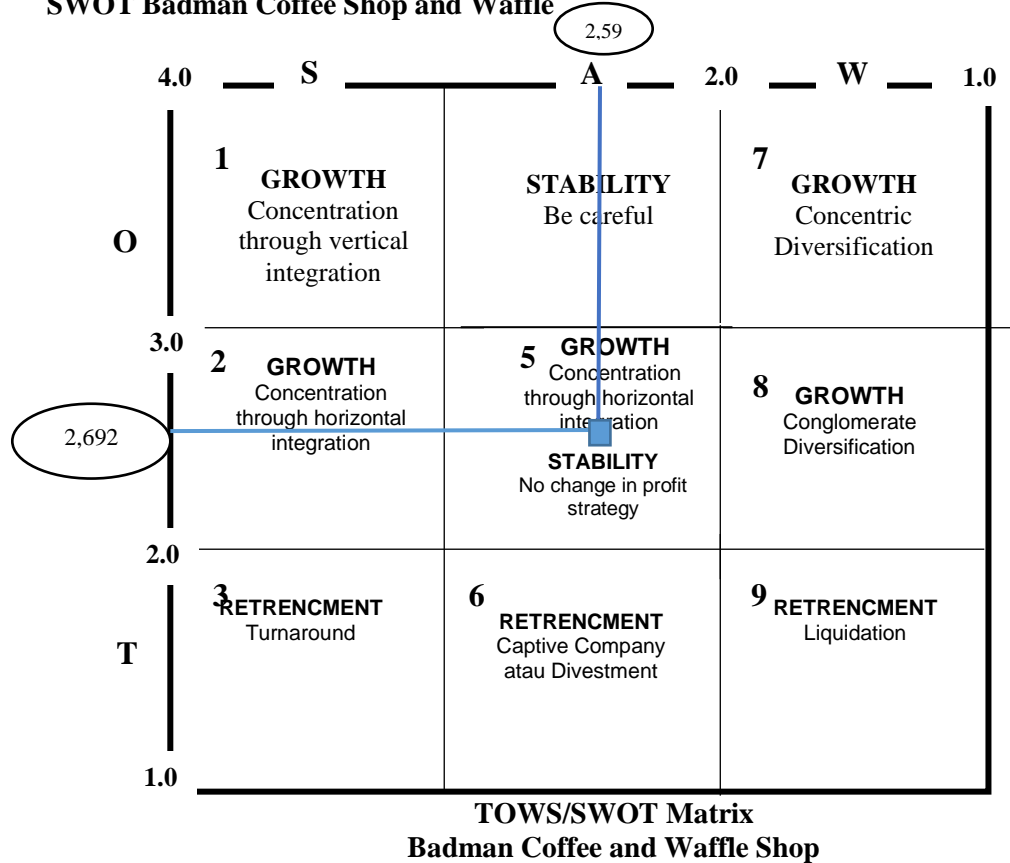
Table 2
External Strategy Factors

	Opportunity	Weight	Rating	weight x Rating
1	Have experienced HR	3	0.231	0.692
2	Selected Coffee Raw Materials and have different characteristics from the others		0.231	0.692
	Threats	3		
Threat				
3	The place of business is not privately owned	3	0.231	0.692
4	Many similar coffee businesses	2	0.154	0.308
5	Interference and Security Permissions	2	0.154	0.308
		13	1.00	2.692

Based on Table 2, it shows that the external factors of opportunities and threats at the Badman and Waffle coffee shop have a weight value of 13 rating 1.00 and a weight x rating value of 2.692, this shows that the position of Badman and Waffle coffee shops is not strong and not weak.

The results obtained from the IFES matrix and EFE matrix can be arranged in the IE (Internal External) matrix. This IE matrix analysis is used to determine the current position of the Kopi Badman and Waffle coffee shops. The IE matrix is based on the weighted values obtained in the IFE and EFE matrices, as shown in Figure 1, as follows:

Tabel 2
SWOT Badman Coffee Shop and Waffle



<div> <div>External</div> <div>Internal</div> </div>	Opportunity (O)	Threat (T)
	1. Having experienced human resources 2. 2. Coffee Raw Materials are selected and have different characteristics from the others	1. The place of business is not privately owned 2. Many similar coffee businesses 3. Nuisance and Security Clearance
1. Have a lot of assets to be developed and managed optimally. 2. The Badman Coffee and Waffle menu varies 3. Experienced HR Has a lot of assets to develop and manage optimally. 4. The Badman Coffee and Waffle menu varies 5. Experienced HR 6. Having quite a lot of	SO: Asset (S1,S2, S3 O1, O2, Menu (S2, O2) (S3, O2, O3) SDM (S3, O1)	TS: Asset (S1, S2, S3, T1,T2,T3)

assets to be developed and managed optimally 1. The Badman Coffee and Waffle menu varies 2. Experienced HR		
1. Less Strategic Places 2. Production techniques are still slow	WO: Investasi (W1, W2,O1,O2) Teknik Produksi (W1, O1, O2)	WT: Investasi (W1, W2, T1, T2, T3)

Source: Data processed by Researchers in 2022

Based on the results of the SWOT matrix analysis in Table 2, it can be obtained that the development strategies that can be applied are: a) Have sufficient assets to be able to pay salaries for experienced employees and obtain quality raw materials. b) Improve and maintain product quality by providing a varied coffee menu c) Improving the quality of human resources by increasing their ability to improve business development d) Looking for a strategic place that has adequate customer capacity for business development purposes.

Discussion

The study conducted a SWOT analysis to evaluate the internal and external factors affecting Badman and Waffle coffee shops. The internal analysis revealed that the coffee shops have a significant amount of assets and adequate investment for additional capital. Additionally, the menu offered by the coffee shops is varied and they have experienced HR. However, the coffee shops have weaknesses in terms of their less strategic location, slow production technique, and limited promotion using only Instagram. The external analysis revealed that the coffee shops have opportunities in terms of having experienced HR and unique coffee raw materials, but they also face threats such as having a non-privately owned place of business, competition from many similar coffee businesses, and interference and security permissions (Ayse Begum et al., 2020; Azavedo & Gogatz, 2021; Berampu et al., 2019; Donovan et al., 2020; Joesyiana et al., 2021; Kaniawati et al., 2021; Lee et al., 2018; Lubis & Fitria, 2021; Prasetyo & Irma, 2021; Yusuf et al., 2022).

The results obtained from the internal factor evaluation score (IFES) matrix and external factor evaluation score (EFES) matrix were used to construct the internal-external (IE) matrix. The IE matrix helps in determining the current position of the coffee shops. Based on the weighted values obtained in the IFES and EFES matrices, the position of the coffee shops was determined to be in a neutral position, not strong nor weak.

This study provides insights into the internal and external factors affecting the position of Badman and Waffle coffee shops. The SWOT analysis, IFES matrix, EFES matrix, and IE matrix are useful tools for evaluating the strategic position of businesses. However, it is important to note that the results of these analyses are dependent on the accuracy of the data used in the analysis.

To further develop the study, future research could explore the effectiveness of strategies that could be implemented to improve the position of Badman and Waffle coffee shops. For instance, the coffee shops could consider improving their production techniques to increase efficiency, expanding their promotional strategies to reach a wider audience, or even considering relocating to a more strategic location. Additionally, the study could explore the impact of the COVID-19 pandemic on the coffee shops' position and the strategies they implemented to overcome the challenges posed by the pandemic.

Limitations of this study include the small sample size, which only focused on Badman and Waffle coffee shops in Indonesia. Therefore, the findings may not be generalizable to other coffee shops in different locations. Additionally, the study did not evaluate the financial performance of the coffee shops, which could provide a more comprehensive understanding of their strategic position. Future research could expand the sample size to include a larger number of coffee shops in different locations to improve the generalizability of the findings. Moreover, future research could conduct a financial analysis to provide a more comprehensive evaluation of the strategic position of coffee shops. The study could also explore the impact of other external factors such as economic conditions, government regulations, and consumer behavior on the position of coffee shops.

CONCLUSION

the Badman Coffee & Waffle Coffee Shop provides unique coffee drinks and has been operating successfully, but its current location is not spacious enough to accommodate the high number of visitors. This study aimed to analyze the feasibility of the Badman coffee shop business by examining marketing, human resource, operational management, financial, and legal aspects. The study utilized descriptive analysis by collecting data through observation, interviews, and questionnaires. The results of the study showed that Badman and Waffle coffee shop is feasible for business development to a wider and strategic location.

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