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Business Model Development Strategy for Ulee Kareeng Coffee Shop Based on Consumer Behaviour

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Abstract: This research examines the business strategy transformation of Kedai Kopi Ulee Kareng & Gayo II, a traditional Acehese coffee shop in Medan, in response to changing consumer preferences and competition from the modern coffee industry. Using the Business Model Canvas (BMC) approach, SWOT analysis, and consumer surveys, this study aims to identify the existing business model, analyze internal and external factors, and formulate new business strategies that are adaptive to market trends. The research methodology involves in-depth interviews with cafe management, distribution of questionnaires to 200 respondents, and comprehensive analysis of the nine BMC elements. The results indicate the need for strategic adjustments to reach millennial and Gen Z consumer segments while maintaining the cafe's traditional essence. Key findings yield ten strategic recommendations, including modernizing the cafe concept, optimising digital marketing, and diversifying partnerships. Managerial implications emphasize the importance of balancing innovation and preservation of traditional values in developing the new business model. This research contributes significantly to understanding the dynamics of traditional business adaptation in the digital era and provides a strategic framework for traditional coffee shop entrepreneurs to enhance competitiveness in an evolving market.

Keywords: Traditional coffee shop, Business Model Canvas, SWOT analysis, Business Strategy, Consumer behavior.

INTRODUCTION

Recent developments in coffee shop business development research reflect significant changes in industry trends and consumer behavior. Digitalization and technology have become crucial aspects, with the implementation of digital ordering systems and data analytics to understand customer preferences (Kim et al., 2022). Sustainability and social responsibility have also become a primary focus, including ethical coffee bean sourcing practices and the use of environmentally friendly packaging (Samoggia & Riedel, 2020). Customer experience continues to be a priority, with interior designs that support productivity and social interaction, as well as product and service personalisation (Vanharanta et al., 2021).

Product diversification has become a key strategy, with innovations in non-coffee menus and the development of speciality coffee products (Ferreira & Ferreira, 2021). Adaptive business models, such as drive-thru services and expansion into e-commerce markets, are becoming increasingly popular trends (Lee & Yeu, 2023). Staff training and development also receive special attention, focusing on comprehensive barista training programs and soft skills development (Boaventura et al., 2022). Health and wellness aspects have become important considerations in menu development, with the integration of functional beverage options and a focus on nutritional transparency (Samoggia et al., 2020).

Localisation and customisation of products and services to reflect local culture have also become increasingly common strategies (Grinshpun, 2022). Lastly, the use of predictive analytics and AI to forecast consumption trends and optimize stock has become a rapidly developing research area (Kang et al., 2023). A holistic approach that combines product innovation, superior customer experience, and responsible business practices has become key in facing competition in the increasingly competitive coffee shop industry.

Indonesia's modern coffee shop industry has experienced significant growth in recent years, driven by changing consumer lifestyles and increasing coffee culture awareness. The transformation from traditional warung kopi to contemporary coffee establishments reflects the evolving preferences of young urban consumers, particularly millennials and Gen Z (Toffin, 2020). These modern coffee shops combine local coffee heritage with international café concepts, offering not just beverages but also comfortable spaces for socializing and working. The trend has been further accelerated by social media influence and the rise of local coffee brands, leading to a more sophisticated coffee market that balances authenticity with modern aesthetics and service standards (Cahyadi, 2019)

METHOD

This research was carried out at Ulee Kareng & Gayo II Coffee Shop, Jl. Dr. Mansyur No.80 A, Kel. Padang Bulan Selayang I, Medan Selayang District, Medan City, North Sumatra. The research was conducted in October – December 2024. This research was conducted using a descriptive analysis method in the form of *a case study*. The types of data collected consist of two types, namely primary data and secondary data. Primary data was obtained through an *in-depth interview* with the *General Manager* of Coffee Shop and a questionnaire filled out by the respondents. Meanwhile, secondary data is obtained by accessing information and documents owned by the company and related agencies. In addition, secondary data is also obtained from other relevant data sources such as books, theses, journals and scientific publications. The data collection techniques carried out in this study are as follows:

1. Interview

Interviews are a data collection technique where researchers directly dialogue with resource persons to dig up information. The interview was conducted through an *in-depth interview* technique with the company's internal party as a resource person. In determining the resource person, it is done through a *purposive sampling* technique (done deliberately). The selected resource persons are those who are considered to have a deep understanding of the overall condition of the company, namely the *General Manager* of Ulee Kareng & Gayo II Coffee Shop. Interview questions related to the nine elements contained in the *business model canvas* and the determination of strategic factors faced by the company.

2. Questionnaire

Questionnaires are a data collection technique by sharing forms that have been designed by the researcher to respondents. The questions in the questionnaire include giving weight and ranking to the factors of the company's strategic environment.

3. Business Model Canvas (BMC)

In the first stage, the company's existing condition will be identified which will be mapped with a *business model canvas* (BMC) approach. According to Osterwalder and Pigneur (2012) in BMC there are nine blocks that are integrated with each other, namely customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structure. Through the mapping carried out with BMC, it will be clearly seen how the business flow is carried out by the company. This initial identification needs to be done before developing a strategy to find out the resources owned to the efficiency of the company's business flow, so that the strategy created can be right on target.

RESULTS AND DISCUSSION

Respondent Characteristics

The respondents in this study were customers who had visited and purchased beverages or food at Ulee Kareng Coffee Shop in Medan. The study included 200 respondents residing in Medan and surrounding areas. The questionnaire was distributed online using Google Forms through WhatsApp and Instagram applications. The respondent characteristics in this study include gender, age, status, education level, occupation, income, beverage and food purchases at Ulee Kareng Coffee Shop in the last 3 months, frequently purchased products, and how respondents learned about the coffee shop, as shown in Table 1.

Table 1. Respondent Characteristics

Characteristics	Category	Total	Percentage (%)
Gender	Male	91	45.7
	Female	109	54.3
Age	15 - 24	33	16.5
	25 - 34	109	54.3
	35 - 45	17	8.5
	>45	41	20.7
Monthly Income (IDR)	< 2,000,000	34	17.2
	2,000,000 - 5,000,000	52	25.8
	5,000,000 - 10,000,000	71	35.6
	>10,000,000	43	21.5
Education Level	High School	25	12.3
	Diploma	13	6.7
	Bachelor's Degree	118	58.9
	Master's Degree	37	18.7
	Doctorate	7	3.7
Occupation	Student	33	16.5
	Civil Servant	33	16.5
	Private Employee	49	24.4
	State-Owned Enterprise Employee	20	9.8
	Entrepreneur	65	20.7
Purchase Frequency (Last 3 months)	1 - 5 times	140	69.9
	6 - 10 times	36	17.8
	>10 times	24	12.3
Most Purchased Products	Coffee	152	76.2
	Non-coffee	28	14.0
	Food	20	9.8
Source of Information	Friends/Relations	101	50.6
	Sosial Media	54	27.2
	Family	45	17.3

Based on the data collected, the majority of respondents were female (54.3%), and the dominant age group was 25-34 years old (54.3%). Most respondents had a monthly income between IDR 5,000,000 - 10,000,000 (35.6%) and held a Bachelor's degree (58.9%). The largest occupational group was entrepreneurs (20.7%), followed by private employees (24.4%). Most customers visited the coffee shop 1-5 times in the last three months (69.9%), with coffee being the most popular product (76.2%). Word-of-mouth through friends and relations was the primary source of information about the coffee shop (50.6%).

Business Model Identification of Ulee Kareng & Gayo II Coffee Shop

The business model identification of Ulee Kareng & Gayo II Coffee Shop was obtained through observation and in-depth interviews with internal company stakeholders. The identification results were mapped in a business model canvas, producing interconnected variables (Table 2).

Table 2 Current Business Model Canvas of Ulee Kareng & Gayo II

Customer Segments - Employees, retirees, and university students - Mostly aged over 30 years - Customers who enjoy Acehnese coffee	Value Proposition - Strategic location - Diverse menu options - Affordable prices	Key Partners - Acehnese coffee suppliers - Snack and light meal partners	Key Resource - Human - Financial - Physical	Key Activities - Preparing traditional Acehese food and beverages - Daily coffee shop operations and maintenance
	Channels Word-of-mouth from existing customers to new ones		Customers Relationship - Direct interaction with customers - Extra service for loyal customers	
Cost Structure - Construction and Maintenance costs - Capital: Food & Beverage Ingredients - Operational Cost: Employee salaries, elektrik and water - Taxes		Revenue Stream - Main Income: Food & Beverage sales - Side Income: Snack & Coffe powder		

Business Model Canvas Improvement Plan for Ulee Kareng & Gayo II Coffee Shop

Improving or refining the Business Model Canvas (BMC) is essential to enable a company to adapt to ongoing changes and the increasingly competitive industry landscape. The revised BMC presented here is based on the findings from field observations and the questionnaire responses collected from consumers. Business development efforts can be pursued by enhancing elements that remain suboptimal through strategies that have already been formulated. An innovative business model must align internal capabilities or adapt to external changes such as technological advancement (Chesbrough & Rosenbloom, 2002) or shifts in customer value perception (McGrath, 2010).

In the improved BMC, the transformation begins by placing greater focus on the millennial and Gen Z consumer segments. This shift influences several other BMC components to match the preferences and behaviors of these target groups. Based on the improved BMC,

several strategic changes are made under the framework of Retain, Enhance, Create, and Reduce. These modifications are as follows:

1. **Retained:** Core values such as coffee quality and traditional Acehese identity are preserved, as they continue to attract loyal customers.
2. **Enhanced:** Customer experience elements, including service quality, digital presence, and ambience, are further improved to meet the expectations of younger demographics.
3. **Created:** New channels such as mobile ordering, loyalty programs, and social media engagement strategies are introduced to enhance customer interaction and retention.
4. **Reduced:** Elements with limited value, such as overly traditional marketing methods or physical-only service models, are minimised to make way for more modern, scalable solutions.

The revised Business Model Canvas serves as a strategic guide for Kedai Kopi Ulee Kareng & Gayo II to sustain its cultural authenticity while becoming more appealing to a younger, tech-savvy market. This integrated approach will support the company’s long-term competitiveness and growth.

Table 3. Business Model Canvas Recommendation of Ulee Kareng & Gayo II

Customer Segments - Employees and university students - Mostly aged over 30 years - Customers who enjoy Acehese coffee - Gen Z	Value Proposition - Strategic location - Diverse menu options - Affordable prices - Good image for consumers - Modern coffee shop concept - More modern and comfortable space	Key Partners - Acehese coffee suppliers - Snack and light meal partners - Event Organizer	Key Resource - Human - Financial - Physical	Key Activities - Preparing traditional Acehese food and beverages - Daily coffee shop operations and maintenance - Marketing
	Channels Word-of-mouth from existing customers to new ones		Customers Relationship - Direct interaction with customers - Extra service for loyal customers - Promotion and discounts	
Cost Structure - Construction and Maintenance costs - Capital: Food & Beverage Ingredients - Operational Cost: Employee salaries, electricity and water - Taxes		Revenue Stream - Main Income: Food & Beverage sales - Side Income: Snack & Coffe powder - Additional Income from event		

Notes: ■ maintained ■ improved ■ created

SWOT Analysis

The SWOT analysis of the traditional coffee shop Kedai Kopi Ulee Kareng reveals its unique position in a dynamic market. Its main strengths lie in authenticity, cultural heritage, customer loyalty, and the unique experience it offers. On the other hand, weaknesses include a limited menu variety, a lack of modernisation, and insufficiently aggressive marketing efforts. Significant opportunities arise from the "back to roots" trend, the potential for local

collaborations, and the rise of culinary tourism. However, the business also faces serious threats from the increasing number of modern coffee shops, shifting consumer preferences, and technological challenges. To remain resilient and grow, Ulee Kareng coffee shop is encouraged to strengthen its branding by emphasizing authenticity, increase its presence on social media platforms, developing a customer loyalty program, collaborating with local businesses, and considering diversifying its services without compromising its traditional essence. By taking a balanced approach that maintains cultural heritage while adopting relevant innovations, traditional coffee shops like Ulee Kareng can preserve their uniqueness while staying relevant in the modern market and navigating the ever-evolving coffee industry with adaptive, tradition-based strategies.

Managerial Implications

The managerial implications for Ulee Kareng Coffee Shop based on the analysis conducted indicate the need for strategic adaptation to maintain relevance and improve competitiveness in the modern market. The main focus should be on market development by targeting millennial and Gen Z consumers, while still maintaining the image of a traditional coffee shop with a touch of modernity. This strategy involves improving promotional programs tailored to the characteristics of the new target market, updating product delivery methods, and implementing payment systems that align with the preferences of younger generations. The coffee shop also needs to enhance product value by highlighting modern concepts and designs while offering affordable prices. Strengthening digital marketing strategies is essential, especially by developing a strong social media presence and ensuring proper management by a dedicated staff. This includes providing up-to-date promotional content and ensuring quick responses to online customer interactions. Additionally, the shop can optimise word-of-mouth marketing by turning consumers into sales agents through satisfying personal service and referral incentive programs.

CONCLUSION

Research on Ulee Kareng Coffee Shop's Business Model Canvas (BMC) identified several underdeveloped elements, leading to seven key improvement strategies. These include implementing a modern coffee shop concept while maintaining Aceh Coffee authenticity, updating building design for enhanced customer comfort, and developing specialised products/promotions for millennials and Gen Z. The strategy also emphasises digital presence through social media reactivation and influencer partnerships, while expanding key partnerships through event organizer collaborations and implementing structured marketing activities. These comprehensive approaches aim to optimize company performance and adapt to evolving market conditions.

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