

Local Coffee Product Development Strategy

Nazla kaylasalma¹, Virgo Simamora^{2*}

Universitas 17 Agustus 1945, Indonesia

Email: nazlaslm31@gmail.com¹, virgo.simamora@uta45jakarta.ac.id^{2*}

*Correspondence

ABSTRACT

Keywords: coffeshop; development; product. Kopi Kali Place is one of the popular coffee shops in the North Jakarta area that has been established since 2019. The purpose of this study is to determine the market penetration and development of local coffee products of Coffe shop Kopi Kali. This study uses a descriptive qualitative approach to understand the development of local coffee products in Kopi Kali Coffee shop. The research methods used include in-depth interviews, participatory observation, documentation, and data triangulation. The results of the research show that Kopi Kali Coffee shop, since its establishment in 2019 until 2024, has undergone an impressive evolution in facing challenges and changes in the coffee industry. With strong adaptability and a high commitment to innovation, Kopi Kali has successfully developed an effective market penetration strategy. The main focus on innovative product development such as the transformation of "Kopi Belies" into a non-alcoholic version and the introduction of a variety of excellent coffee menus demonstrates a dedication to maintaining quality and creating a variety of flavors that appeal to customers. Smart marketing strategies, including the use of social media and partnerships with influencers, have been successful in increasing brand awareness and reaching a wider market segment.



Introduction

Coffee is one of Indonesia's main plantation commodities that plays an important role as a foreign exchange earner, job creator, and income contributor for farmers and other economic actors. In 2014, Indonesia occupied the fourth position as the world's largest coffee producer after Brazil, Vietnam, and Colombia. In 2015, Indonesia was also the fifth largest coffee exporter based on the number of coffee product exports with the Harmonized System (HS) code 0901, after Brazil, Vietnam, Colombia, and Germany (Wachdijono et al., 2022). Besides being known as a coffee producer, Indonesia is among the five countries with the highest consumption rates in the world. Indonesia's consumption level showed a consistent increase from 2017 – 2021, namely 5 million sacks @ 60 kg, up 4.04% from the previous year (Adiningrum et al., 2022).

This phenomenon explains the high business opportunities in the coffee industry which encourages the increase in the number of coffee shops and competition between coffee shops in Jakarta. To face the competition, each coffee hops needs to innovate to increase sales volume. According to (Anggraini et al., 2022) that there are 4 strategies that companies can implement to increase sales volume, namely, market penetration strategy, product development strategy, market development strategy and product diversification. To remain competitive, coffee shops can implement each of these strategies partially or simultaneously.

Kopi Kali Place is one of the popular coffee shops in the North Jakarta area that was established in 2019. Referring to (Irmayani, 2023), Kopi Kali carried out market penetration and product development to increase its sales volume. Market penetration is a company's strategy that focuses on marketing existing products and in markets that are already running (Irmayani, 2023). Product development is a corporate strategy that focuses on developing products that are marketed in existing markets to increase sales volume. From several previous research results, it is proven that there is a positive influence of market penetration on increasing sales volume (Wijaya, 2017). From several previous research results, it was found that market penetration has proven to have a positive effect on increasing sales volume. Similarly, the results of previous research conducted by (Basda et al., 2022) found that local coffee product development strategies have a positive effect on increasing local coffee sales.

This research focuses on Kopi Kali's Coffee Shop efforts to increase sales volume through market penetration and product development. The purpose of this research is to find out how the experience of Kali Coffee owners in market penetration and product development to increase its sales volume.

Using the concept of The Ansoff Matrix proposed by Ansoff in (Imelda et al., 2022), there are four main strategies that companies can use to increase their sales, namely market penetration strategy, product development, market development and diversification. Market penetration is a way for companies to increase sales volume by focusing on increasing the number of sales of old products and marketed in the old market (Aryani et al., 2022). Market penetration assumes that there is unmet demand in the market and that consumers still have unused resources. This can be achieved by getting more buyers from the same target market or making consumers who have become customers will buy products that have been marketed more often (Lindiani et al., 2024). Promotion is one of the tools for a company to carry out a market penetration strategy and is able to provide significant results if implemented using the right procedures. The function of promotion itself is to influence consumer buying interest in products that have been marketed. The results of (Rasmikayati et al., 2020) explain that market penetration strategies can be carried out by increasing brand awareness, increasing consumer loyalty through providing merchandise, and utilizing merchandise as a promotional medium. From several previous research results, it is explained that market penetration has proven to be effective in improving company performance.

Method

This study uses a descriptive qualitative approach to understand the market penetration strategy and development of local coffee products at Coffeshop Kopi Kali. The research methods used include in-depth interviews, participatory observation, and documentation (Kuantitatif, 2016). Interviews were conducted with the owner, a consumer barista of Kopi Kali. The interview questions are structured in a semi-structured manner to allow for in-depth exploration of key topics such as product development strategies, innovation, response to market trends, and consumer experience. The results of the interviews were transcribed and analyzed using thematic analysis methods to identify relevant themes and patterns. Observations were conducted at Kopi Kali locations in North Jakarta for several weeks to understand daily operations, customer interactions, and the implementation of marketing strategies.

Results and Discussion

Coffee Shop Market Penetration Kopi Kali

Kopi Kali is located in Tanjung Priok and has been operating since 2019. Kali Coffee is a motto to invite people to drink coffee, which in colloquial language is known as "coffee kali". Since its establishment in 2019, Kali Coffee has penetrated the market, as stated by the owner of Kali Coffee, namely participant 1 (P1) as follows:

"For our promo, there is a name called the twilight promo, from 12:00 p.m. to 6:00 a.m., milk coffee costs 18,000 to 10,000, so for the promo it becomes 10,000, it's for the twilight promo and other promos, for example, there was an event yesterday, we have made a 50% promo valid for 2 to 3 days, as for the weekly promo, for example, bundling, for example, getting coffee with heavy food."

"If we increase sales products, it depends on ourselves, for example, making promos about new products, bundling products between the old product and new products and plus snacks, we bundling between 3 of them, they still enjoy old products and there are snacks too, besides that for their own promotion, they use Instagram and TikTok feeds, we also use food vloggers for promotions as well, so more and more people come and buy our products."

The results of the interview explained that to increase the sales volume of old products, Kopi Kali carried out a promotion by reducing the price of old products from 12.00 – 18.00 by 55% within 2-3 days. In addition to price reductions, Kopi Kali routinely every week promotes the sale of old products by providing special prices for bundling old products with heavy food and bundling old products with snack products. The promotion program is supported by leveraging the power of social media such as Instagram and TikTok and food vloggers to build deeper engagement with existing customers.

Interviews were also conducted with existing customers of Kopi Kali (P2), to explore the perception of old products. The results of interviews with existing customers (P2) obtained the following information:

"For the old product, of course I really like it, namely the signature taste until now is still consistent, that's what I have tried until now from the product called "Kopi Kali" caramel matchiato is the old product, maybe for that because I am an old customer.

According to old consumers, the most preferred old product is Signature Kali Caramel Matchiato Coffee.

Product development of Coffee shop Kopi Kali

In coffee shops, the development of new products can be in the form of innovations in the coffee making process with unique manufacturing techniques starting from those that create a unique coffee taste. Research (Febriyanti et al., 2022) to develop local coffee products by developing various variants of ground coffee products such as organic coffee, coffee with various levels of fineness, and blended coffee with local spices to meet diverse market tastes has proven successful in developing a coffee shop business. To increase sales volume, Kopi Kali has developed products as stated by P1 as follows:

"Kopi Kali Coffee has long-standing flagship products that are still in demand by loyal customers, namely "Signature Kopi Kali Gula Aren" and "Kopi Bayleys". This modified Bayleys coffee that was originally served with alcohol, has been changed to a non-alcoholic version. This transformation is carried out without losing its distinctive taste, so that it can still be enjoyed by customers who avoid alcohol. One of the latest innovations introduced is the mocktail, which is specially designed as a halal alternative for customers who do not consume coffee.

"Good quality and taste are our top priorities, which have managed to maintain the trust of new customers. While flavor preferences can vary from one barista to another, Kopi Kali strives to create the right balance between sweet and bitter flavors to cater to diverse customer tastes. As a result, customers are more likely to reorder thanks to the new innovations they continue to introduce.

The results of the interview explained that Kopi Kali has developed products with innovations in product taste while consistently maintaining quality. Modifications to the old product were carried out on Belies Coffee products that initially contained alcohol were modified into non-alcoholic coffee with an alcoholic and halal taste. This approach shows that Kopi Kali focuses on innovation that still respects the essence of old products, while adapting them to the needs and preferences of the current market. This helps in retaining existing loyal customers while attracting new customers who are looking for halal beverage options with distinctive flavors.

New product innovations carried out by Kopi Kali received a positive response from its customers as conveyed by Kopi Kali consumers as follows:

Interviews with existing customers, namely 2 participants

"I tried the new product directly, I prefer the innovation, namely the mocktail for the version here, there are two versions, there are also non-coffee, only the non-coffee, the non-coffee is made from rosella flowers, the new product is also fresh."

The results of interviews with old customers explained that there was a positive response from old customers to the innovation of new coffee Mocktail and non-coffee products made from rosella flowers with a fresh taste.

Interviews with old consumers, namely participant 3 (P3)

"I have only been to Kali Anam Coffee twice, I also said that I have just tried a new menu, namely the first to try a new variant, namely a new menu mojito mocktail for the image of the taste of coffee drinks, there is soda, maybe I am also more interested in trying it right away, sometimes kadang kopi kopi is just an innovation of cane inovation, but here they innovate combined with the usual non-alcoholic soda, coffee mace soda but here there is a halal soda, very innovative, Kali imi coffee."

The results of interviews with new customers explained that there was a positive response from new customers to new product innovations carried out by Kopi Kali, namely creating new non-alcoholic products, but consumers still felt the sensation of alcohol in coffee drinks. This new variant was launched under the name Mocktail Mojito. According to consumers, this new variant is very innovative because it creates a coffee drink product that is a combination of coffee flavor with non-alcoholic soda, meaning the sensation of alcohol but a halal version. This new variant is a new option for customers who want to try something different but still within a framework that suits their values and preferences.

From the results of interviews with the owners of Kopi Kali (P1), old consumers (P2) and new consumers (P3) explained that since its establishment, Kopi Kali has penetrated the market to increase the sales volume of old products by old consumers. The results of the interview explained that market penetration was carried out by providing promotions by lowering prices at certain hours, promotions with bundling programs, namely old products and new products, old products with heavy food and old products with snacks. Promotions are also carried out at certain events by utilizing social media.

From the results of the interview, it was explained that the owner of Kopi Kali (P1) has made new innovations in the development of its products which received a positive response from old consumers (P2) and new consumers (P3). The new variants that received a positive response from the old consumer version are Mocketail Mojito, a soda-and coffee-based coffee variant and a new non-coffee variant based on rosella flowers. The development of the menu reflects Kopi Kali's commitment to continue to innovate and adapt to evolving market trends.

Conclusion

Overall, Kopi Kali's journey from its establishment in 2019 to 2024 illustrates Kopi Kali's ability to survive through market penetration and product development. Market penetration is carried out through price promotion programs, offering bundling products, taking advantage of certain events and using social media to reach a wider market. Product development is carried out by modifying the old product by presenting a non-alcoholic version of coffee while still maintaining the sensation of alcohol taste. Product development is also carried out by presenting non-coffee beverage products with the fragrance of rosella flowers. Through innovation, Kali Coffee has succeeded in presenting a variety of unique and attractive flavors for customers, while maintaining consistency in

quality and taste that is the hallmark of Kali Coffee. The results of market penetration and product development received a positive response from old consumers as well as with consumers who have just visited the Kopi Kali Coffee shop. By utilizing social media, this strategy of penetration and menu development not only expands their market reach but also strengthens their reputation as a coffee provider with high quality standards that continues to innovate according to evolving trends and consumer preferences.

To continue to survive in the coffee shop industry, penetrate the market, product development is a strategic choice for coffee shops.

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