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Development Strategy Using SWOT Analysis of Coffee Shop Locations. Case Study: Coffee Shop on Jl. Anggrek Raya, Makassar City

Takdir Daming

Ikatan Arsitek Indonesia Sulawesi Barat, Sulawesi Barat, Indonesia

*Correspondence: E-mail: takdirputra@gmail.com

ABSTRACT

Coffee shops become a public space destination for teenagers with various purposes, not just enjoying coffee. Jl Anggrek is one of the streets where there are many Coffee Shops that are widely visited by the people of Makassar. Using qualitative data, which is surveyed visually to formulate the right development strategy. From the various activities carried out by visitors, reaching a duration of 3 to 4 hours spent in the coffee shop. Coffee shop owners can formulate effective development strategies with SWOT analysis.

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1. INTRODUCTION

Coffee shops have become an integral part of modern lifestyles, especially in large cities. Coffee shops have become a popular public destination for young people, with various purposes beyond simply enjoying a cup of coffee. Customers who visit often decide to order coffee based on their first impression (Krisnayana, 2020). First impressions are created by the attractiveness of the space, the facilities, the barista's skill, and the cleanliness of the coffee shop. To attract attention and create a first impression, coffee shop owners design the facade and interior layout with the aim of creating a conceptual appearance that will appeal to consumers. According to Levi and Weitz, exterior characteristics have a strong influence on the image and concept of a coffee shop, as well as its display elements. This is key to attracting consumers' first impressions of a coffee shop before they even enter (Levi & Weitz, 2001)

According to Majid, consumer assessment of a building's exterior appearance and visual appeal is the most crucial aspect of design. The coffee shop concept applied to the facade will depict a symbol that can indicate the concept's style to potential customers. However, from the perspective of its location at the front of the building, the facade and space play a role in determining the impression and perception of the building to visitors (Majid, 2022). With the growing demand for quality coffee and a comfortable atmosphere for socializing or working, many entrepreneurs are racing to open coffee shops. Coffee shops are one of the trendy places that are currently popular with the public. Besides the attractive layout, one thing that needs to be considered to increase customer comfort is the need for infrastructure, namely parking (Ananda et al., 2023)

However, to compete effectively, it is crucial for coffee shop owners to understand the strengths, weaknesses, opportunities, and threats (SWOT) surrounding them. This SWOT analysis will help formulate development strategies that can increase the coffee shop's competitiveness in an increasingly competitive market. Location is one of the most important factors in a coffee shop's success. According to data from the Indonesian Specialty Coffee Association (AKSI), approximately 60% of customers choose a coffee shop based on its easily accessible and convenient location. Therefore, choosing a strategic location should be a top priority for coffee shop owners. Furthermore, product quality is also an equally important determining factor, with 75% of consumers citing coffee quality as the primary reason they choose a particular coffee shop (Nielsen, 2020).

A SWOT analysis consists of four main components: strengths, weaknesses, opportunities, and threats. In the context of a coffee shop location, strengths might include factors such as strategic location, product quality, and good customer service. For example, a coffee shop located in a downtown area or high-traffic area has the potential to attract more customers. On the other hand, weaknesses might include limited space, a lack of product variety, or a lack of experience in business management. By understanding these strengths and weaknesses, coffee shop owners can formulate more targeted strategies.

The opportunities in the coffee shop industry are also vast. With the growing public interest in high-quality coffee and the social experience of cafes, there is ample room for innovation. For example, coffee shops could offer specialty coffee products, host community events, or develop partnerships with local coffee farmers. According to a report from Euromonitor International, the specialty coffee segment in Indonesia is expected to grow by 10% annually. This indicates significant potential for coffee shops to capitalize on this trend and attract a wider customer base. Makassar, as a provincial capital, is a popular

culinary tourism destination and a city where trendy coffee shops are emerging, particularly in the Jalan Anggrek Raya area.

This paper will discuss each component of a SWOT analysis in more depth and how coffee shop owners can utilize this information to develop more effective development strategies. With a systematic approach to SWOT analysis, it is hoped that coffee shop owners can make better decisions and adapt to changes in the Indonesian coffee market.

2. RESEARCH METHODS

This type of research is descriptive qualitative using a rationalistic approach. According to Labaree, this emphasizes the quality of the research object as well as techniques and processes that cannot be measured in terms of quantity, intensity, or frequency (Labaree, 2009). Descriptive qualitative research (Sugiyono, 2015). Primary survey as a method of collecting data through observation and secondary survey with literature review, book libraries, agency documents, and online searches that are in line with this research (Sugiyono, 2017).

Next, a descriptive spatial and comparative analysis was conducted. The research was conducted through field observations of several coffee shops on Jalan Angrek Raya in Makassar. A SWOT analysis was conducted by identifying internal and external factors that influence coffee shop operations. The data obtained was then analyzed to formulate an appropriate development strategy. In interviews, coffee shop owners expressed the importance of understanding the characteristics of their customers and the buildings around their locations. For example, coffee shops located near universities tend to attract students looking for a place to study and socialize. Conversely, coffee shops located in business centers are more frequented by professionals looking for a place to meet or work. In addition, the coffee shop facade supports the first impression of visiting customers. By understanding these characteristics, coffee shop owners can tailor the products and services offered to be more relevant to customer needs.



Figure 1. Research Location
Source: Analysis, 2024

3. RESULTS AND DISCUSSION

3.1 Coffee Shop Parking

Jalan Anggrek Raya has a road width of $\pm 6\text{m}$ and a length of $\pm 295\text{m}$. There are two sides of the road with parking space capacity available on Jalan Anggrek. Parking on the

roadside is for two-wheeled vehicles and also four-wheeled vehicles. For parking spaces on this road, the length is ± 5 meters for one coffee shop, this road has a road shoulder that is used as a parking area, has no sidewalk on this road and does not have parking signs. When the vehicle is parked, the road area used for parking is ± 15 m² for one coffee shop. The number of parking spaces available for five coffee shops is 25 spaces.



Figure 2. Parking Plot Sketch
(Source: Author's Sketch, 2024)



Figure 3. Coffee Shop Parking Area on Jl. Angrek
(Source: Observation Results, 2024)

At this observation stage, the researcher calculates incoming and outgoing vehicles. Apart from that, we can find out about parking restrictions, field conditions regarding the application of parking space units, and also management of parking patterns.

Table 1. Accumulation of Parking of Two-Wheeled Vehicles

No	Time	Accumulation of Two-Wheeled Vehicles						
		Monday	Tuesday	Wednes day	Thursd ay	Friday	Saturd ay	Sunday
2	11.00-13.00	17	23	20	15	9	5	4
1	09.00-11.00	4	6	5	7	10	6	3
3	13.00-15.00	1	5	4	3	5	7	6
4	15.00-17.00	6	8	9	5	17	4	5
5	17.00-20.00	10	13	16	20	21	9	6
Σ	12 Jam = 720 Menit	38	55	54	50	62	31	24

Source: Calculation Results, 2024

From table 1, it was found that on average overcapacity occurs between 09.00–20.00 and the highest number of two-wheeled vehicles parked at the Coffee Shop on Jalan Angrek occurred on Tuesdays, as many as 55 and Fridays, as many as 62.

Table 2. Accumulation of Two-Wheeled Vehicles

No	Waktu	Akumulasi Kendaraan Roda Dua						
		Senin	Selasa	Rabu	Kamis	Jumat	Sabtu	Minggu
1	09.00-11.00	3	2	2	5	9	2	2
2	11.00-13.00	2	6	5	7	7	3	3
3	13.00-15.00	3	5	4	3	5	6	3
4	15.00-17.00	5	8	9	5	7	5	5
5	17.00-20.00	6	8	9	5	6	3	2

No	Waktu	Akumulasi Kendaraan Roda Dua						
		Senin	Selasa	Rabu	Kamis	Jumat	Sabtu	Minggu
Σ	12 Jam = 720 Menit	19	24	29	25	34	31	15

Source: Calculation Results, 2024

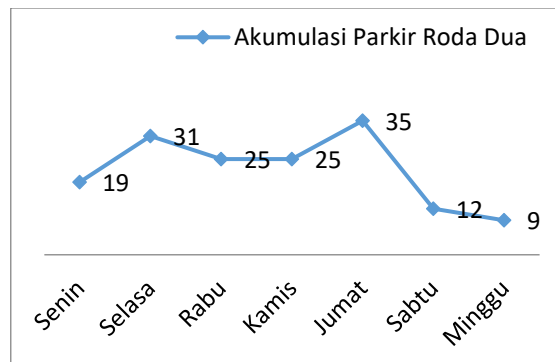


Figure 4. Graph of Accumulated Two-Wheeled Vehicle Parking
(Source: Calculation Results, 2024)

In the graph above, the accumulation of two-wheeled vehicle parking at the Coffee Shop on Jalan Anggrek shows that on Fridays the largest number of two-wheeled vehicles are parked.

Table 3. Parking Index

No	Hari (a)	JKP (c)	JPT (d)	Indeks Parkir (c/d)
1	Senin	19	25	76
2	Selasa	31	25	124
3	Rabu	25	25	100
4	Kamis	25	25	100
5	Jumat	35	25	140
6	Sabtu	12	25	48
7	Minggu	9	25	36

Source: Calculation Results, 2024

The calculations in Table 2 show that there were two days when parking space utilization exceeded 100%: Tuesday and Friday. This indicates that parking capacity has exceeded the available space. Therefore, it can be said that the available parking space is inefficient in accommodating vehicles as the number of vehicles increases.

3.2. Coffee Shop Front Facade

After conducting observations at the research location, the author explains the results of the data observations regarding the coffee shop facade in groups, which helps explain the coffee shop facade.

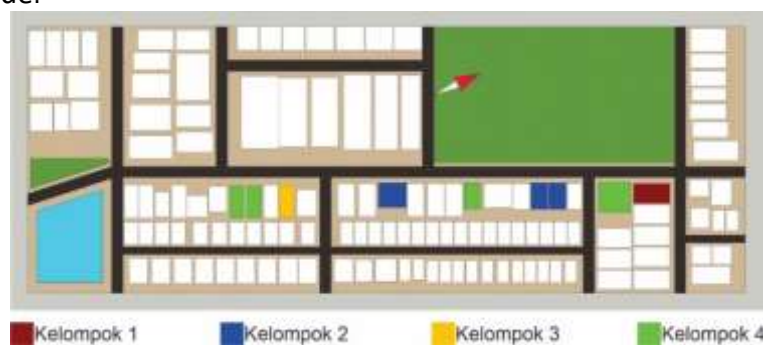


Figure 5. Coffee Shop Grouping
Source: Author's Analysis, 2024

The coffee shops in Group 1 have undergone a complete change in appearance. The addition of a sign in Group 2 identifies the coffee shop's function; no other changes have occurred to the building. The shophouses in Group 3, originally intended for business, are used for their intended purpose. Coffee shops can be identified by their signs. The appearance changes on the first floor and the addition of a sign in Group 4 indicate the coffee shop's function, while the appearance of the second floor remains unchanged.



Figure 6. Grouped Coffee Shop Facade
Source: Author's Documentation, 2024

3.3. Coffee Shop Marketing

a. Marketing Target

Marketing targets the age range from 19 years to mid 45 years because it follows market tastes.



Figure 7. Marketing Target
(Source: Calculation Results, 2024)

b. Business Model

The business model flow used includes :

- 1) Place
Determine the location by looking at the strategic location of the current market.
- 2) Facade and Parking Area Design
Hiring architectural services for Facade and Parking Area Design according to the owner's wishes.
- 3) Renovation
Contractor services to realize design drawings from architectural firms.

4) Employee

Adjusting furniture to the concept and theme of the building.

c. Investment Flow

• Rent	: Rp. 60.000.000.,
• The design fee is	: Rp. 20.000.000.,
• Construction costs	: Rp. 300.000.000.,
• Furniture costs	: Rp. 40.000.000.,
• Operational and employee costs	: Rp. 30.000.000.,
Total cost	: Rp. 450.000.000.,

d. Sales Assumptions

SALES AND EXPENDITURE ASSUMPTIONS

Cost Requirements and Their Allocation :

Reconcept & renovasi Caffee Shop	: 420.000.000
Total Equity Investment	: 420.000.000

Sales Assumptions

Weekdays

Estimated average total number of visitors	: 60
Estimated average payment/visitor	: 50.000
Estimated daily income	: 3.000.000

Estimated monthly income	: 90.000.000
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Estimated Expenditure

COGS (Bahan Baku)	: 20.000.000
Direct Operating Expense	: 10.000.000
Marketing Budget	: 8.000.000
Other Operational Expense	: 6.900.000
Electricity	: 3.000.000
Other General Affair	: 1.000.000
Meals Staff	: 1.400.000
Kebersihan & Keamanan	: 300.000
Entertainment	: 1.200.000

General Administrative Mgt	: 9.500.000
Tax (PB1)	: 9.800.000

Total Expenditure	: 64.200.000
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Net Profit	: 25.800.000
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Source: building owner analysis

The details of the Coffee Shop sales assumptions are as follows :

- The number of visitors per day is 60 people with a total of 50 seats available. Operating hours are 24 hours a day.
- The cost per visitor who spends to visit Two Element Coffee is an average of IDR 50,000, so that per day the owner gets a profit of IDR 3,000,000, and in a month

the profit obtained is IDR 90,000,000.,

- For other costs such as raw materials, employee wages, manager wages, building maintenance, electricity and water costs, the monthly expenditure is IDR 64,200,000.,

e. Payback Period

Profit Sharing Scheme

Net Profit (Monthly)	: 25.800.000
Investor	: 12.900.000 50%
Management	: 6.450.000 50%

The details of the Coffee Shop's return on capital are as follows :

- Total capital investment of Rp. 450,000,000
- The costs incurred for planning, construction and furniture amounted to Rp. 420,000,000.,
- Operational costs and employee services amount to Rp. 30,000,000.,

3.4. SWOT Analysis

Through a comprehensive SWOT analysis, coffee shop owners can formulate strategies that not only increase competitiveness but also create a positive impact on the surrounding community.

a. Strength

One of the main strengths of a coffee shop is its strategic location, which can attract a large number of customers. Coffee shops located in busy areas, such as malls or office areas, have the potential to significantly increase sales.

To capitalize on this strength, coffee shop owners must continuously innovate in their product offerings. For example, they can offer a variety of specialty coffees, unique coffee-based drinks, or attractive side dishes. This way, the coffee shop can increase its appeal to consumers. Furthermore, it's crucial to build a strong brand through effective marketing, both online and offline. Utilizing social media to promote the coffee shop's products and atmosphere can also increase visibility and attract more customers.

b. Weakness

Despite their many strengths, coffee shops also face several weaknesses. One common weakness is high rental costs, especially in strategic locations. Furthermore, limited space can be a problem, especially for coffee shops that want to offer a comfortable, social experience for customers.

To address these weaknesses, coffee shop owners can consider several strategies. One is conducting a cost-benefit analysis to determine whether the location is financially viable. If the rental costs are too high, it may be better to find an alternative location that is still strategic but with a more affordable rental rate. Furthermore, owners can consider offering delivery services or collaborating with local businesses to expand their market reach without incurring high rental costs.

The business is not available for online purchases, and the parking area is inadequate for four-wheeled vehicles, especially on weekends like Saturdays and Sundays when there are a lot of customers, causing congestion on the surrounding roads. The queue area for ordering is also inadequate on weekends, as long queues block access to the coffee shop.

c. Opportunity

The environment surrounding coffee shops also offers various opportunities that can be exploited to expand market reach. One significant opportunity is the shift in consumer trends toward a growing preference for local and organic products. Coffee shops can capitalize on this trend by offering coffee and food sourced from local farmers or small producers.

Furthermore, collaborating with other local businesses, such as bookstores or art galleries, can be an opportunity to attract new customers. For example, coffee shops can host events like book launches or art exhibitions that can attract new customers. By capitalizing on these opportunities, coffee shops can not only increase sales but also build a strong community around their location.

This business requires a comfortable space, a high daily turnover, a simple menu, a great option for enjoying music on weekends, a target market of all ages due to its affordable prices, and a potential venue for interesting events.

d. Threat

On the other hand, coffee shops must also be vigilant against various threats that can disrupt business development. One major threat is increasing competition, especially with the emergence of new coffee shops offering attractive concepts. Furthermore, regulatory changes, such as increased taxes or new health and safety regulations, can also impact coffee shop operations.

To address these threats, coffee shop owners need to implement a differentiation strategy. By offering a unique experience and quality products, coffee shops can attract customers despite the abundance of choices in the market. Furthermore, it's crucial to stay abreast of regulatory developments and adapt quickly to avoid legal issues that could harm your business.

e. Integration of Strengths and Opportunities

Integrating existing strengths and opportunities into a sustainable development strategy is crucial for coffee shops. By leveraging strategic locations and high-quality products, coffee shops can attract new customers from various segments. For example, they can offer loyalty programs or special discounts for customers from the local community. Furthermore, collaborations with local businesses can also create mutually beneficial synergies.

When creating a development strategy, coffee shop owners must continually evaluate market conditions and customer needs. With a flexible and innovative approach, coffee shops can continue to thrive despite various challenges.

4. CONCLUSION

A SWOT analysis provides a deep understanding of a coffee shop's position in the market. By leveraging internal strengths, addressing weaknesses, capitalizing on external opportunities, and addressing threats, coffee shop owners can formulate effective development strategies. In a competitive market, it's crucial for coffee shops to continuously innovate and adapt to changing consumer needs. With the right approach, coffee shops can not only survive but also thrive in the long term.

Based on the research that has been done from the results of the SWOT analysis, the following conclusions were obtained: 1. Strength: Strategic location, Complete facilities, The menu is diverse from drinks to food, Affordable prices. 2. Weakness: Inadequate parking area for four-wheeled vehicles, traffic jams occur 3. Opportunities: Target market for all groups because of affordable prices, Can be used as a place to hold interesting events, Many consumer interests because of the many coffee shops in the area of Jalan Anggrek,

Makassar City. 4. Threats: Less diverse variety of coffee types, Many competitors in the area, Competitors often use similar concepts.

Visitors are increasingly spending time in coffee shops, a new lifestyle where they choose to work on assignments while enjoying the atmosphere and menu. These activities can reach up to 3 to 4 hours a day. They state that they now visit coffee shops not only for coffee but also for taking aesthetic photos and sharing their experiences on social media.

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