

THE EFFECT OF MARKET ORIENTATION, INNOVATION, AND
ENTREPRENEURIAL ORIENTATION TO THE COMPETITIVE ADVANTAGE
OF THE COFFEE SHOPS IN INDONESIA



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THE EFFECT OF MARKET ORIENTATION, INNOVATION, AND
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OF THE COFFEE SHOPS IN INDONESIA

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ABSTRACT

This study investigates the effect of marketing orientation, innovation, and entrepreneurial orientation on the competitive advantage of coffee shops in Indonesia. The study adopted qualitative and quantitative approaches, utilizing a questionnaire and in-depth interviews to collect quantitative data. The sample is 200 coffee shops in Indonesia who have run the business for two years or more. The researcher interviewed respondents who are three business owners/ managers who have a coffee shop that is unique from their competitors. The quantitative data is analyzed using descriptive statistics and multiple regression analysis, and the qualitative data is analyzed using deductive analysis. The findings of the study revealed that market orientation, innovation, and entrepreneurial orientation have a positive and significant effect on the competitive advantage of coffee shops in Indonesia. The most important factor that influences the competitive advantage is entrepreneurial orientation, followed by innovation and market orientation. The findings from the interview revealed that to gain a competitive advantage, the coffee shops provide high-quality coffee products, offer a variety of flavor options, and create a comfortable place. To survive during competition, the coffee shops are doing online advertisements on social media, inviting influencers regularly to promote coffee products, and paying attention to customers' preferences/ requirements/ demands by engaging customers on social media or conventionally. The coffee shops distinguish themselves from their competitors by offering unique decorations or selling experiences and inspiration. To support the innovations offered, coffee shops have compatible coffee machines and sufficient knowledge to be creative with the menu. Coffee shops proactively seize the opportunity to increase their sales by giving promos during certain seasons, teaching sign language programs in schools/campuses/corporates, and visiting other coffee shops to understand their position in the market.

Keywords: Market Orientation, Innovation, Entrepreneurial Orientation, Competitive Advantage, Coffee Shop



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CHAPTER 1

INTRODUCTION

This chapter explains the foundational elements of the research. The background of the research explains the reasons for conducting this research. Based on the background of the study, the researcher formulated the research objectives and scope. The researchers formulated the research question to guide the investigation and exploration within a study. The researcher explained the importance of the study, the definition of key terms, and the research outline.

1.1 Background of the Study

Coffee is one of the primary commodities that is widely commercialized around the world. Coffee has become a vital commodity in the global trading market since the tradition of drinking coffee has been inherited from generation to generation for many years. There are three reasons why coffee has become such a valuable commodity. Firstly, it is consumed worldwide that make coffee shops can be found everywhere. Secondly, coffee is a globally traded commodity grown in many countries worldwide. Thirdly, the diversity of its production helps to ensure a steady supply of coffee to meet global demand. Coffee is traded on global markets and is subject to price fluctuations based on supply and demand. Coffee's versatility and popularity have made it valuable commodity enjoyed by people worldwide (World Coffee, 2023).

Coffee is the most widely traded tropical product globally, encompassing an estimated 80 percent of the world output and involving up to 25 million farming households worldwide (FAO, 2023). The value of the global coffee market is USD 127 billion in 2022, poised to continue to grow by 4.72% from 2023 to 2030 (Coherent Market Insights, 2023). In 2022/23, world coffee production is 168.2 million bags, and world coffee consumption is 173.1 million bags. World coffee consumption is expected to grow by 2.2% to 177.0 million bags in 2023/2024 with the assumption that global economy will continue to grow at above 3%, and non-producing countries have contributed most to the overall increasing of the coffee demand (ICO, 2023).

Indonesia, as one of the largest coffee producers in the world, has a vital role in the world's coffee production. Currently, Indonesia is the fourth-largest coffee producer in the world after Brazil, Vietnam, and Colombia. Indonesia is the second largest origin in Asia and Oceania after Vietnam. Indonesia's coffee production increase by 2.4% to 12.0 million bags in the year 2022/23 (ICO, 2023). Indonesia has a large land area to produce coffee in large quantities and several types of Indonesian coffee specialty. In 2022, Indonesia has 1.2 million hectares of coffee plantations, and Indonesia's coffee production is reported to yield 794.800 tons (Statistical Yearbook of Indonesia, 2023). In 2023, the plantation crops industry, including coffee, contributed approximately 3.88% to the Indonesian gross domestic product (GDP) (Annual Coffee Report on Indonesia 2023). The same year, Indonesia's total coffee exports had a free-on-board (FOB) value of approximately US\$916 million. The United States was one of the significant destinations for Indonesian coffee exports (Nurhayati, Hanadian, and Wolf, 2024).

Along with high coffee production, coffee consumption in Indonesia is also increasing. Indonesia's coffee consumption is projected to be 4.79 million bags in the 2023/2024 market year, increasing from 20,000 bags from the previous year 2022/2023 (Annual Coffee Report on Indonesia, 2023). The increasing domestic coffee consumption drives the growth of local coffee shops. The Indonesian Coffee and Chocolate Entrepreneurs Association (APKCI) estimates that, by 2023, the number of coffee shops in Indonesia will reach 10 thousand stores, and will create revenue around IDR 80 trillion/ USD 1,2 Million (Mone, 2023).

Furthermore, Snapcart, a popular multimedia messaging app has conducted research in 2023 to discover the newest coffee trends among Indonesian consumers. Snapcart discovers the favorite types of coffee, drinking coffee habits, and daily coffee purchases of the consumer's favorite brands and coffee shops/cafes. The research was held from 12-15 September 2023 with a sample size of 4,538 respondents. The research revealed that 79% of Indonesians are coffee consumers. Most coffee drinkers consume coffee at least once every day. The result of the research is described as follows (see table 1.1).

Table 1.1 Indonesia's Coffee Consumption Trends in 2023

Coffee Consumption	Gen Z	Gen Y	Gen X
More than 3 times a day	7%	8%	7%
About 2 – 3 times a day	16%	19%	27%
Once a day	28%	38%	42%
Once every few days	21%	18%	17%
Once a week	12%	8%	9%
Uncertain	10%	10%	5%

Source: *Indonesia's coffee consumption trend*. (2023). Retrieved from <https://snapcart.global/indonesias-coffee-consumption-trends-in-2023/>

The high consumption of coffee is due to the changing lifestyle of generations Y and Z who love to drink coffee. TOFFIN, one of the food and beverage companies in Indonesia, conducted in-depth interviews with stakeholders in the Indonesian coffee shop industry and found that the new lifestyle of the dominant Indonesian youth population (generation Y and Z) is hanging out in coffee shops (Kurniawan, 2019). This creates lucrative business opportunities and drives many local coffee shops players emerge in Indonesia. This situation causes intense competition not only among the local coffee shops entrepreneur, but also with global coffee shop entrepreneur. The local coffee shops entrepreneur must be able to differentiate themselves from their competitors to win the market competition from established local entrepreneur and foreign entrepreneur. To be different from competitors, several factors and mechanisms are needed to determine the success of coffee shops to win the competition.

Based on the explanation above, this research studies the factors that determine the coffee shops to gain a competitive advantage in Indonesia. This study also explores how to gain a competitive advantage in Indonesia. This research is important since the result of the research can help coffee shop entrepreneurs, especially SMEs or new coffee shop entrepreneurs to grow their businesses and adapt to the dynamic situation. Compared to previous studies, the uniqueness of this research is that it explores in more detail the concrete steps that coffee shop entrepreneurs must take to achieve a competitive advantage. These concrete steps

were taken from in-depth interviews with three local business entrepreneurs that have achieved competitive advantage in Indonesia. Researchers also analyze the current situation and development of the coffee industry in Indonesia by conducting in-depth interviews with two officials from the Indonesian Coffee Association to get their suggestions for the advancement of competitiveness in the Indonesian coffee industry.

1.2 Purposes of the Study

The purposes of this study are determined as follows:

1. To examine market orientation, innovation, and entrepreneurship as factors that affect the competitive advantage of Indonesian coffee shops;
2. To help Indonesian coffee shops entrepreneur/ managers/CEOs to identify what and how mechanisms must be implemented to make the factors affect the competitive advantage of Indonesian coffee shops.

1.3 Scope of the Study

The researcher studied how market orientation, innovation, and entrepreneurial orientation affect the competitive advantage of coffee shops in Indonesia. This study was both quantitative research and qualitative research that used questionnaires and interviews with the coffee shop owners as tools for data collection. The qualitative data was collected from March to July 2023, while the quantitative data was collected from November to December 2023.

1.4 Research Questions

The research questions for this study are defined as follows:

1. How do market orientation, innovation, and entrepreneurship orientation affect the competitive advantage of Indonesian coffee shops?
2. Which factor has the most influence on the competitive advantage of Indonesian coffee shops?
3. What mechanism must be implemented so that the factors affect the competitive advantage of Indonesian coffee shops?

1.5 Importance of the Study

The result of this study can benefit coffee shop owners and academia. Coffee shop owners can use the result of this study to understand better how to gain market share. The results of this study explained in detail the steps that coffee shops entrepreneurs must take to achieve competitive advantage in Indonesia coffee industry. These steps were taken from in-depth direct interviews with 3 coffee shop entrepreneurs who have achieved a competitive advantage in Indonesia. In the academic field, the result of this study provides fresh insights into how coffee shops can gain a competitive advantage, so it would help the next researcher to explore innovative ideas for achieving competitive advantage in different contexts and industries.

1.6 Definition of Key Terms

- Market orientation: a company's strategy to serve customers better than competitors and predict market changes well to create sustainable competition and high profits.
- Innovation: the creation of new products, services or methodologies that differ from what already exists, utilizing existing knowledge to improve quality and efficiency to create a competitive advantage.
- Entrepreneurial orientation: an act of business activities to offer something new in the market, take risks to try out something new, and be more proactive than competitors in the new market opportunities.
- Competitive advantage: the capability of the company to perform and satisfy the customers or solve customer's problems better than competitors.

1.7 Research Outline

- Chapter 1: The researcher describes the background related to the research subject, followed by the purposes of this study. In this chapter, the researcher also provides the scope of the study, research questions, the importance of the research, and definition of key terms.
- Chapter 2: The researcher describes four concepts of market orientation, innovation, entrepreneurship orientation, and competitive advantage as theoretical

foundations of the research. Understandings from pertaining literature reviews and research framework are also presented within this chapter.

- Chapter 3: The researcher presents the research methodology from collecting data to analyzing data.
- Chapter 4: The results of the research (qualitative data and quantitative data) are presented after the statistical analysis undertaken.
- Chapter 5: The conclusion of the research is presented, ending with discussions and recommendations for future research.



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CHAPTER 2

LITERATURE REVIEW

This chapter explains the basic theory of the research, namely the concepts of market orientation, innovation, entrepreneurial orientation, and competitive advantage. Understanding concepts as theories becomes the basis for forming a conceptual framework. Conceptual frameworks connect interrelated concepts and help researchers understand how variables affect each other. By understanding theory, the researcher identifies gaps in previous research to design relevant research and make new contributions. Understanding theory allows researchers to connect their research with previous research that has been conducted, thereby enriching the understanding of the same topic. Apart from that, this chapter also provides previous research about the effect of market orientation on the competitive advantage, the effect of innovation on the competitive advantage, and the effect of entrepreneurial orientation on the competitive advantage. A conceptual framework for this research is provided at the end of the chapter.

2.1 Concept of Market Orientation

The concept of market orientation is a pivotal element in the strategic management and marketing literature because it represents a commitment of the company to continuously gather and act upon information regarding customers' needs and preferences, competitors' strategies, and overall market dynamics.

Kohli and Jaworski (1990) defined market orientation as a strategic approach in response to the market. The strategic approach consists of generation, dissemination, and responsiveness to the demand of the current and future market. Generation refers to collecting and analyzing data on customer needs and preferences. Dissemination refers to distributing market information about market demand to internal employees of the company. Responsiveness is taking action as a response to the market situation. Market orientation can also be defined as a strategy that enables the company to stay in tune with its competitors, as well as develop ways to serve its customers better than its competitor so it can improve its performance in the market and its competitive advantage (Asomaning and Abdulai, 2015). Market orientation is

the organization's tendency to respond to market demand better than its competitors and predict market movements well to create sustainable competition and high profits (Na et al., 2017).

Narver and Slater (1990) define market orientation as organizational culture based on customer orientation, competitor orientation, and coordination inter-function, which uses company resources to create superior value for target customers. Customer orientation refers to the capability of the company to create excellent value for customers and understand what customers' needs and requirements are. Competitor orientation is the capability of the company to identify strengths and weaknesses, long-term capabilities, and strategies to respond to the market and satisfy the customers' needs better than competitors. This can lead to creating value, customer loyalty, and increasing profitability. Coordination inter-function refers to the company's capability to ensure communication between functional areas to create greater value for target customers effectively (Amin et al., 2016).

In summary, market orientation is a company's strategy to serve customers better than competitors. This strategy takes the form of collecting, distributing, and analyzing market situations and then taking responses from the analysis results.

2.2 Concept of Innovation

Innovation is about envisioning future possibilities and having the courage to turn those visions into reality. Innovation is the ability to solve problems and meet needs in new ways. Innovation has been studied for a long time by previous researchers with different viewpoints and backgrounds.

Innovation emerges from a focused pursuit of desired outcomes, encompassing product enhancements, processes, marketing strategies, business models, supply chain operations, and organizational structures (Kahn, 2018). Distanont and Khongmalai (2018) defined innovation as a new thing that is different from what already exists and has been developed using existing resources to respond to the market's need and requirements. Abou-Moghli et al. (2012) define Innovation as an act of thinking that leads to creating a new form of new material, a new service, or a new technique. Innovation is also defined as a strategy that companies use to create a competitive advantage, produce something that no one else can do, do

something better than anyone else, or introduce high quality at affordable prices and better service (Aziz & Samad, 2016). Innovation is an important tool for businesses to create competitiveness by using existing resources or creating new resources, including developing new knowledge and technology (Drucker, 1994).

Innovation is a key source of competitive advantage in the era of an economy based on intellectual capital (Chen et al., 2009). Nowadays, innovation is an important factor in business competition because it will bring new or improved products to the market so the company performs better than its competitor, thus increasing the market share. Some companies have succeeded and thrived because of innovation, which creates a competitive advantage for them. (Goksoy et al., 2013).

According to Tushman & Nadler (1986), in general terms, there are two types of innovation: product and process. Product innovation is changing the product or service offered to customers, while process innovation is changing how a product is created or service is offered. Product innovation can be seen as any good, service, or idea that someone perceives as a new thing. Product or service innovation is introducing a new product or service with significantly improved performance characteristics such as technical specification, components, and materials, incorporated software, user-friendliness, or other functional characteristics to fulfill the key customer needs better than the existing product. Therefore, product innovation may be considered by one person or organization but not by another. Meanwhile, process innovation refers to implementing new or significantly improved production or delivery methods. It encompasses changes in techniques, equipment, and/or software. According to Avermaete et al. (2003), process innovation enables the creation of new products by enhancing how a company operates.

Based on Clarysse et al. (1998) and Lundvall (1992), the indicators of product innovation are goods, services, and ideas. Meanwhile, the indicators of process innovation are technology and infrastructure (Avermaete et al., 2003). The consensus in the literature states that all types of innovations can contribute to the competitive advantage (Weerawerdena and Mavondo, 2011).

In summary, innovation refers to the creation of new products, services or methodologies that differ from what already exists, utilizing existing knowledge to improve quality and efficiency to create a competitive advantage.

2.3 Concept of Entrepreneurial Orientation

Entrepreneurial orientation (EO) is a fundamental concept in strategic management that gathers the entrepreneurial spirit within an organization. EO is crucial for a company aiming to exploit market opportunities and achieve a competitive advantage.

Entrepreneurial orientation was first introduced by Miller (1983), and many researchers have used and further developed the definition (Amin et al., 2016). Entrepreneurial orientation is defined as business activities' processes, practices, and decision-making that lead to new entry (Lumpkin & Dess, 1996). New entry entrepreneurial actions can be assumed as other forms of routine business, for example, engaging in new markets by developing and introducing new ways of doing business (Covin and Wales, 2019). A company is stated as a new entry when it is associated with introducing new products, services, technologies, markets, or business models (Kiyabo and Isaga, 2020). In line with this definition, entrepreneurial orientation is a company's willingness to be innovative in rejuvenating market offerings, take risks to try new and uncertain products, services, and markets, and be more proactive than competitors in new market opportunities (Amin et al., 2016).

Miller (1983) revealed that entrepreneurial orientation has three dimensions: innovativeness, risk-taking, and proactiveness. Abebe (2014), Amin (2015), George & Marino (2011), Kreiser et al. (2013), Kreiser et al. (2010), Oly Ndubisi & Iftikhar (2012), and Semrau, Ambos & Kraus (2015) are researchers who agree to measure entrepreneurial orientation based on these three dimensions (Amin et al., 2016). Based on Lumpkin & Dess (2005) and Amin et al. (2016), each dimension is explained as follows: innovativeness refers to the willingness of the company to support creativity and experimentation in developing new products and services, adopting the latest technology, as well as new processes. Risk-taking refers to the willingness of owners or managers to make decisions and take action to commit the new business project activities under uncertain conditions with significant company resources. Proactiveness refers to the ability of the company to seize the initiative and act in an opportunist way to shape the environment and anticipate future demand.

Lumpkin & Dess (1996) stated that innovativeness, proactiveness, and risk-taking are important elements of entrepreneurship. Innovativeness can be viewed in

many different forms. Innovativeness is important because it can be a source of great advantage for the company, but it also involves great risks as investments in innovations may not pay off. Examples of the risks in innovativeness are identifying new products or processes with big resources but without results and a competitive climate, such as a company innovating a new capability by applying certain technology. In contrast, another company may develop a similar innovation but get more profit (Lumpkin & Dess, 2005).

Lumpkin & Dess (2005) explain more about proactiveness, which refers to the efforts of the company to seize new opportunities. Proactive not only anticipates changes but also has more insight ahead of the competition. Many proactive companies find ways to be future-oriented and change the nature of competition in their industry. There are two methods companies use to be proactive: introducing new products or technological capabilities ahead of competitors and continuously finding new products or service offerings in the market.

Risk-taking refers to the willingness of the company to seize a business opportunity despite the risk involved. The three types of risk are business risk, financial risk, and personal risk. Business risk-taking involves venturing into an unknown situation without knowing the probability of success, for example, entering untested markets or committing to uncertified technologies. Financial risk-taking requires the company to borrow heavily or commit to using a large portion of its resources to grow the business. Personal risk-taking refers to the risks an executive assumes in taking a stand in favor of a strategic action (Lumpkin & Dess, 2005).

According to Lumpkin & Dess (2005), there are two primary methods by which risk-taking can be strategically managed. The first is by researching and assessing risk factors. This method involves a thorough analysis of potential risks. By identifying and evaluating these risks, a company can minimize uncertainty and make more informed decisions. This proactive approach to understanding risk factors helps the company prepare for and mitigate potential adverse outcomes. Secondly, applying proven practices and techniques. The second method suggests leveraging practices and techniques that have been successful in other areas or industries. By adopting these tried-and-true methods, companies can manage risks more effectively. This

approach relies on the wisdom of experience, assuming that what has worked elsewhere will likely yield positive results again.

In summary, entrepreneurial orientation is an act of business activities to offer something new in the market, take risks to try out something new, and be more proactive than competitors in the new market opportunities.

2.4 Concept of Competitive Advantage

Competitive advantage is a fundamentally important concept in business strategy, signifying the unique edge that allows a company to outperform its rivals. This attribute makes a company's products or services more desirable to customers than its competitors.

Kotler (2000) defines competitive advantage as the capability of the company to perform in one or many ways that competitors are difficult to imitate for now and in the future (Abou-Moghli et al., 2012). Michael Porter (1985) considered that competitive advantage grows from the value that a company can create for its buyers that exceeds the costs incurred by the company to create it. Value is customer willingness to pay; superior value comes from offering affordable prices compared to competitors for equal benefits. The competitive advantages can result from goods and services that exhibit outstanding differences from the typical products in the respective domain or have a lower cost than the competitors (Porter, 1998). In addition, Porter stated that components of competitive advantage come from the ability of a business to maximize the efficiency of its production process, develop superior quality goods and services, and improve services so that customers provide a high level of satisfaction. Porter recognized competitive advantage as a strategic goal that is a dependent variable, and the reason behind this is that good performance is linked to the achievement of competitive advantage (Reed & DeFillippi, 1990).

A company is said to have a competitive advantage if it can offer quality products at lower prices and offer the best services compared to its competitors. Having unique and long-lasting characteristics, different from its competitors, and difficult to imitate and substitute with others allows organizations to achieve their competitive advantage (Azis and Samad, 2016).

Goksoy et al. (2013) determined the meaning of competitive advantage is the capability of the company to offer superior products and services for consumers compared with the products and services offered by the competitors. The company's competitive edge is driven by price, product quality, post-sales service, market adaptability, and technological advancement. Porter identified two main types of competitive advantages namely price and differentiation. The advantages in price and differentiation are known as positional advantages, as they originate from the company's position in a predetermined and deliberately chosen industry of operation. The price advantage means offering customers a higher value against the same price as competitors. The second type of competitive advantage means offering customers differentiation, such as unique characteristics of products or services or higher efficiency than its competitors. The indicator of the competitive advantage can be seen from the capability of the company to satisfy the customers or solve customer's problems better than competitors' offerings (Yuleva, 2019).

Competitive advantage is often associated with large corporations, and it is essential to recognize that small and medium enterprises (SMEs) can also wield powerful competitive edges. Several research concludes that SMEs create more significant innovations than large companies because they use creative and innovative techniques to deliver value on the market to meet the needs and solve the problems of consumers (Yuleva, 2019). Some researchers suggest that the key success factor of SMEs gaining competitive advantage is the capability to develop unique products and the flexibility in adopting new technology. It implies that SMEs should be involved in innovation to gain a competitive advantage in the market (Aziz and Samad, 2016). Despite this, small companies face barriers to innovation, such as a lack of internal funds, inadequate managerial skills, lack of labor skills, lack of knowledge, and lack of market (Aziz and Samad, 2016).

Sigalas et al. (2013) stated that competitive advantage can be measured by identifying a stipulative definition, composing an operational definition, and constructing a measurement variable. Composing an operational definition of competitive advantage encompasses exploiting market opportunities, neutralizing competitive threats, and reducing costs.

In summary, competitive advantage is the capability of the company to perform and satisfy the customers or solve customer's problems better than competitors.

2.5 Market Orientation Affecting on Competitive Advantage

Market orientation is not just about knowing the market but also about leveraging the market knowledge to gain a competitive advantage. Many researchers revealed that market orientation affects competitive advantage, and they suggested that companies emphasize the importance of market orientation to strengthen the company's competitive advantage. Previous research that analyzed the effect of market orientation in building a competitive advantage in coffee shops was conducted by Rynaldo and Engraini (2021) and Jayaningrum (2017). Both research results revealed that market orientation has a positive and significant effect on competitive advantage. Another research on textile SMEs in Malaysia shows that market orientation and innovation significantly positively affect competitive advantage (Udriyah et al., 2019). Another research investigating 221 managers in Ukraine revealed that the level of market orientation positively affected the level of competitive advantage in a turbulent environment (Akimova, 2000).

Based on previous research, market orientation has a positive and significant effect on competitive advantage. Hence, this study implies the following hypothesis:
H1: Market orientation has a positive and significant effect on competitive advantage

2.6 Innovation Affecting Competitive Advantage

Innovation is an essential factor for companies to create value and sustain a competitive advantage. Every innovation has a strong impact on the competitive landscape of business. It is argued that it is significant for companies to possess innovation to build their competitive advantage (Abou-Moghli et al., 2012).

Simamora and Sulistianingsih (2022) revealed that innovation capability significantly affects the competitive advantage of coffee shops owned by Millenia Small and Medium Enterprises (MSMEs) in Jakarta. MSME Coffee Shops need to improve their competitiveness by enhancing their innovation capabilities and information technology capabilities. The ability to compete allows MSME coffee

shops to seize the opportunity and grow, along with increasing the consumption of coffee drinks in Indonesia.

In line with Simamora and Sulistianingsih, Azis and Samad (2016) conducted research on the food manufacturing SMEs in Malaysia, and they suggested that SMEs should invest in innovation to gain competitive advantage because they revealed that innovation has a strong positive impact and contributes 73.5 percent variance on the competitive advantage. Human resource management innovation is vital to the competitive advantage (Amarakoon et al., 2016). Goksoy et al. (2013) researched innovation in warehouse management. According to their research, companies prioritizing innovation are more likely to gain a competitive edge. Distanont and Khongmalai (2018) researched the frozen food business in the context of SMEs in Thailand. They revealed that innovation enhanced the competitive advantages via external factors such as micro-oriented and macro-oriented.

Another study about the impact of innovation on realizing competitive advantage was conducted by Abou-Moghli et al. (2012), and the result shows that innovation has a positive impact on competitive advantage in terms of four dimensions combined (time, quality, cost, and flexibility).

Based on previous research, innovation positively and significantly affects competitive advantage. Hence, this study implies the following hypothesis:

H2: Innovation has a positive and significant effect on competitive advantage

2.7 Entrepreneurial Orientation Affecting on Competitive Advantage

Understanding the correlation between entrepreneurial orientation and competitive advantage provides valuable insights for companies aiming to thrive in competitive markets. By nurturing an entrepreneurial orientation, the company can open its full potential and gain an edge over its rivals. Previous research that found that the entrepreneurial orientation of the SMEs on the streets of Kediri City positively affected competitive advantage was conducted by Rahmadi et al. (2020). Kiyabo and Isaga (2020) conducted research to explore the effect of entrepreneurial orientation on SMEs' performance in Dar es Salam, Tanzania. The research examines the influence of entrepreneurial orientation on SMEs' performance, with competitive advantage acting as a mediator. The research found that competitive advantage

mediates the relationship between entrepreneurial orientation and SMEs' performance, considering company growth and personal wealth measures.

Another research that explores the role of learning orientation in mediating the relationship between entrepreneurship orientation and competitive advantage in SMEs was conducted by Zaini and Poernamawati (2022). The research conducted in Malang Raya, East Java, Indonesia, concludes that entrepreneurship orientation directly affects competitive advantage and is significantly enhanced through learning orientation.

Chen et al. (2023) investigate how entrepreneurial orientation indirectly influences a company's differentiation-cost advantage ambidexterity through dynamic capabilities. This research also examines the impact of the level and consistency of entrepreneurial orientation on dynamic capabilities. The result of the research revealed that entrepreneurial orientation improves dynamic capabilities, promoting superior differentiation-cost advantage ambidexterity (DCAA) and enhanced firm performance. In addition, the research found that consistent entrepreneurial decisions and actions amplify the effect of entrepreneurial orientation on dynamic capabilities.

Another research that investigated the positive and significant effect of entrepreneurial orientation on business performance, with competitive advantage serving as mediating factor, was conducted by Erliani and Sukaatmadja (2020). The research revealed that entrepreneurial orientation positively and significantly affects business performance, entrepreneurial orientation positively and significantly influences competitive advantage, competitive advantage positively and significantly affects business performance, and competitive advantage positively and significantly mediates the role of entrepreneurial orientation on business performance.

Based on previous research, entrepreneurial orientation positively and significantly affects competitive advantage. Hence, this study implies the following hypothesis:

H3: Entrepreneurial orientation has a positive and significant effect on competitive advantage

2.8 Conceptual Framework

Based on previous research, the hypothesis formulated as follows:

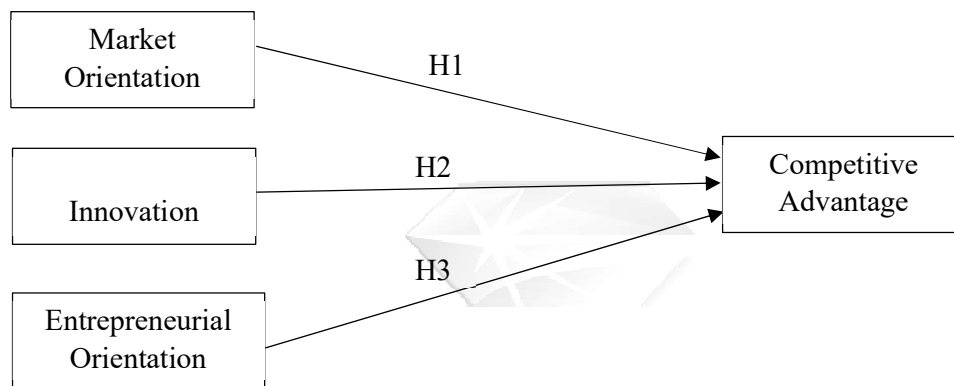
H1: Market orientation has a positive and significant effect on competitive advantage

H2: Innovation has a positive and significant effect on competitive advantage

H3: Entrepreneurial orientation has a positive and significant effect on competitive advantage

The conceptual framework of this research can be displayed in Figure 2.1.

Figure 2.1 Conceptual Framework of the Research



As shown in Figure 2.1 above, the three independent variables used in the research are market orientation, innovation and entrepreneurial orientation, which effectively affect the dependent variable, which is a competitive advantage. Previous research gives a foundation to formulate hypotheses about the relationship between the independent and dependent variables. The novelty of the conceptual framework in this research compared to previous research is that the researcher fills the gap in previous research, which only examined the effect of the independent variable on the dependent variable quantitatively. In this study, researchers examine how independent variables affect the dependent variable realistically by conducting interviews with coffee shops with a competitive advantage over their rivals. In line with the purpose of this research, namely, to help Indonesian coffee shop entrepreneurs/managers/CEOs understand the mechanisms that must be implemented to win the market share in Indonesia, this research also conducted interviews with important people who are considered to understand better the coffee business in Indonesia.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter presents the research methodology used in this research. The researcher used quantitative and qualitative methods in this study because they can explore complex phenomena from both angles and combine the benefits of both approaches. Apart from that, using both methods allowed the researcher to provide richer context, get detailed conclusions, and strengthen the validity of conclusions. This method yielded a more robust understanding of research questions.

3.1 Research Methodology

This study used deductive analysis as a research methodology. Deductive analysis means applying theory to the data in order to test the theory. It is a “top-down” approach to data in qualitative analysis. Based on existing theory, the researcher examines the hypothesis and designs the research strategy to test the hypothesis. The result of the analysis was concluded to be a confirmation or rejection of the existing theory. The researcher used interview results to understand the mechanism that had been implemented by the business owner to gain a competitive advantage. Then, the researcher used the data from the qualitative study to arrange the question lists for the quantitative study.

3.2 Research Methods

3.2.1 Qualitative Study

In this study, the researcher initiated in-depth interviews before collecting data from questionnaires. This approach was adopted to make the researcher fully understand the issue beforehand. This enabled the researcher to create semi-structured questionnaires that accurately reflect the matter from the interview results.

3.2.1.1 Criteria of The Sample

Qualitative researchers select samples that provide the most insight and understanding of the research question. To obtain samples that can

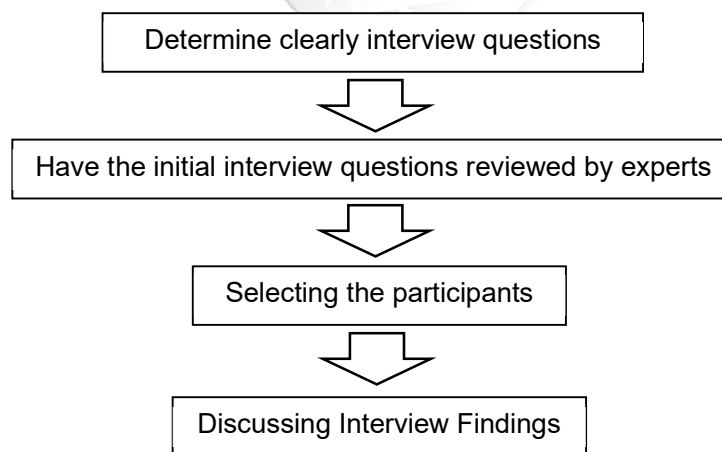
answer research questions, the researcher chose the coffee shops with the consideration as follows:

1. The coffee shop is unique compared to other coffee shops
2. The coffee shop is recommended by an influencer/ a newspaper/ an article
3. The coffee shop is willing to be interviewed

3.2.1.2 Data Collection

This study follows four steps that assist the researcher in collecting the data required to meet the research objectives. This study uses both primary and secondary data. The primary data used in this research is in-depth interviews, while the secondary data was collected from reliable sources such as websites, journals, and articles relating to the coffee business in Indonesia. The qualitative data collection procedure is shown in Figure 3.1.

Figure 3.1 The Procedure for Collecting Data for Qualitative Study



A. Determining Interview Questions

The interview questions were arranged in an open-ended form. The questions listed asked how market orientation, innovation, and entrepreneurial orientation affect competitive advantage.

B. Have the Initial Interview Questions Reviewed by Experts

The supervisory committee member reviewed the interview question lists to ensure they were appropriate in language, wording, and relevance. There are 12 key

interview questions to explore what participants had implemented so their coffee shops could gain a competitive advantage in Indonesia. The final set of questions was sent to experts for approval via email on 28 March 2023.

C. Selecting the participants

The researcher selected 3 participants, namely Coffee A, Coffee B, and Coffee C, based on purposive sampling and willingness. These three coffee shops were selected because they are unique compared to other coffee shops. They gain their competitive advantage by differentiating themselves in the market through business strategies, social missions, and customer experiences. Coffee A offers a unique customer experience by providing a refreshing outdoor experience that contrasts with the typical indoor coffee shop atmosphere. The business strategy of Coffee A is combining the love of coffee and appreciation for nature. Coffee A allows customers to enjoy coffee surrounded by lush greenery and even purchase ornamental plants on-site. Meanwhile, the business strategy of Coffee B is a social mission, empowerment and equality, and unique communication. Coffee B is unique for being run by individuals who are deaf, from the cashiers to the baristas, which is a part of their identity and business model. The establishment of Coffee B is also an effort to promote equality and empowerment for people with disabilities, particularly in the coffee industry. In Coffee B, the customers engage with staff using sign language, which is an integral part of the Coffee B experience, fostering interaction and understanding between hearing and non-hearing individuals. Apart from them, Coffee C offers a unique culinary experience by providing a blend of coffee and bistro-style dining. The ambiance and decor of Coffee C are described as rustic and intriguing. The decoration has a distinct theme that sets it apart from typical Indonesian coffee shops, it features a mix of Americana and unique merchandise that adds to its charm.

The profiles of the participants are shown in Table 3.1.

Table 3.1 The Profile of the Coffee Shops

No	Name of the Coffee Shops	Age of the Coffee Shop	Name of the Participant	Position
1	Coffee A	3 years	Mr. Jay	Owner
2	Coffee B	5 years	Mr. Terry	Manager
3	Coffee C	7 years	Mr. Ivan	Co-founder

Source: data collected by researcher based on interviews

The researcher chose Coffee A as the first participant because this coffee shop developed quickly within three years. It has five branches in 3 cities since it opened in 2020. Coffee A has an outdoor coffee concept; its slogan is Coffee and Garden. It has an atmosphere with a garden with various plants from small to medium-sized trees. This coffee shop pampers customers with a beautiful garden and a variety of menus that are served based on trends in the market. This coffee shop also provides a place that can be made for weddings and events. Coffee A has more than 500 reviews on Google review, with a rate of 4.5 from their customers.

The researcher chose Coffee B as the second participant because it is the first coffee shop with disabled workers in Jabodetabek (Greater Jakarta). Jabodetabek is an acronym city for **J**akarta, **B**ogor, **D**epok, **T**angerang, and **B**ekasi. Greater Jakarta is the most populous metropolitan area in Indonesia. Coffee B was founded by three deaf people and hired deaf employees. All the employees in this coffee shop are deaf, so the customer who wants to order must use sign language. Coffee B has a sociopreneur concept that serves a customer with an experience. They have a caption for their business, “The taste that touches your heart,” because they want to tell the customer that the taste of coffee in Coffee B can touch the heart. Coffee B has a program to teach sign language to the wider community. Coffee B inspired other coffee shops to hire disabled employees, including blind employees, so that it expanded the job opportunities for disabled people and showed that disabled people are also capable of working independently. They set up the menu with a unique name so that the customer will ask the employee, and it creates an interaction between a normal-hearing person and a deaf person. They provide the alphabet in sign language and a picture to choose the menu options, but they also provide a little board to write

if the customer finds it difficult to use sign language. The coffee does not have Wi-Fi because it is expected that customers have human interaction so that they have the experience of learning sign language while enjoying the coffee served. Coffee B achieved a Corporate Social Responsibility (CSR) award from PT. PLN (Persero) or State Electricity Enterprise in 2020, and one of the baristas of Coffee B got the MURI (Museum of World Records Indonesia) record as the first deaf barista in Indonesia. Coffee B got more than 100 reviews on Google review, with a rate of 4.8 from their customers.

The researcher chose Coffee C as the third participant because it has an indoor concept with a unique decoration full of aviation knick-knacks during the Second World War. This coffee shop has several unique features: masculine decoration, live music, good taste, and a unique appearance. The price that is offered is below that of its competitors. The co-founder has 15 years of experience in hospitality, and they serve the customers perfectly. Their unique menu is difficult to find in other coffee shops. Coffee C got more than 300 reviews on Google review, with a rate of 4.6 from their customers.

A face-to-face interview with Coffee A was conducted for one hour on 17 March 2023 in a Coffee A Shop in Jakarta. The researcher did a phone interview with Coffee B over the phone for one hour on 3 July 2023. Meanwhile, a written interview with Coffee C was conducted by email, and they sent their responses to the researcher on 3 July 2023.

3.2.1.3 The Question lists of the interview

An in-depth interview was conducted to know how market orientation, innovation, and entrepreneurial orientation affect competitive advantage in Indonesian coffee shops. The list of unstructured questions is shown in table 3.2 below

Table 3.2 The Key Questions of the In-depth Interview

No.	Questions
A. <u>Market Orientation</u>	
1.	How do you understand well your targeted customer? 1.1 Who is your targeted customer? 1.2 What do you do to fulfill your customer's need/want? 1.3 What do you do to understand better your customer's needs/want? 1.4 Do you have a system or technique to measure the rate of satisfaction of your customers? 1.5 Do you have a customer care service system? And how is your customer care service system handling the complaint from the customer?
2.	What is your strategy to compete with your competitors in the market? Do you always take new initiatives than others? What steps you will take if your competitor advances their service ahead of yours?
3.	How is the relationship among the sections/division in your coffee shops? Is the coordination among them working well? And do they have a routine schedule for coordination meetings?
B. <u>Innovation</u>	
4.	What kind of innovation do you have in your product? 4.1 In which process of coffee making/serving can your business create distinction from competitors? 4.2 Do you have the original product (coffee or non-coffee) that is unique (made from your own creativity) that different from other product at other coffee shops? 4.3 Do you have a special way to serve your customers that differs from other coffee shops? 4.4 What are your unique selling points? Do they come from coffee beans, the process of coffee making, or others?
5.	How do you create innovation in the product you sell in your coffee shops? 5.1 Do you have enough compatible tools/machines to support you to create more innovative products at your coffee shop? 5.2 How do you create your product at your coffee shop? And do you launch a new product periodically? 5.3 Do you evaluate the tools and process of creating your product periodically?
C. <u>Entrepreneurial Orientation</u>	
6.	How do you seize the opportunities to increase the sale of your product?
7.	What is the risk you have taken to increase the sale of your product at your coffee shop?

(Continue)

Table 3.2 (Continue) The Key Questions of the In-depth Interview

D. <u>Competitive Advantage</u>	
8.	What is the uniqueness of the product and service you sell at your coffee shop? (taste/ appearance/packaging /name of the product/others?) (Continued)
9.	How do you ensure the quality of the products you sell at your coffee shop? (Healthy composition/ cleanliness/ free from preservatives)
10.	How do you offer your products to make them more well-accepted by the consumers in the market? (Lower price/ higher quality)
E. <u>Advance for Indonesian Coffee Shop</u>	
11.	What is your suggestion for Indonesia coffee shops to advance and compete in the international market?
12.	What is your suggestion for the Indonesian government to support the Indonesian coffee shops to compete in the international market?

3.2.2 Quantitative Study

3.2.2.1 Population, Sample, and Sampling Technique

The target population is coffee shops in Indonesia, while the research sample is coffee shops that have been in business for at least two years or more. The researcher determines two years because a business needs 2 years of experience as a minimum in order to ensure its business stability (Jayaningrum, 2017).

According to Singh and Masuku (2014), Yamane (1967) provides a simplified formula to calculate sample sizes (assumed that confidence level = 90% and $P = 0.1$).

$$n = N / [1 + N(e)^2]$$

Where:

n is the sample size

N is the population size

E is the level of precision

Researchers assume a population size of 10,000 based on data from The Indonesian Coffee and Chocolate Entrepreneurs Association (APKCI), they estimate that, by 2023, the number of coffee shops in Indonesia will reach 10,000 stores, with revenue from the coffee shop business expected to reach IDR 80 trillion (Mone, 2023). The calculation of sample size is described as follows:

$$n = 10,000 / [1 + 10,000(0.1^2)]$$

$$n = 10,000/101$$

$n = 99$

Hence, the minimum sample size for this study is 99.

This research used the non-probability, purposive sampling method. Purposive sampling technique requires the researcher's judgment to select the sample that is most likely to answer the research questions and fulfill the research objective (Saunders et al, 2016). Non-probability sampling designs are appropriate to collect the sample based on a specific characteristic of the population (Nikolopoulou, 2022). The specific characteristics used in this research are coffee shops in Indonesia that have run the business for at least two years.

The total sample of this research is 200 respondents. The researcher chose the coffee shops with the consideration as follows

1. The coffee shop is unique compared to other coffee shops
2. The coffee shop is recommended by an influencer/ a newspaper/, and article
3. The coffee shop is willing to participate in the survey

3.2.2.2 Data Collection

The primary data used in this research is questionnaires, while the secondary data was collected from reliable sources such as websites, journals, and articles relating to the coffee business in Indonesia. The researcher used a semi-structured questionnaire, which is a combination of closed and open questions. The respondents will select from the list and answer the questions in their own ways (Clauve, 2023). The questionnaire was prepared online using Google Forms and distributed directly to coffee shops in Indonesia. The collected data was analyzed using statistical software.

The questionnaire has been tested by 3 qualified experts to test the validity of each question in the questionnaire. After the researcher got the result of the calculation Item Objective Congruence (IOC), the researcher collected 30 samples (Pilot Test). The pilot test respondents were members of the coffee shop owner's WhatsApp group, which is located in Central Java Province.

The researchers started distributing questionnaires to collect the data from 6 November 2023 until 22 December 2023 in various ways, namely:

1. Send direct messages to coffee shops that are suggested by influencers on social media, namely Instagram
2. Send the questionnaire to the several WhatsApp group of coffee shop owners in Indonesia
3. Send direct messages to a coffee shop that has a high satisfaction rate, uniqueness and is recommended by coffee lovers

The data collection process is described in the table 3.3 as follows

Table 3.3 The Timeline of Data Collection Process

No.	The Data Collection Process	Time
1.	Three qualified experts had tested the validity of each question of the questionnaire	22 -24 October 2023
2.	The researcher calculated Item Objective Congruence (IOC)	24 October 2023
3.	The researcher collected the 30 samples (Pilot Test)	24 October 2023 – 5 November 2023
4.	The researchers distributed questionnaires	6 November – 23 December 2023

3.2.2.3 Research Instrument

The researcher uses questionnaires as a research instrument to study factors that affect the competitive advantage of coffee shops in Indonesia. The questionnaire consists of five parts as follows:

Part 1: Refers to respondents' demographic data and information about coffee shops
(The closed and open-ended Questions)

The measurement and criteria of the respondent's demographic data are described in Table 3.4 below

Table 3.4 Level of Information Measurement and Criteria

Variables	Measurement Levels	Classification of Criteria
1. Position in the Coffee Shop	Nominal	1. Business owner/ founder 2. CEO/ Manager
2. Group of Generation	Nominal	1. Gen Z (18 – 26 years old) 2. Gen Y (27 – 42 years old) 3. Gen X (43 – 58 years old) 4. Baby Boomers (more than 59 years old)
3. Level of education	Nominal	1. Below Bachelor Degree 2. Bachelor Degree 3. Above Bachelor Degree
4. Name of the coffee shop:	Nominal	Please Specify
5. Location of the coffee shop?	Nominal	Please Specify
6. The Age of the coffee shop	Nominal	Please Specify
7. Number of branches of the coffee shop	Nominal	Please Specify
8. Number of employees of the coffee shop	Nominal	Please Specify

Part 2: Refers to the factor of Market Orientation (X1) that affects Competitive Advantage (The close-ended questions)

Table 3.5 Variables, Indicators, and Sources of Theory of Market Orientation

No.	Indicators	Questionnaires	Source of Theory
1. Customer orientation as listed below:			
1.	Customer Commitment	We are providing high-quality coffee products, offering a variety of flavor options, and creating a comfortable place to meet our customer's need	(1) Narver and Slater (1990) (2) Alwi and Handayani (2018) (3) Udriyah et al (2019)
2.	Create customer value	We apply a reward program to maintain loyal customers such as member cards, reward applications, and reward point	
3.	Understand customer needs	We regularly engage customers on social media to share insight about coffee and information about the coffee shop, such as a new menu, special discounts, or certain event	
4.		We have the channel to communicate with customers to know what the customers want	
5.	Customer satisfaction	We respond to the customer's feedback quickly	
6.	objectives	We respond to customer's complaints by giving them free food or drink/ discount/ replacement products if our service is not satisfying due to our shortcomings	

(Continue)

Table 3.5 (Continue) Variables, Indicators, and Sources of Theory of Market Orientation

2. Competitor orientation as listed below:			
1.	The employee shares competitor information	We are able to identify our key competitors and their strengths and weaknesses	(1) Narver and Slater (1990) (2) Alwi and Handayani (2018) (3) Udriyah et al (2019)
2.	Respond rapidly to competitor's action	We respond quickly to important competitors' actions, such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers	
3.	Top managers discuss competitor's strategies	Manager discuss with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop	
4.	Target opportunities for competitive advantage	We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers	

(Continue)

Table 3.5 (Continue) Variables, Indicators, and Sources of Theory of Market Orientation

5.		We offer better quality product and services in the same price range as competitors	
3. Inter-functional Coordination as listed below:			
1.	Information shared	We have regular staff meetings as a forum to share information and find solutions	(1) Narver and Slater (1990)
2.	among functions	We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution	(2) Alwi and Handayani (2018)
3.		We have an online communication channels to share relevant information quickly among staffs e.g., WhatsApp group/ zoom meeting/ Google Meet	(3) Udriyah et al (2019)
4.	Functional integration in strategy	We coordinate with each other to ensure a smooth operational activity of the coffee shop.	
5.	All functions contribute to customer value	Everyone in our coffee shop know well their job descriptions, significant roles and responsibilities, so we have a good coordination	

Part 3: Refers to the factor of Innovation (X2) that effect Competitive Advantage (The close-ended questions)

Table 3.6 Variables, Indicators, and Sources of Theory of Innovation

No.	Indicators	Questionnaires	Source of Theory
1.	Product Innovation is listed below:		
1.	Product	We have a signature menu of food and beverages in our coffee shop	(1) Tushman & Nadler (1986) (2) Distanont and Khongmalai (2018) (3) Udriyah et al (2019)
2.		We have a unique name/presentation of the product that is different from other coffee shops	
3.		We create a new, unique food/beverage to fulfill the requirements of the customer	
4.		We have a variety of menu options, e.g., vegan, healthy, caffeine-free, and dairy-free alternatives	
5.	Service	We have different services/ ways to serve the customers, such as we provide custom coffee, private room booking, delivery service, catering, and reservation with flexible times are also values of our coffee shop	
6.	Idea	We create different or new ideas related to decoration/layout/ slogan/ advertisement to distinguish our coffee shop from others	

(Continue)

Table 3.6 (Continue) Variables, Indicators, and Sources of Theory of Innovation

2.	Process Innovation as listed below:		
1.	Method	We improved our method of making a cup of coffee by boiling, steeping, dripping, etc.	(1) Tushman & Nadler (1986)
2.		We manage coffee orders during rush hour to serve our customers better	(2) Distanont and Khongmalai (2018)
3.	Technology	We use updated technology to manage the coffee shop, e.g., updated payment methods to serve the customers better	(3) Udriyah et al (2019)

Part 4: Refers to the factor of Entrepreneurial Orientation (X3) that effect Competitive Advantage (The close-ended questions)

Table 3.7 Variables, Indicators, and Sources of Theory of Entrepreneurial Orientation

No.	Indicators	Questionnaires	Source of Theory
1. Innovative Entrepreneurship as listed below:			
1.	Human resource	The owner/manager has the willingness to support creativity in the coffee shop	(1) Miller (1983)
2.	Creating new products and services	The owner/manager is willing to do experiment by developing new products and services in the coffee shop	(2) Kiyabo and Isaga (2020)
3.	Updated technology	The owner/manager has the willingness to adopt the latest technology and new processes for the coffee shop	(3) Andriani et al (2021)
			(4) Ardhi et al (2021)

(Continue)

Table 3.7 (Continue) Variables, Indicators, and Sources of Theory of Entrepreneurial Orientation

2. Business Proactive as listed below:			
1.	Seize the Opportunity	We are proactive in offering cooperation with business partners (government or non-government institutions) to provide food and beverages for their events	(1) Lumpkin and Dess (2005) (2) Kiyabo and Isaga (2020)
2.	Aware and Respond to the Threats	We are aware of and respond to the potential threats to our business	(3) Andriani et al (2021) (4) Ardhi et al (2021)
3.	Evaluation	We regularly evaluate our coffee shop's market position and revenue to respond to them proactively.	
3. Risk-Taking as listed below:			
1.	Financial Risk	We take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns	(1) Lumpkin and Dess (2005) (2) Kiyabo and Isaga (2020)
2.	Business Risk	We encourage employees to create new products and services or apply new methods of making coffee	(3) Andriani et al (2021) (4) Ardhi et al (2021)
3.		We take business risks that might change our business e.g. expanding business, hiring more employees	

Part 5: Refers to the Reaction to the Competitive Advantage (Y) - (The close-ended questions)

Table 3.8 Variables, Indicators, and Sources of Theory of Competitive Advantage

No.	Indicators	Questionnaires	Source of Theory
1.	Better Performance	We perform better than most of our competitors	(1) Sigalas et al (2013)
2.	Get High Satisfaction Rate	Our customers respond to our products and services with high satisfaction rates	(2) Yuleva (2019)
3.	Efficient Management	We manage our coffee shop efficiently compared to most of our competitors	
4.	Value Differentiation	We take advantage of business opportunities to create value differentiation for our coffee shops.	
5.	Minimize Business Threats	We minimize business threats well compared to most of our competitors	

The research scale that will be used is the Likert Scale. The criteria of the Likert scale is defined in table 3.9 as follows:

Table 3.9 Range of Scores

Range of Score	Value	Interpretation
1.00 – 1.80	1	Strongly Disagree
1.81 – 2.60	2	Disagree
2.61 – 3.40	3	Neither Agree or Disagree
3.41 – 4.20	4	Agree
4.21 – 5.00	5	Strongly Agree

Before the questionnaire was distributed, the questionnaire had tested the questionnaires in two ways: content validity and reliability.

A. Content Validity

Objective Congruence (IOC) is a way of evaluating the content validity of test items or questions by comparing them with the objectives or content they are supposed to measure. The validity was calculated by considering the mean value of the opinions of three experts toward each statement of the questionnaire (Thammawong, 2008). The names, job titles, and companies of the three qualified experts used to review the consistency between the objective and content or questions and objective of the questionnaire are listed below

1. Ms. Irma Hidayati, S.E., M.Ak.
Lecturer at the Islamic University of Malang, Indonesia
2. Mr. Jamil Musanif
Advisory Member of the Indonesian Coffee Board and Chairman of Coffee Lovers Indonesia
3. Mr. Arief Budiman
National Quality Assurance & Barista Academy Manager at PT Bahana Genta Viktory Indonesia

To calculate the consistency between the objective and content or questions and objective, the researcher applied the Item Objective Congruence (IOC) method below.

$$IOC = \frac{\sum R}{N}$$

IOC = Consistency between the objective and content

$\sum R$ = Total assessment points are given from all qualified expert

N = Number of qualified experts.

There are 3 assessment levels for each questionnaire question in the process of IOC, as shown below.

- +1 means that the question is consistent with the objective of the questionnaire
- 0 means that the unsure if the question is consistent with the objective of the questionnaire

- -1 means that the question is inconsistent with the objective of the questionnaire

The Item Objective Congruence index must have a value of 0.5 or more to be acceptable. After receiving feedback from the three qualified experts, the reviews were conducted to ensure that each question had an index value of more than 0.5. The result of the IOC is listed below.

$$\text{IOC} = \frac{42,67}{47} = 0,91$$

According to the IOC results of the 47 questions in the questionnaire, the Item Objective Congruence (IOC) index value is 0.91. The detailed IOC results for each questionnaire can be seen in Appendix C.4. Based on the results of the IOC evaluation from all experts, all questionnaire item values were over 0.5; therefore, it meant that all questions were acceptable and no questionnaire items were taken out.



B. Reliability Test

Reliability refers to the consistency of measurements based on repeated sampling of a sample or population. Reliability testing is important because it refers to consistency across all parts of the measuring instrument. The Cronbach Alpha coefficient is the most used test reliability when using Likert Scales (Taherdoost, 2017). The formula of Cronbach Alpha is described below:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

Where:

N = the number of items.

$\bar{c}$ = average covariance between item-pairs.

$\bar{v}$ = average variance.

The result of the calculation of the reliability is interpreted in table 3.10 below:

Table 3.10 Range of Reliability and Its Coefficient of Cronbach's Alpha

Cronbach's Alpha Coefficient	Reliability Level
0.9 – 1	Excellent
0.8 – 0.89	Good
0.7 – 0.79	Acceptable
0.6 – 0.69	Questionable
0.5 – 0.59	Poor
Less than 0.5	Unacceptable

Source: George and Mallery (2003)

Table 3.11 showed that the result of all factor conducted by the Cronbach's Alpha based on 30 samples pilot test and 200 samples of the research.

Table 3.11 The Cronbach's Alpha coefficient reliability value for each factor

Statement of each part	Alpha Coefficient (N=30)	Alpha Coefficient (N=200)	Accepted/ Not
Market Orientation	0.885	0.892	Reliable
Innovation	0.916	0.813	Reliable
Entrepreneurial Orientation	0.894	0.820	Reliable
Competitive Advantage	0.843	0.807	Reliable

Source: data processed by the researcher based on the survey

The result of Cronbach's Alpha test for each factor is the market orientation factor with 0.885 (N=30) and 0.892 (N=200), innovation factor with 0.916 (N=30) and 0.813 (N=200), entrepreneurial orientation factor with 0.894 (N=30) and 0.820 (N=200), and competitive advantage 0.843 (N=30) and 0.807 (N=200) respectively. All the results are greater than 0.70, so each factor is highly reliable. Hence, the whole set of questionnaires is very highly reliable.

3.2.2.4 Data Analysis Method

A. Descriptive Analysis

This research used statistical software to analyze data. Descriptive statistics was used to describe the mean of the demographic data of the respondents.

B. Inferential Statistic Method: Multiple Linear Regression Analysis

Multiple linear regression is used to explain the relationship between one continuous dependent variable and two or more independent variables (Basuki and Prawoto, 2016). There are 3 main uses for multiple linear regression analysis, as follows:

1. It can be used to identify the strength of the influence of the independent variable on the dependent variable.
2. It can be used to estimate the effect or impact of change. That is, multiple linear regression analysis helps us to understand how much the dependent variable will change when we change the independent variable.
3. Multiple linear regression analysis predicts future trends and values.

Multiple linear regression analysis can be used to obtain point estimates. When choosing a model for multiple linear regression analysis, another important consideration is the appropriate model. Adding independent variables to the multiple linear regression model will always increase the amount of variance explained in the dependent variable (usually expressed as R^2).

The formula for calculation multiple linear regression describe below:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

- Y_i = competitive advantage
- β_0 = y-intercept (constant term)
- β_1 = coefficient market orientation
- X_1 = variable market orientation
- β_2 = coefficient Innovation
- X_2 = variable Innovation
- β_3 = coefficient entrepreneurship orientation

x_3 = variable market orientation

e = the model error term

This study used deductive analysis as a research methodology to confirm or reject the existing theory. The researcher used quantitative and qualitative as a research method to gather comprehensive data. Interviews, as a part of the qualitative method, were used by the researcher to understand the strategies and practices that coffee shop business owners have put in place to achieve a competitive edge in the market. After analyzing the qualitative data, the researcher developed a set of questions for the quantitative study. The data from the quantitative study is analyzed using descriptive statistics, which describe the basic features of the data, and inferential statistics, which are used to make generalizations about a population. The results of this comprehensive research methodology are presented in Chapter 4 of the study.

CHAPTER 4

FINDINGS

This chapter explains the details of the findings of both a qualitative and quantitative study. The analysis of the results is presented at the end of the chapter.

4.1 Findings from a Qualitative Study

The research studies the factors determining whether coffee shops gain a competitive advantage and explores how to gain a competitive advantage in Indonesia. In this research, the hypothesis was formulated to explore the relationship between market orientation and competitive advantage (H1), innovation and competitive advantage (H2), and entrepreneurial orientation and competitive advantage (H3). That relationship is guided by previous research conducted by Rynaldo and Engraini (2021), Najib et al (2020), and Jayaningrum (2017), Pradana and Safitri (2023), Simamora and Sulistianingsih (2022), Sipayung et al (2021), Ardhi et al (2021), Andriani et al (2021), and Samoedra (2021). Interviews were conducted to explore how coffee shops gain a competitive advantage in Indonesia. The findings from the interview revealed that to gain a competitive advantage, the coffee shops provide high-quality coffee products, offer a variety of flavor options, and create a comfortable place. To survive during competition, the coffee shops do an Online ADS on social media, invite influencers regularly to promote coffee products, and pay attention to customers' preferences/ requirements/ demands by engaging customers on social media or conventionally. The coffee shops distinguish themselves from their competitors by offering unique decorations or selling experiences and inspiration (using sign language to communicate with a deaf cashier or barista). To support the innovations offered, coffee shops have compatible coffee machines and sufficient knowledge to be creative with the menu. Coffee shops proactively seize the opportunity to increase their sales by giving promos during certain seasons (for example, Eid and Christmas), teaching sign language programs in schools/campuses/corporates, and visiting other coffee shops to understand their position in the market. The findings of the qualitative study support previous research

that states that market orientation, innovation, and entrepreneurial orientation have a positive effect on competitive advantage.

The researcher provides sample quotes to better illustrate the interviewee's thoughts described in Table 4.1.

Table 4.1 Identified Concepts and Sample Quotes from the Interviews

Hypothesis 1 Market Orientation Affects the Competitive Advantage of Coffee Shops in Indonesia
Concept: Customer orientation Description: The capability of the company to create excellent value for customers and understand product and service strategies to meet customer needs and requirements (Amin et al, 2016). Sample quotes: • <i>“The way to better understand what customers' needs/wants are, keep up to date with social media and read comments or reviews on social media posts or feeds. The level of reviews on Google Maps/location also can be used as a tool to measure the level of satisfaction. By understanding what they want, we can reach a high level of reviews.” (Coffee A)</i> • <i>“Coffee B is a sociopreneur coffee shop that aims to bridge the public who want to communicate and learn sign language with deaf people.” (Coffee B)</i> • <i>“We listen to the customer's comments from guest comment paper. We also do visit tables to talk directly with the customers in order to ask about the reviews of the product and services and to know what is the trend in the coffee shop nowadays. We ask them to fulfill the Google review. We serve customer complaints well if the customer complains directly on the spot, then we give a compliment either product or discount.” (Coffee C)</i>

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

Concept: Competitor orientation (Understanding competitors)

Description: The capability of the company to identify strengths and weaknesses, long-term capabilities, and strategies to respond to the market and satisfy the needs of the customers better than competitors, so it can lead to creating value, customer loyalty, and increasing profitability (Amin et al, 2016).

Sample quotes:

- *“The basic strategy to survive during competition on the marketing side is to do Online ADS on social media and invite influencers regularly. On the product side, affordable prices and good product quality are accompanied by quantity (not stingy) on the portion of raw materials. For competing with competitors in the market, of course, competition will always exist, whether among similar coffee shops or not, the strategy that runs is to provide an experience of different ambiance, affordable prices, and good product quality (delicious). Reviewing revenue is one of the strategies to measure the position in the market. If there is a significant decline from the effects of competition or other factors, then anticipatory steps and short marketing plans according to the situation and conditions are strategies to survive during competition.” (Coffee A)*
- *“Based on the high interest of people who want to know about sign language, Coffee B is present in Jakarta as the first coffee shop that has workers with disabilities. Our strength is the capability of our coffee shop to hire a disability worker, this is something that competitors do not have” (Coffee B)*
- *“For competitive strategies, of course, we make the coffee and non-coffee menu as creative as possible compared to other places, most other coffee shops have a little non-coffee menu, and that's where we see the opportunity to increase the non-coffee menu because according to our market who come to our coffeeshop are not all coffee lovers.” (Coffee C)*

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

Concept: Inter-functional Coordination Description: The capability of the company to ensure communication between functional areas to create greater value for target customers effectively (Amin et al, 2016) Sample quotes: • <i>“Coffee shops are SMEs with a simple organizational structure so communication between divisions is easy to coordinate. For a routine meeting schedule, the fastest is once a week or once a month to determine the business strategies.” (Coffee A)</i> • <i>“The relationship between divisions in Coffee B is good because our employees have the same vision and mission and among us to use sign language that is very well-understood among us.” (Coffee B)</i> • <i>“The relationship between our divisions is good because we have a coffee division and a kitchen division and every month, we hold a general meeting to review what we must improve, what are our weaknesses, what are our advantages in terms of product, and accommodate the inputs from our staff.” (Coffee C)</i>

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

Hypothesis 2
Innovation Affects the Competitive Advantage of Coffee Shops in Indonesia
Concept: Product Innovation Description: Product innovation is changing the product or service offered to customers (Avermaete et al, 2003). Sample quotes: • <i>“Coffee A has a unique concept that is outdoor and garden coffee. Coffee A creates a welcoming and comfortable environment for customers to relax and enjoy the coffee with their friends. We have a signature product that we offer to the customer. We also serve a new way of serving products, we work with the DESTY menu, where customers can order menus from anywhere and pickup upon arrival at the coffee shop in real-time/ online. The DESTY system also offers a direct order and pay system (like Starbucks) so that guests do not feel disturbed/interrupted during hanging out/working for a long time at the coffee shop.” (Coffee A)</i> • <i>“At Coffee B, we sell experience and inspiration. We want to give customers the experience of how to use sign language to communicate with a deaf cashier or barista. To facilitate communication, we provide information on how to use sign language for letters of the alphabet and choose hot or cold. but we still provide a small whiteboard to write if customers have difficulty using sign language. We have signature coffees that match the characteristics of the three owners. In addition, the coffee names we give are also unique with the aim of provoking questions from customers. In our coffee shop, we do not provide wifi so that customers interact a lot with fellow humans both those with normal hearing and those who are deaf.” (Coffee B)</i>

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

• <i>“We have a unique decoration that is a museum of the flight and we have a unique presentation of food and beverage like a premium restaurant because I have 15-year experience in the food and beverage industry. We have unique product creations that are different from other coffee shops, namely coffee frappe for coffee base and we sell healthy juice and yogurt-based smoothies. We also sell sea salt coffee and sweet Irish cream coffee with the concept of drinking hot americano with a combination of sweet cream, this product is not found in many other coffee shops.” (Coffee C)</i>
Concept: Process Innovation Description: Process innovation is a change in how a product is created or service is offered (Avermaete et al, 2003). Sample quotes: • <i>“Having compatible tools/machines will support the creation of more innovative products in coffee shops because the help of the latest version of tools/machines can make coffee shops create new products regularly. We also have roasting coffee so we can choose the taste that we want.” (Coffee A)</i> • <i>“We create various menus of coffee because we have an experienced barista and he won the MURI record as the first deaf barista in Indonesia. We roasted the coffee beans by ourselves so we can create desired coffee flavor.” (Coffee B)</i> • <i>“We use an international standard coffee machine (professional level) based on 2 heads group, so that it makes us easier to be creative. Besides that, I have about 15 years of experience in the hospitality industry (cafe, restaurant, and coffee shop) so I often get creative to create menus. We roasted our coffee beans by ourselves so we can determine the character of the coffee that is popular in the market and of course, it is cheaper compared to buying it from another roasting company” (Coffee C)</i>

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

Hypothesis 3 Entrepreneurial Orientation Affects the Competitive Advantage of Coffee Shops in Indonesia
Concept: Innovative Entrepreneurship Description: Willingness of the entrepreneur to support creativity and experimentation in developing new products and services, adopting the latest technology, as well as new processes (Lumpkin & Dess, 2005 and Amin et al., 2016) Sample quotes: • <i>“We evaluate the menu every 3 months, even if it adds new menus or eliminates menus not in demand by the market. Currently, many vendors/distributors of syrup/powder products provide free recipes so that we can add new menu references to be offered to customers. This supports us to be more creative” (Coffee A)</i> • <i>“We sell experience and inspiration. We offer a unique experience to customers, which is communicating directly with deaf people using sign language.” (Coffee B)</i> • <i>“I used my knowledge and experience in the food and beverage industry to create products different from other coffee shops.” (Coffee C)</i>
Concept: Proactiveness Description: The ability of the company to seize the initiative and act opportunistically in order to shape the environment and anticipate future demand (Lumpkin & Dess, 2005 and Amin et al, 2016).

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

Sample quotes: • <i>“We seize the opportunities by creating products according to the season, such as during Eid or Christmas, offering drinks in large sizes (liters) that can be stocked by customers at affordable prices. We also offer regular product bundling promotions such as americano and croissant is one example of capture opportunities to attract customers.” (Coffee A)</i> • <i>“In addition to teaching sign language in our shop, we also have a program, go to school/campus/corporate. This program is teaching sign language to the public and we have implemented it in some international schools in Java, Kalimantan, and Riau, as well as 5 campuses in Java and several companies that invited us” (Coffee B)</i> • <i>“I often try to visit cafés around my coffee shop to understand the market and ensure that my coffee shop is still above the competition, that way I see the opportunity that our coffee shop is more creative than other coffee shops” (Coffee C)</i>
Concept: Risk Taking Description: The willingness of owners or managers to make decisions and take action to commit to new business project activities under uncertain conditions with significant company resources (Lumpkin & Dess, 2005 and Amin et al., 2016). Sample quotes: • <i>“Increasing product sales can be done by inviting Influencers and advertising on social media to deliver to the targeted customers. This method has the risk of a large investment. Organizing events also has a risk of failure besides large investments.” (Coffee A)</i>

(Continue)

Table 4.1 (Continue) Identified Concepts and Sample Quotes from the Interviews

- *“We have not taken any big risks during our operation, because our main competitor does not exist yet considering we are the first coffee shop with people with disabilities. We inspired other coffee shops with disabilities such as blindness that emerged a few years after we were established. The risk we faced was during the covid-19 pandemic because we sell a unique experience to the customer then at that time customers could not get a unique experience when ordering online, as a result, we had to close 2 of our stores and only kept 1 store open” (Coffee B)*
- *“Risk in conducting menu experiments that result in costs in purchasing raw materials to add or replace existing menus” (Coffee C)*

4.2 Findings from a Quantitative Study

4.2.1 Demographic Data

This section presents the data of the survey respondents. It includes the position of the respondent in the coffee shop to ensure that the respondent is the person who fill out the questionnaire have enough information. The group of generations is identified to provide insights into business strategy preferences. The level of education is collected to know the direction of the coffee shop business strategy. The name of the coffee shop is noted to ensure that each respondent completes the survey only once, avoiding data duplication that can interfere with the analysis and conclusions drawn from the survey. The location of the coffee shop is also recorded to ensure that the survey covers various locations for better representation. The age of the coffee shop is collected to determine whether the respondent is included in the research target as this study required a minimum business age of two years. The coffee shop's number of branches and employees provides an overview of the scale and complexity of the coffee shop's operations, which can influence strategic and operational decisions.

Table 4.2 Demographic Data: Position in The Coffee Shop

Description	Number of Respondents	Percent
Coffee Shop owner	125	62.5
CEO/ Manager	75	37.5
Total	200	100

Source: data processed by the researcher based on the survey

The results of the survey are shown in Table 4.2. The total sample of this survey is 200 respondents. From 200 respondents, 125 respondents are coffee shop owners, and 75 respondents are CEOs/Managers of the coffee shop, representing 62.5% and 37.5%, respectively.

Table 4.3 Demographic Data: Group of Generation

Description	Number of Respondents	Percent
Gen Z (18 - 26 years old)	71	35.5
Gen Y (27 - 42 years old)	104	52
Gen X (43 - 58 years old)	25	12.5
Baby Boomers (> 59 years old)	0	0
Total	200	100

Source: data processed by the researcher based on the survey

Of all these 200 respondents, 104 are Gen Y (27 - 42 years old), representing 52 percent of the total respondents. Then, 71 respondents are Gen Z (18 - 26 years old), representing 35.5 percent of the total respondents. The following 25 respondents are Gen X (43 - 58 years old), representing 12.5 percent of the total respondents. The Baby Boomers generation did not participate in this study; see Table 4.3.

Table 4.4 Demographic Data: Level of Education

Description	Number of Respondents	Percent
Below Bachelor Degree	39	19.5
Bachelor Degree	131	65.5
Above Bachelor Degree	30	15
Total	200	100

Source: data processed by the researcher based on the survey

The education of the respondents is Bachelor's Degree on the first rank (131 or 65,5%), followed by Under Bachelor's Degree and Above Bachelor Degree; they got the same value that is 39 or 19.5% and 30 or 15% percent; see Table 4.4.

Table 4.5 Demographic Data: Location of The Coffee Shop (Province)

Description	Number of Respondents	Percent
Jakarta	27	13.5
West Java	71	35.5
Central Java	51	25.5
East Java	28	14
Yogyakarta	19	9.5
Sulawesi	3	1.5
Bengkulu	1	0.5
Total	200	100

Source: data processed by the researcher based on the survey

The respondents who are participating in the study are in 7 provinces from 3 big islands in Indonesia. West Java has the highest number of coffee shop participants, with 71 respondents, or 35.5% of the total participants. Following Central Java (51 respondents or 25.5%), East Java (28 respondents or 14%), Jakarta (27 respondents or 13.5%), Yogyakarta (19 respondents or 9.5%), Sulawesi (3 respondents or 1%) and Bengkulu (1 respondent or 0.5%); see Table 4.5.

Table 4.6 Demographic Data: The Age of the Coffee Shop

Description	Number of Respondents	Percent
2 – 5 years old	169	84.5
6 – 10 years old	29	14.5
More than 10 years old	2	1
Total	200	100

Source: data processed by the researcher based on the survey

Due to the limited age of the coffee shop can participate in this research, the participants who have the coffee shop aged 2 - 5 years old is 169 respondents or 84.5%, coffee shops which has age 6 - 10 years old is 29 respondents or 14.5%, and

coffee shop which has age more than 10 years old is 2 respondents or 1%; see Table 4.6.

Table 4.7 Demographic Data: Number of Branch of the Coffee Shop

Description	Number of Respondents	Percent
Less than 5 branches	184	92
5 – 10 branches	14	7
More than 10 branches	2	1
Total	200	100

Source: data processed by the researcher based on the survey

Most respondents who participated in this research were the coffee shop which has branches less than 5 (184 respondents or 92%), following coffee shop which has 5 – 10 branches (14 respondents or 7%), and the last coffee shop which have branches more than 10 (2 respondents or 1%); see Table 4.7.

Table 4.8 Demographic Data: Number of Employees of the Coffee Shop

Description	Number of Respondents	Percent
Less than 10 employees (Micro)	152	76
11 – 50 employees (small)	41	20.5
51 – 300 (medium)	7	3.5
Total	200	100

Source: data processed by the researcher based on the survey

According to the Economic and Social Commission for Asia and the Pacific (ESCAP), enterprises are categorized into 3: medium, small, and micro. The grouping of categories based on the number of employees is shown in Table 4.8. Most respondents are coffee shops with less than 10 employees (micro), 152 respondents or 76 percent of the total respondents. Secondly, a coffee shop with 11 – 50 employees (small), 41 respondents or 20.5 percent of the total respondents. The last coffee shop with 51 - 300 employees (medium), is 7 respondents or 3.5 percent of the total respondents.

4.2.2 The Analysis of the Dependent and the Independent Variables

All the independent variables (market orientation, innovation, and entrepreneurial orientation) were measured on a five-point Likert scale ranging from 1 as the lowest agreeable to 5 as the highest agreeable level. The highest mean scores of the independent variables mean the highest agreement with the statement on the independent variables, which affected the competitive advantage of the coffee shop in Indonesia.

4.2.2.1 The Mean and Standard Deviation of Market Orientation

The effect of market orientation on the competitive advantage of the coffee shop in Indonesia is described as follows

Table 4.9 The Mean and Standard Deviation of Customer Orientation

Description	Mean	Std. Deviation	Interpretation
We are providing high-quality coffee products, offering a variety of flavors options, and creating a comfortable place to meet our customer's need	4.71	0.5998	Strongly Agree
We apply a reward program to maintain loyal customers such as member card, reward applications, and reward point	4.08	0.9294	Agree
We regularly engage customers on social media to share insight about coffee and share the information of the coffee shop such as new menu, special discount, or certain event	4.39	0.7421	Strongly Agree
We have channel to communicate with customers to know what the customers want	4.45	0.6999	Strongly Agree

(Continue)

Table 4.9 (Continue) The Mean and Standard Deviation of Customer Orientation

We respond to the customer's feedback quickly	4.45	0.7142	Strongly Agree
We respond to customer's complaints by giving them free food or drink/ discount/ replacement products if our service is not satisfying due to our shortcoming	4.41	0.7242	Strongly Agree
Total	4.42	0.7350	Strongly Agree

Source: data processed by the researcher based on the survey

According to table 4.9, most respondents strongly agree that coffee shop has to provide high-quality coffee products, offer a variety of flavors options and create a comfortable place to fulfill the customer's need. (Mean = 4.71, Std. Deviation = 0.5998). They agree that reward program is a way to maintain loyal customers (Mean = 4.08, Std. Deviation = 0.9294). They also strongly agree that sharing the insight about coffee and information of the coffee shop on social media regularly plays a significant role to engage the customer (Mean = 4.39, Std. Deviation = 0.7421). It revealed that the respondent strongly agree that coffee shop must have channel(s) to communicate with customers to know what the customers want (Mean = 4.45, Std. Deviation = 0.6999). It was also found that the respondent strongly agree that coffee shop must respond to the customer's feedback in a short time (Mean = 4.45, Std. Deviation = 0.7142) and the respondent strongly agree that coffee shops have to respond to customer's complaints by giving them free food or drink/ discount/ replacement products if the service is not satisfying due to the shortcoming (Mean = 4.41, Std. Deviation = 0.7242). The total mean score is 4.42 and a standard deviation is 0.7350 indicate that the coffee shops that participate in this research focus on customer orientation to create market orientation in their business.

Table 4.10 The Mean and Standard Deviation of Competitor Orientation

Description	Mean	Std. Deviation	Interpretation
We are able to identify our key competitors and their strength and weaknesses	4.16	0.7729	Agree
We respond quickly to important competitors' actions such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers	4.37	0.7311	Strongly Agree
Manager discuss with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop	4.38	0.7119	Strongly Agree
We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers	4.51	0.6179	Strongly Agree
We offer better quality product and services in the same price range as competitors	4.39	0.6858	Strongly Agree
Total	4.36	0.7139	Strongly Agree

Source: data processed by the researcher based on the survey

According to table 4.10, the respondents agree that they can identify their key competitors, strength, and weaknesses (Mean = 4.16, Std. Deviation = 0.7729). They strongly agree that coffee shop must respond quickly to the important competitors' actions such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers (Mean = 4.37, Std. Deviation = 0.7311). The manager should discuss with the employee about the strengths and weaknesses compared to competitors to improve the service of the coffee shop is strongly agreed by the respondents (Mean = 4.38, Std. Deviation = 0.7119). Most of them strongly agree that coffee shops have to find the best ways to serve the customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers (Mean = 4.51, Std. Deviation = 0.6179). It found that the respondents strongly agree that their coffee shop offers better quality product and services in the same price range as competitors (Mean = 4.39, Std. Deviation = 0.6858). The total mean score is 4.36 and a standard deviation is 0.7039 indicate that the coffee shops that participate in this research have high competitor orientation to create value on their business.

Table 4.11 The Mean and Standard Deviation of Coordinating Inter-Functional

Description	Mean	Std. Deviation	Interpretation
We have regular staff meetings as a forum to share information and find solutions	4.24	0.8143	Strongly Agree
We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution	4.20	0.8565	Agree

(Continue)

Table 4.11 (Continue) The Mean and Standard Deviation of Coordinating Inter-Functional

We have some online communication channels to share relevant information quickly among staffs e.g., WhatsApp group/ zoom meeting/ Google Meet	4.45	0.7350	Strongly Agree
We coordinate with each other to ensure a smooth operational activity of the coffee shop.	4.44	0.6386	Strongly Agree
Everyone in our coffee shop know well their job descriptions, significant roles, and responsibilities, so we have a good coordination	4.41	0.7311	Strongly Agree
Total	4.35	0.7551	Strongly Agree

Source: data processed by the researcher based on the survey

Table 4.11 describe that the respondents strongly agree to do regular staff meetings as a forum to share information and find solutions (Mean = 4.24, Std. Deviation = 0.8143). They agree that they have a brief meeting in the morning to explain daily/certain tasks e.g., updated information on duty, absent employees, and the substitution (Mean = 4.20, Std. Deviation = 0.8565). Most of the respondents strongly agree that they have some online communication channels to share relevant information quickly among staff e.g., WhatsApp group/ zoom meeting/ Google Meet (Mean = 4.45, Std. Deviation = 0.7350). It was found that they strongly agree they coordinate with each other to ensure the smooth operational activity of the coffee shop. (Mean = 4.44, Std. Deviation = 0.6386). It was also found that they strongly agree, everyone in their coffee shop knew well their job descriptions, significant roles, and responsibilities, so they had good coordination (Mean = 4.41, Std. Deviation = 0.7311). The total mean score is 4.35 and the standard deviation is 0.7551 indicate that the coffee shops that participate in this research have coordinating inter-function on running their business.

4.2.2.2 The Mean and Standard Deviation of Innovation

The effect of innovation to the competitive advantage of the coffee shop in Indonesia is describe as follow

Table 4.12 The Mean and Standard Deviation of Innovation Product

Description	Mean	Std. Deviation	Interpretation
We have signature menu of food and beverage in our coffee shop	4.50	0.7089	Strongly Agree
We have a unique name/presentation of the product that different from other coffee shop	4.18	0.7664	Agree
We create a new unique food/beverage to fulfill the requirement of the customer	4.23	0.7858	Strongly Agree
We have more variety of menu options e.g., vegan, healthy, caffein-free, and diary-free alternatives	4.10	0.9351	Agree
We have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time are also values of our coffee shop	4.17	0.9029	Agree
We create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct our coffee shop to others	4.21	0.8242	Strongly Agree
Total	4.18	0.8429	Agree

Source: data processed by the researcher based on the survey

According to table 4.12, most respondents strongly agree that they have signature menu of food and beverage in their coffee shops. (Mean = 4.50, Std.

Deviation = 0.7089). They agree that they have a unique name/presentation of the product that different from other coffee shops (Mean = 4.18, Std. Deviation = 0.7664). They strongly agree that they create a new unique food/beverage to fulfill the requirement of the customer (Mean = 4.23, Std. Deviation = 0.7858). They also agree that they offer more variety of menu options e.g., vegan, healthy, caffeine-free, and dairy-free alternatives in their coffee shops (Mean = 4.10, Std. Deviation = 0.9351). It found that they agree to have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time are also values of our coffee shop (Mean = 4.17, Std. Deviation = 0.9029). It also found that they strongly agree that their coffee create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct their coffee shop to others (Mean = 4.21, Std. Deviation = 0.8242). The total mean score is 4.18 and the standard deviation is 0.8429 indicate that the coffee shops that participate in this research have product innovation in their business.

Table 4.13 The Mean and Standard Deviation of Process Innovation

Description	Mean	Std. Deviation	Interpretation
We improve our method of making a cup of coffee such as boiling, steeping, dripping method etc.	4.21	0.9039	Stromgly Agree
We manage coffee order during rush hour to serve our customer better	4.35	0.7485	Strongly Agree
We use the updated technology to manage the coffee shop e.g., updated payment method to serve the customers better	4.36	0.7823	Strongly Agree
Total	4.31	0.8116	Strongly Agree

Source: data processed by the researcher based on the survey

Based on table 4.13, found that the respondents are strongly agree that they improve the method of making a cup of coffee such as boiling, steeping, dripping method etc. (Mean = 4.21, Std. Deviation = 0.9039), they strongly agree that manage coffee order during rush hour to serve their customer better (Mean = 4.35, Std.

Deviation = 0.7485) and they strongly agree that they use the updated technology to manage the coffee shop e.g., updated payment method to serve the customers better (Mean = 4.36, Std. Deviation = 0.7823). The total mean score is 4.31 and the standard deviation is 0.8116 indicate that the coffee shops that participate in this research have process innovation in their business.

4.2.2.3 The Mean and Standard Deviation of Entrepreneurial Orientation

The effect of entrepreneurial orientation to the competitive advantage of the coffee shop in Indonesia is describe as follow

Table 4.14 The Mean and Standard Deviation of Innovative Entrepreneurship

Description	Mean	Std. Deviation	Interpretation
The owner/manager has the willingness to support creativity in the coffee shop	4.67	0.5869	Strongly Agree
The owner/manager has the willingness to make experiment in developing new products and services in the coffee shop	4.39	0.6930	Strongly Agree
The owner/manager has the willingness to adopt the latest technology and new processes for the coffee shop	4.28	0.7378	Strongly Agree
Total	4.45	0.6726	Strongly Agree

Source: data processed by the researcher based on the survey

According to table 4.14, most respondents strongly agree that the owner/manager has the willingness to support creativity in the coffee shop (Mean = 4.67, Std. Deviation = 0.5869). It revealed that they agree that the owner/manager has the willingness to make experiment in developing new products and services in the coffee shop (Mean = 4.39, Std. Deviation = 0.6930) and to adopt the latest technology and new processes for the coffee shop (Mean = 4.28, Std. Deviation = 0.7378). The total mean score is 4.45 and the standard deviation is 0.6726 indicate that the

owner/manager of coffee shops that participate in this research have innovative entrepreneurship.

Table 4.15 The Mean and Standard Deviation of Business Proactive

Description	Mean	Std. Deviation	Interpretation
We are proactive offering the cooperation with business partners (government or non-government institution) to provide food and beverage for their events	4.23	0.7794	Strongly Agree
We are aware and respond to the potential threats to our business	4.36	0.7082	Strongly Agree
We regularly evaluate our coffee shop's market position and revenue to proactively respond them.	4.42	0.6525	Strongly Agree
Total	4.34	0.7134	Strongly Agree

Source: data processed by the researcher based on the survey

Table 4.15 describe that the respondents strongly agree that they are proactive offering the cooperation with business partners (government or non-government institution) to provide food and beverage for their events (Mean = 4.23, Std. Deviation = 0.7794), they strongly agree to aware and respond to the potential threats to our business (Mean = 4.36, Std. Deviation = 0.7082), and regularly evaluate their coffee shop's market position and revenue to proactively respond them (Mean = 4.42, Std. Deviation = 0.6525). The total mean score is 4.34 and the standard deviation is 0.7134 indicating that the coffee shops that participate in this research have business proactive to create their value.

Table 4.16 The Mean and Standard Deviation of Risk-Taking

Description	Mean	Std. Deviation	Interpretation
We take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns	4.16	0.8822	Agree
We encourage employees to create new product and services or apply new method of making coffee	4.21	0.7804	Strongly Agree
We take business risks that might change our business e.g. expanding business, hiring more employees	4.12	0.9327	Agree
Total	4.16	0.8651	Agree

Source: data processed by the researcher based on the survey

Based on table 4.16, The respondents were agree to take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns (Mean = 4.16, Std. Deviation = 0.8822). They strongly agree to encourage employees to create new product and services or apply new method of making coffee (Mean = 4.21, Std. Deviation = 0.7804) and take business risks that might change their business e.g. expanding business, hiring more employees (Mean = 4.12, Std. Deviation = 0.9327). The total mean score is 4.12 and the standard deviation is 0.8651 indicating that coffee shops that participate in this research determine to take a risk on their business.

4.2.2.4 The Mean and Standard Deviation of The Competitive Advantage

The analysis of the competitive advantage of the coffee shop in Indonesia is describe as follows

Table 4.17 The Mean and Standard Deviation of Competitive Advantage

Description	Mean	Std. Deviation	Interpretation
We perform better than most of our competitors	4.40	0.6865	Strongly Agree
Our customers respond to our products and services with high satisfaction rates	4.43	0.6302	Strongly Agree
We manage our coffee shop more efficiently compared to most of our competitors	4.17	0.6402	Agree
We take advantages of business opportunities to create value differentiation for our coffee shops	4.32	0.7059	Strongly Agree
We minimize business threats better than most of our competitors	4.27	0.6835	Strongly Agree
Total	4.32	0.6693	Strongly Agree

Source: data processed by the researcher based on the survey

According to table 4.17, The respondents were strongly agree that they perform better than most of their competitors (Mean = 3.40, Std. Deviation = 0.6865). They also strongly agree that the customers of the respondents respond to their products and services with high satisfaction rates (Mean = 4.43, Std. Deviation = 0.6302). It found that they agree that they manage the coffee shop efficiently compared to most of their competitors (Mean = 4.17, Std. Deviation = 0.6402). The respondents also strongly agree that they take advantages of business opportunities to create value differentiation for our coffee shops (Mean = 4.32, Std. Deviation = 0.7059). It revealed that the respondents strongly agree that they can minimize business threats better than most of our competitors (Mean = 4.27, Std. Deviation = 0.6835). The total mean score is 4.32 and the standard deviation is 0.6693 indicating that the coffee shops who participate in the study have competitive advantage in coffee shop business in Indonesia.

4.2.3 The Systematic Results for Hypothesis Testing

This study aims to explore the effect of market orientation, innovation, and entrepreneurial orientation (independent variables) to the competitive advantage of the coffee shops (dependent variable).

The Multiple Regression analysis was used to revealed the effect of the market orientation, innovation, and entrepreneurial orientation to the competitive advantage of the coffee shops in Indonesia. The results are shown as below.

Table 4.18 The Effect of Market Orientation, Innovation, and Entrepreneurial Orientation to The Competitive Advantage of The Coffee Shop in Indonesia

Variable	β value	Sig.
(constant)		0.026
Market Orientation	0.208	0.008
Innovation	0.308	0.000
Entrepreneurial Orientation	0.344	0.000
R	0.782	
Adjusted R Square	0.606	

Source: data processed by the researcher based on the survey

According to table 4.18, all independent variables (market orientation, Innovation and entrepreneurial orientation) have positive and significant effect on competitive advantage. The standardized coefficients or beta values show the strength of effect each independent variable to the competitive advantage, when other variables are held constant. The higher of the beta value means the stronger effect to the dependent variable. In this study, entrepreneurial orientation has the highest β value of 0.344 with $p < 0.05$, followed by innovation and market orientation with β value of 0.308 and 0.208 ($p < 0.05$), respectively. The R-value of 0.782 indicates a strong positive correlation and adjusted R-square value of 0.606 suggests that about 60.6% of the competitive advantage can be affected by independent variables.

Table 4.19 The Effect of Market Orientation to The Competitive Advantage of The Coffee Shop in Indonesia

Variable	β value	Sig.
(constant)		0.000
Customer Orientation	0.277	0.000
Competitor Orientation	0.361	0.000
Coordination Inter-function	0.152	0.038
R	0.706	
Adjusted R Square	0.491	

Source: data processed by the researcher based on the survey

According to table 4.19, all of indicators of the market orientation (customer orientation, competitor orientation and inter-functional coordination) have positive and significant impact on competitive advantage. The standardized coefficients or beta values show the strength of effect each independent variable to the competitive advantage, when other variables are held constant. In this study, competitor orientation has the highest β value of 0.361 with $p < 0.05$, followed by customer orientation and coordinating inter-functional with β value of 0.277 and 0.152 ($p < 0.05$), respectively. The R-value of 0.706 indicates a strong positive correlation and Adjusted R-square value of 0.491 suggests that about 49.1% of the competitive advantage can be affected by market orientation.

Table 4.20 The Effect of Innovation to The Competitive Advantage of The Coffee Shops in Indonesia

Variable	β value	Sig.
(constant)		0.000
Product Innovation	0.528	0.000
Process Innovation	0.241	0.000
R	0.705	
Adjusted R Square	0.491	

Source: data processed by the researcher based on the survey

According to table 4.20, all of indicators of the innovation (product innovation and process innovation) have positive and significant impact on competitive advantage. The standardized coefficients or beta values show the strength of effect

each independent variable to the competitive advantage, when other variables are held constant. In this study, product innovation has the highest β value of 0.528 with $p < 0.05$, followed by process innovation with β value of 0.241 ($p < 0.05$), respectively. The R-value of 0.705 indicates a strong positive correlation and Adjusted R-square value of 0.491 suggests that about 49.1% of the competitive advantage can be affected by innovation.

Table 4.21 The Effect of Entrepreneurial Orientation to The Competitive Advantage of The Coffee Shop in Indonesia

Variable	β value	Sig.
(constant)		0.000
Innovativeness Entrepreneurship	0.183	0.005
Business Proactive	0.411	0.000
Risk Taking	0.275	0.000
R	0.733	
Adjusted R Square	0.530	

Source: data processed by the researcher based on the survey

According to table 4.21, all of indicators of the entrepreneurial orientation (innovative entrepreneurship, business proactiveness and risk-taking) have positive and significant impact on competitive advantage. The standardized coefficients or beta values show the strength of effect each independent variable to the competitive advantage, when other variables are held constant. In this study, business proactiveness has the highest β value of 0.411 with $p < 0.05$, followed by risk-taking and innovative entrepreneurship with β value of 0.275 and 0.183 ($p < 0.05$), respectively. The R-value of 0.733 indicates a strong positive correlation and Adjusted R-square value of 0.530 suggests that about 53% of the competitive advantage can be affected by entrepreneurial orientation.

Table 4.22 Hypothesis Testing Results

Hypothesis	Results
H1: Market orientation has a positive and significant effect on competitive advantage	Supported
H2: Innovation has a positive and significant effect on competitive advantage	Supported
H3: Entrepreneurship orientation has a positive and significant effect on competitive advantage	Supported

4.3 The Analysis of the Findings

Based on the qualitative and quantitative results above, the analysis of the findings is explained as follows:

4.3.1 Previous Research about Competitive Advantage of Coffee Shops

Previous research examining the competitive advantages of coffee shops was conducted by Mcadoo J.H (2020) in Nashville, United States. Mcadoo J.H. (2020) conducted research about strategies independent coffee shop owners use to gain a competitive advantage. The research was conducted using a qualitative method; the researcher asked 15 independent coffee shop owners how they discover, determine, deploy, and assess customer loyalty strategies in their small businesses. The results showed that 11 out of 15 participants (73%) used a combination of customer loyalty strategies reviewed, including social media engagement, store experience, and inimitable products and services-controlled costs and improved revenues.

Based on research conducted by Mcdoo (2020), the researcher investigated how coffee shops gain a competitive advantage through qualitative methods. Mcadoo's research can serve as a foundational reference for this study, providing both a theoretical and practical framework for analyzing the competitive advantage of Indonesia's coffee shops. The qualitative insights enrich the understanding of how coffee shop owners engage with their customers and manage their businesses.

4.3.2 Market Orientation Affects the Competitive Advantage of Coffee Shops in Indonesia

Previous researchers that conducted research on the effect of market orientation on the competitive advantage of coffee shops in Indonesia are Rynaldo and Engraini (2021), Najib et al (2020), Setiawan et al (2020), and Jayaningrum (2017). Rynaldo and Engraini (2021) found that market orientation and entrepreneurial orientation positively and significantly affect the competitive advantage of SMEs, namely Sweettooth cake & Coffee. Besides, market orientation and entrepreneurial orientation positively and significantly impact product innovation. Market orientation and Entrepreneurial orientation positively and significantly impact the competitive advantage through product innovation as a mediator. Najib et al. (2020) revealed a positive and significant relationship between market orientation, sustainable competitive advantage, and business performance. The results also show that market orientation significantly affects service quality. Setiawan et al. (2020) found that market orientation has a significant effect on innovation capacity, market orientation has a significant effect on entrepreneurial orientation, and entrepreneurial orientation has a significant effect on innovation capacity. Jayaningrum (2017) found that market orientation, innovation, and entrepreneurial orientation have a positive effect on the competitive advantage of coffee shops in Malang (Indonesia).

The result of the quantitative research in this study revealed that market orientation has a positive and significant effect on competitive advantage. From the findings of this study, it can be concluded that in the context of coffee shops in Indonesia, market orientation can help coffee shop businesses by providing them with information about what customers want and need; then, coffee shop businesses develop products and services that meet those needs. The indicator of the market orientation that most affect the competitive advantage is competitor orientation than other indicators, namely customer orientation and inter-function coordination. In terms of competitor orientation, to gain competitive advantage, coffee shops pay more attention to finding the best ways to serve the customers better than competitors in the coffee shop market, such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers. Then, the coffee shops focus on customer orientation by doing some actions such as providing high-

quality coffee products, offering a variety of flavor options, and creating a comfortable place to meet the customer's needs. Regarding coordinating inter-functional, coffee shops have an online communication channel to share relevant information among staff quickly, e.g., WhatsApp group/ Zoom meeting/ Google Meet.

The interview results revealed that to win the competition in terms of market orientation, conducting online ADS on social media and inviting influencers regularly to promote coffee products is a strategic business. This strategy will be successful if the coffee shop pays attention to customers' preferences/ requirements/ demands, such as providing high-quality coffee products, offering a variety of flavor options, and creating a comfortable place. The way coffee shops listen to customer wants and needs is by engaging customers on social media to read in detail the comments or reviews written by followers, responding to the customers' feedback, listening to the customer complaints through Google reviews, guest paper comments, or visiting directly to the customer's table.

Based on the explanations above, this study's results align with the results of previous study conducted by Rynaldo and Engraini (2021), Najib et al (2020), and Jayaningrum (2017), which explains that market orientation has a positive and significant effect on competitive advantage.

4.3.3 Innovation Affects the Competitive Advantage of Coffee Shops in Indonesia

Previous researchers who conducted research about the effect of innovation on the competitive advantage of coffee shops in Indonesia are Pradana and Safitri (2023), who conducted research on coffee shops in Malang (Indonesia); they found that business orientation showed a significant effect on innovation capability and operational performance. Innovation capability mediates the correlation between business orientation and operational performance. Innovation capability becomes the competitive advantage for many industries because it enhances quality, efficiency, speed, and flexibility. Simamora and Sulistianingsih (2022) revealed that innovation capability significantly affects the competitive advantage of coffee shops' Millenia Small and Medium Enterprises (MSMEs) in Jakarta. MSME Coffee Shops need to increase their competitiveness by increasing their innovation capabilities and

information technology capabilities. The ability to compete allows MSME coffee shops to seize the opportunity and develop, along with increasing the consumption of coffee drinks in Indonesia. The role of innovation capability is important so that companies can achieve their competitive advantage. Sipayung et al. (2021) conducted research on the competitive advantage of coffee shops in Medan (Indonesia). The results show that innovation and business network positively and significantly affect business performance.

The result of the research revealed that innovation has a positive and significant effect on the competitive advantage. Innovation allows coffee shops to distinguish themselves from competitors. By offering unique products or services or atmospheres or experiences, coffee shops can attract more customers looking for something different. Product innovation has more effect on the competitive advantage than process innovation. The coffee shops pay more attention to product innovation, namely having signature food or drinks, while on process innovation, they use updated technology to manage the coffee shop, such as updated payment methods to serve the customer better. Palikot (2023) revealed that product innovation has more effect on the competitive advantage than process innovation because it allows a firm to differentiate itself from the existing competition and create a unique value proposition for the customers. Product innovation can also increase the demand for a product, expand the market size, and enhance customer loyalty. Differential (2020) stated that process innovation is less visible to the customers and mainly affects the efficiency and cost of the company. Therefore, product innovation has more effect on the competitive advantage than process innovation because it creates more value for the customers and the firm and is harder for competitors to replicate.

Meanwhile, the interview results revealed that Coffee C offers a flight decoration as a different idea to distinguish the coffee shop from others. A new idea that has not existed in Indonesia is being developed by Coffee B, creating a coffee shop with a new experience of interacting with people with disabilities. Customers are given space and time to learn to use sign language, creating a new experience for customers they do not find in other coffee shops. Coffee A has a unique concept of outdoor and garden coffee and serves a new way of serving customers' payments with

the DESTY menu, where customers can order menus from anywhere and pick them up upon arrival at the coffee shop in real-time/ online.

Based on the explanation above, this study is in line with the results of previous studies conducted by Pradana and Safitri (2023), Simamora and Sulistianingsih (2022), Rynaldo and Engraini (2021), Sipayung et al. (2021), and Jayaningrum (2017). They found that innovation has a positive and significant effect on competitive advantage.

4.3.4 Entrepreneurial Orientation Affects the Competitive Advantage of Coffee Shops in Indonesia

Ardhi et al. (2021) analyze the effect of five dimensions of entrepreneurial orientation (innovative, proactive, risk-taking, autonomy, and competitive aggressiveness) on the business performance of 80 coffee shop Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. The paper uses Partial Least Square-Structural Equation Modeling (PLS-SEM) as the analysis method and finds that the dimensions of proactive, autonomy, and competitive aggressiveness have a positive and significant effect on business performance, while the innovative and risk-taking dimensions do not have a significant effect. Andriani et al. (2021) revealed that entrepreneurial orientation has a positive and significant role in improving the business performance of the millennial generation in the coffee shops in Padang City (Indonesia). Samoedra (2021) conducted research in Bandung, the number of samples was 100 respondents, and the results showed that entrepreneurial competence influenced competitive advantage by 31.3% and social media marketing had an effect of 42.2%, while the rest was influenced by other variables not examined.

In this study, the researcher has the conclusion that business proactive is the most influential factor for the coffee shop to gain a competitive advantage over innovative entrepreneurship and risk-taking. Respondents regularly evaluate the coffee shop's market position and revenue to respond to them proactively. In terms of innovative entrepreneurship, the willingness of the owner/ manager to support creativity is the most act done by the respondents. Most respondents encouraged employees to create new products and services or apply new coffee-making methods as a risk-taking action.

This result is in line with the results of the interview that Coffee A proactively seizes the opportunities by creating products according to the season, such as during Eid or Christmas, and offering regular product bundling promotions such as americano and croissant is one example of capture opportunities to attract customers. Coffee B proactively has a sign language teaching program in school, on campus, and in the corporate sector. While Coffee C often visit coffee shops around the coffee shop to understand the market and ensure that Coffee C is still above the competition.

Based on the explanation above, this study supports the previous study that revealed that entrepreneurial orientation has a positive and significant effect on competitive advantage, conducted by Ardhi et al. (2021), Andriani et al. (2021), Rynaldo and Engriani (2021), Samoedra (2021), and Jayaningrum (2017).

The novelty of this research compared to previous research is that the researcher fills the gap in previous research, which only examined the effect of the independent variable on the dependent variable quantitatively. In this study, researchers examine how independent variables affect the dependent variable realistically by conducting interviews with coffee shops with a competitive advantage over their rivals. Hence, the data provided in this study is better than the previous study because it provides both quantitative and qualitative data. In line with the purpose of this research, namely, to help Indonesian coffee shop entrepreneurs/managers/CEOs understand the mechanisms that must be implemented to win the market share in Indonesia, this research also conducted interviews with important people who are considered to understand better the coffee business in Indonesia.

4.3.5 Suggestion for Government for The Advance of Indonesian Coffee shop

In this study, the researcher also has conducted interviews with 2 members of the Indonesian coffee association, namely Mr. Jamil Musanif (Advisory Member of Indonesian Coffee Board and Chairman of Coffee Lovers Indonesia) and Mr. Gugut (Association of Indonesian Coffee Exporters and Industries). From the interview with Mr. Gugut, it is known that the problem of Indonesian coffee is the poor coffee supply chain. Mr. Gugut suggested that the government should improve the coffee supply chain so that the welfare of all business actors increases. In addition, the government should provide more value at each stage of the coffee process so that the quality and

quantity of Indonesian coffee will be guaranteed. It will be easier for Indonesia to export coffee either in the form of raw beans, semi-processed (roasting) or coffee that is ready to be enjoyed according to the wishes or needs of the international market. In addition to improving the coffee supply chain, the government should improve the quality of human resources to realize competent millennial farmers.

Mr. Jamil explained that Indonesia is the mother country of coffee cultivation throughout the world so that Indonesia should be the paradise for coffee lovers considering that Indonesia has the second largest coffee plantation in the world, has the most diversity of flavors, has the most complete coffee varieties and has a coffee culture since ancient times. To achieve them, the government should have its own standards that are widely applied both related to the quality and taste of coffee, have its own test methods, related to quality and taste, there are more coffee shops, serving various variants of Indonesian coffee that meet national standards, and using typical Indonesian brewing tools and methods, rich in various kinds / brands / commendable coffee products produced by roasteries spread throughout the archipelago and have a coffee information and promotion center (house of coffee).

Coffee shop business actors also give suggestion to the government as follows, Coffee B and Coffee C suggest that government should support and pay more attention to the coffee shop SMEs, and hope the government might be able to provide access to assistance in the form of anything to SMEs in order to survive. While, Coffee A suggest, government should indeed take turns and routinely provide space and opportunities for the entrepreneurs of the coffee industry to be included in exhibition events that are promotional for tourism, products, and culture, so that the business actors who are included will certainly add experience and new networking capital that can help business actors in determining their business growth and creating new long-term ideas.

CHAPTER 5

CONCLUSION AND DISCUSSION

This chapter summarizes the main findings of the research. It revisits the research questions or hypotheses and provides concise statements about what the data revealed. The interpretation of the findings is explained in this chapter and related to the existing literature and theories discussed in Chapter 2. These practical implications could involve recommendations for business strategies. This chapter also explains in detail how the research contributes to academic knowledge and provides insight for the government. The study's limitations and suggestions for future research are presented at the end of the chapter.

5.1 Conclusion of the Findings

From the survey, the respondents are mostly business owners Gen Y (27 – 42 years old), and have a bachelor's degree. The coffee shops are mostly located in West Java, with less than five branches and less than ten employees.

In this research, the hypothesis was formulated to explore the relationship between market orientation and competitive advantage (H1), innovation and competitive advantage (H2), and entrepreneurial orientation and competitive advantage (H3). Multiple linear regression analysis was used in this study to analyze the interrelationship between independent and dependent variables. From the multiple linear regression analysis, it is also known that entrepreneurial orientation is the factor that most affects competitive advantage compared to the other two factors.

The findings from the interview revealed that to gain a competitive advantage, the coffee shops provide high-quality coffee products, offer a variety of flavor options, and create a comfortable place. To survive during competition, the coffee shops are doing online advertisements on social media, inviting influencers regularly to promote coffee products, and paying attention to customers' preferences/ requirements/ demands by engaging customers on social media or conventionally. The coffee shops distinguish themselves from their competitors by offering unique decorations or selling experiences and inspiration (using sign language to communicate with a deaf cashier or barista). To support the innovations offered,

coffee shops have compatible coffee machines and sufficient knowledge to be creative with the menu. Coffee shops proactively seize the opportunity to increase their sales by giving promos during certain seasons (for example, Eid and Christmas), teaching sign language programs in schools/campuses/corporates, and visiting other coffee shops to understand their position in the market.

5.2 Discussion

This research finds that market orientation, innovation, and entrepreneurship positively and significantly affect the competitive advantage of coffee shops in Indonesia. This research is coherent with the previous research of Pradana and Safitri (2023), Simamora and Sulistianingsih (2022), Rynaldo and Engraini (2021), Sipayung et al (2021), Ardhi et al (2021), Andriani et al (2021), Samoedra (2021), Najib et al (2020), and Jayaningrum (2017).

The novelty of this research compared to the previous research is that the researcher fills the gap in the previous research, which only examined the effect of the independent variable on the dependent variable quantitatively. In this study, the researcher examined how independent variables affect the dependent variable by conducting interviews with coffee shops owners that have a competitive advantage over their competitors. In addition, this study provides an in-depth mechanism that explains the relationship of each factor that previous research had done through quantitative research. This study applies the concept of the effects of the three key factors on competitive advantages that previously focused on large and multinational companies to the SMEs.

In line with the purpose of this research, namely to help Indonesian coffee shop entrepreneurs/ managers/CEOs understand the mechanisms that must be implemented to win the market share in Indonesia, this research also conducted interviews with some important people who are considered to understand better the coffee business in Indonesia.

5.3 Managerial Implications

The results of this study offer managerial implications for practitioners in terms of market orientation, innovation, and entrepreneurial orientation, which have a

positive and significant effect on the competitive advantage of coffee shops in Indonesia.

Firstly, the findings recommend that coffee shop owners/ managers focus on an entrepreneurial orientation and pay more attention to business strategies, such as regularly evaluating the coffee shop's market position and revenue to respond proactively to gain a competitive advantage.

Secondly, coffee shop owners must focus on product innovation, namely having signature food or drinks, giving a unique name/presentation of the product, having more variety of menu options e.g., vegan, healthy, caffeine-free, and dairy-free alternatives, and having a different service way to serve the customer such as provide custom coffee, private room booking, delivery service, catering, reservation with flexible time. Having uniqueness makes the coffee shop distinguish it from other coffee shops.

Thirdly, the coffee shop must focus on market orientation and find the best way to serve the customers better than the competitors. The coffee shop must ensure that it offers high-quality coffee products, various flavors and options, and a comfortable place for customers to meet their needs. Meeting customers' needs can be done by engaging customers on social media and analyzing their reviews. To serve the customers better than the competitors, besides focusing on the quality of the products, coffee shops should also have qualified baristas so that the quality of coffee sold becomes consistent.

Fourthly, the coffee shop can use the findings of this study to expand their strategies to compete with competitors. It is known that the coffee business in Indonesia is one of the high-growth sectors in Indonesia.

5.4 Academic Contribution and Insight for Government

In the academic field, the result of this study provides fresh insights into how coffee shops can gain a competitive advantage, so it would help the next researcher to explore innovative ideas for achieving competitive advantage in different contexts and industries. Besides, this study provides mechanisms (through qualitative study) that help academics understand more insights into 'how' of the relationships/effects of

each independent variable on the dependent variable within small organizations/SMEs, especially in the service industry like coffee shops.

The result of this study also provides insight for the government. The findings from the interview revealed that the government should improve the coffee supply chain and ensure the competence of millennial farmers to guarantee the quality and quantity of Indonesian coffee. The government should pay more attention to the entire coffee industry in Indonesia (not just only in coffee beans) and support the growth of coffee shop SMEs in Indonesia.

5.5 Limitation of The Study and Future research

This study has four limitations. Firstly, this research concentrates on three variables: market orientation, innovation, and entrepreneurship orientation.

Secondly, the time for this study was limited. This research was conducted during November - December 2023.

Thirdly, questionnaires were only distributed to samples with Instagram channels. Coffee shops that do not have Instagram social media become inaccessible.

Fourth, the research sample is limited to coffee shops that have run for a minimum of two years. Meanwhile, there are many new coffee shops that have just existed after the COVID-19 pandemic and are less than two years old.

Due to the limitations of the research, the researcher has recommendations for future studies based on the current study. Firstly, this study examined only three factors that affect the competitive advantage of coffee shops in Indonesia. Hence, future studies should consider other factors that may also significantly affect competitive advantage, such as social media engagement, research and development intensity, and networking. Secondly, future studies should consider factors affecting competitive advantage in other service businesses or industries, e.g., restaurants, apparel, hospitality, etc. Thirdly, business performance as a dependent variable can also be considered because it has an essential role in business.

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APPENDIX A.1: Survey Questionnaire (In English)

THE EFFECT OF MARKET ORIENTATION, INNOVATION, ENTREPRENEURIAL ORIENTATION ON THE COMPETITIVE ADVANTAGE OF COFFEE SHOPS IN INDONESIA

Dear Participants,

I am inviting you to participate in this research by completing the following survey. This research is conducted as part of the final project to obtain my Master's Degree at Bangkok University. This research aims to investigate the effect of market orientation, innovation, and entrepreneurial orientation on the competitive advantage of coffee shops in Indonesia. The following questionnaire will require approximately 10 – 15 minutes to complete. Thank you for taking the time to assist me with this research. The data collected will remain confidential and be used for academic purposes only.

(May Diana Rahmania)

Bangkok University

PERSONAL INFORMATION

1. Position in the Coffee Shop

- ☐ 1) Business owner/ founder
- ☐ 2) CEO/ manager

2. Group of Generation

- ☐ 1) Gen Z (18 – 26 years old)
- ☐ 2) Gen Y (27 – 42 years old)
- ☐ 3) Gen X (43 – 58 years old)
- ☐ 4) Baby Boomers (more than 59 years old)

A.1	Customer Orientation					
1.	We are providing high-quality coffee products, offering a variety of flavors options, and creating a comfortable place to meet our customer's need					
2.	We apply a reward program to maintain loyal customers such as member card, reward applications, and reward point					
3.	We regularly engage customers on social media to share insight about coffee and share the information of the coffee shop such as new menu, special discount or certain event					
4.	We have channel to communicate with customers to know what the customers want					
5.	We respond to the customer's feedback quickly					
6.	We respond to customer's complaints by giving them free food or drink/ discount/ replacement					

	products if our service is not satisfying due to our shortcoming					
A.2	Competitor orientation					
7.	We are able to identify our key competitors and their strength and weaknesses					
8.	We respond quickly to important competitors' actions such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers					
9.	Manager discuss with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop					
10.	We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice					

	place, being friendly with customers, giving the best service to customers					
11.	We offer better quality product and services in the same price range as competitors					
A.3	Coordinating Inter-functional					
12.	We have regular staff meetings as a forum to share information and find solutions					
13.	We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution					
14.	We have an online communication channels to share relevant information quickly among staffs e.g., WhatsApp group/ zoom meeting/ Google Meet					
15.	We coordinate with each other to ensure a smooth operational activity of the coffee shop.					
16.	Everyone in our coffee shop know well their job					

	descriptions, significant roles and responsibilities, so we have a good coordination					
B. Innovation						
B.1	Product Innovation					
17.	We have signature menu of food and beverage in our coffee shop					
18.	We have a unique name/presentation of the product that different from other coffee shop					
19.	We create a new unique food/beverage to fulfill the requirement of the customer					
20.	We have more variety of menu options e.g., vegan, healthy, caffeine-free, and dairy-free alternatives					
21.	We have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time are also values of our coffee shop					

22.	We create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct our coffee shop to others					
B.2	Process Innovation					
23.	We improve our method of making a cup of coffee such as boiling, steeping, dripping method etc.					
24.	We manage coffee order during rush hour to serve our customer better					
25.	We use the updated technology to manage the coffee shop e.g., updated payment method to serve the customers better					
C. Entrepreneurial Orientation						
C.1	Innovative Entrepreneurship					
26.	The owner/manager has the willingness to support creativity in the coffee shop					
27.	The owner/manager has the willingness to make experiment in developing new products and services in the coffee shop					

28.	The owner/manager has the willingness to adopt the latest technology and new processes for the coffee shop					
C.2	Business proactive					
29.	We are proactive offering the cooperation with business partners (government or non-government institution) to provide food and beverage for their events					
30.	We are aware and respond to the potential threats to our business					
31.	We regularly evaluate our coffee shop's market position and revenue to proactively respond them.					
C.3	Risk-taking					
32.	We take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns					
33.	We encourage employees to create new product and services or apply new method of making coffee					

34.	We take business risks that might change our business e.g. expanding business, hiring more employees					
D. Competitive Advantage						
35.	We perform better than most of our competitors					
36.	Our customers respond to our products and services with high satisfaction rates					
37.	We manage our coffee shop efficiently compared to most of our competitors					
38.	We take advantages of business opportunities to create value differentiation for our coffee shops.					
39.	We minimize business threats well compared to most of our competitors					

APPENDIX A.2: Survey Questionnaire (In Bahasa Indonesia)

**PENGARUH ORIENTASI PASAR, INOVASI, DAN ORIENTASI KEWIRAUSAHAAN
TERHADAP KEUNGGULAN KOMPETITIF KEDAI KOPI DI INDONESIA**

Kepada Para Peserta,

Saya mengundang Anda sekalian untuk berpartisipasi dalam penelitian ini dengan mengisi kuesioner berikut. Penelitian ini dilakukan sebagai bagian dari proyek akhir saya untuk memperoleh Gelar Magister di Bangkok University. Penelitian ini bertujuan untuk meneliti pengaruh orientasi pasar, inovasi, dan orientasi kewirausahaan terhadap keunggulan kompetitif kedai kopi di Indonesia. Kuesioner berikut akan memerlukan waktu sekitar 10-15 menit untuk diselesaikan. Terima kasih atas waktu dan bantuan Anda. Semua data yang dikumpulkan akan dijaga kerahasiaannya dan hanya akan digunakan untuk tujuan akademis saja.

(May Diana Rahmania)
Bangkok University

INFORMASI PRIBADI

1. Jabatan di Kedai Kopi

- ☐ 1) Pemilik/Pendiri Usaha
- ☐ 2) CEO/Manajer

2. Generasi

- ☐ 1) Gen Z (18-26 tahun)
- ☐ 2) Gen Y (27-42 tahun)
- ☐ 3) Gen X (43-58 tahun)
- ☐ 4) Baby Boomers (lebih dari 59 tahun)



3. Tingkat Pendidikan

- ☐ 1) Di bawah Gelar Sarjana
- ☐ 2) Gelar Sarjana
- ☐ 3) Di atas Gelar Sarjana

INFORMASI KEDAI KOPI

4. Nama Kedai Kopi (Jika dirahasiakan, harap berikan inisial):

.....

5. Lokasi Kedai Kopi (Kota):

.....

6. Usia Kedai Kopi: tahun

7. Jumlah Cabang: cabang

8. Jumlah Karyawan: karyawan

KUESIONER

Harap beri tanda centang pada kotak (dengan hanya satu tanda centang) yang paling sesuai dengan pendapat Anda untuk setiap pernyataan dalam kuesioner:

Tingkat Persetujuan:

STS (1) : Sangat Tidak Setuju

TS (2) : Tidak Setuju

N (3) : Netral

S (4) : Setuju

SS (5) : Sangat Setuju



NO	PERNYATAAN	TINGKAT PERSETUJUAN				
		Sangat Tidak Setuju	Tidak Setuju	Netral	Setuju	Sangat Setuju
A. Orientasi Pasar						
A.1	Orientasi Pelanggan					
1.	Kami menyediakan produk kopi berkualitas tinggi, menawarkan berbagai pilihan rasa, dan menciptakan lingkungan yang nyaman untuk memenuhi kebutuhan pelanggan kami.					
2.	Kami menerapkan program penghargaan (<i>reward program</i>) untuk menjaga loyalitas pelanggan, seperti menyediakan kartu anggota, aplikasi penghargaan, dan poin penghargaan.					
3.	Kami secara rutin berinteraksi dengan pelanggan di media sosial untuk berbagi wawasan tentang kopi dan memberikan informasi tentang kedai kopi kami, termasuk item menu baru, diskon khusus, atau acara tertentu.					
4.	Kami memiliki saluran untuk berkomunikasi dengan pelanggan untuk memahami kebutuhan mereka (apa yang mereka inginkan).					
5.	Kami menanggapi masukan pelanggan dengan cepat.					
6.	Kami menangani keluhan pelanggan dengan menawarkan makanan atau minuman gratis, diskon, atau produk pengganti jika layanan kami tidak memuaskan karena kekurangan kami.					
A.2	Orientasi Pesaing					
7.	Kami dapat mengidentifikasi pesaing utama kami dan					

	kekuatan serta kelemahan mereka.					
8.	Kami menanggapi dengan cepat tindakan pesaing yang signifikan dengan menyesuaikan kualitas, variasi, dan harga produk serta layanan kopi kami, meningkatkan suasana dan kenyamanan kedai kopi, serta meningkatkan interaksi karyawan dengan pelanggan.					
9.	Manajer membahas kekuatan dan kelemahan kami dibandingkan dengan pesaing bersama karyawan guna meningkatkan layanan kedai kopi kami.					
10.	Kami berusaha untuk melayani pelanggan kami lebih baik daripada pesaing kami di pasar kedai kopi dengan menyediakan kopi berkualitas, lingkungan yang khusus dan menyenangkan, layanan pelanggan yang ramah, serta layanan yang luar biasa.					
11.	Kami menawarkan produk dan layanan dengan kualitas yang lebih baik dalam rentang harga yang sama dengan pesaing kami.					
A.3	Koordinasi Antar-fungsi					
12.	Kami mengadakan rapat staf secara berkala sebagai forum untuk berbagi informasi dan menemukan solusi.					
13.	Kami selalu mengadakan rapat pagi secara singkat untuk menjelaskan tugas harian atau tugas tertentu, seperti memperbarui informasi tentang tugas, mengelola karyawan yang tidak masuk					

	kerja, dan mengatur penggantinya.					
14.	Kami memiliki saluran komunikasi daring (online) untuk berbagi informasi yang relevan dengan cepat di antara staf, seperti grup WhatsApp, rapat Zoom, atau Google Meet.					
15.	Kami berkoordinasi secara efektif untuk memastikan kelancaran kegiatan operasional di kedai kopi.					
16.	Setiap orang di kedai kopi kami sangat memahami deskripsi pekerjaan, peran, dan tanggung jawab mereka, sehingga menghasilkan koordinasi yang baik.					
B. Inovasi						
B.1	Inovasi Produk					
17.	Kami memiliki menu makanan dan minuman andalan di kedai kopi kami.					
18.	Kami memiliki nama produk atau penyajian yang unik yang membedakan kami dari kedai kopi lainnya.					
19.	Kami menciptakan makanan atau minuman baru dan unik untuk memenuhi kebutuhan pelanggan.					
20.	Kami menawarkan berbagai pilihan menu, termasuk alternatif vegan, sehat, bebas kafein, dan bebas produk susu.					
21.	Kami mempunyai pelayanan atau cara yang berbeda dalam melayani pelanggan, seperti menyediakan kopi custom, pemesanan ruangan pribadi, layanan pesan antar, catering, dan reservasi dengan waktu yang fleksibel,					

	yang juga merupakan nilai-nilai dari kedai kopi kami.					
22.	Kami menciptakan ide-ide yang berbeda atau baru terkait dengan dekorasi, tata letak, slogan, atau iklan untuk membedakan kedai kopi kami dari yang lain.					
B.2 Inovasi Proses						
23.	Kami meningkatkan metode pembuatan kopi kami, seperti teknik merebus, menyeduh, atau menetes (<i>dripping</i>).					
24.	Kami mengelola pesanan kopi secara efisien selama jam-jam sibuk untuk melayani pelanggan kami dengan lebih baik.					
25.	Kami menggunakan teknologi terkini untuk mengelola kedai kopi kami, seperti metode pembayaran terbaru, guna meningkatkan layanan pelanggan.					
C. Orientasi Kewirausahaan						
C.1 Kewirausahaan Inovatif						
26.	Pemilik/manajer bersedia mendukung kreativitas di kedai kopi.					
27.	Pemilik/manajer terbuka untuk bereksperimen dengan produk dan layanan baru di kedai kopi.					
28.	Pemilik/manajer bersedia mengadopsi teknologi dan proses terbaru untuk kedai kopi.					
C.2 Proaktivitas Bisnis						
29.	Kami secara proaktif mencari kerja sama dengan mitra bisnis (lembaga pemerintah atau nonpemerintah) untuk menyediakan makanan dan minuman untuk acara mereka.					

30.	Kami menyadari dan menanggapi potensi ancaman terhadap bisnis kami.					
31.	Kami secara rutin mengevaluasi posisi pasar dan pendapatan kedai kopi kami untuk mengatasinya secara proaktif.					
C.3 Pengambilan Risiko						
32.	Kami mengambil risiko finansial dengan berinvestasi pada peralatan mesin kopi atau berinvestasi pada aktivitas pendukung lainnya yang mungkin memiliki hasil atau keuntungan yang tidak pasti.					
33.	Kami mendorong karyawan kami untuk menciptakan produk dan layanan baru atau menerapkan metode pembuatan kopi yang baru.					
34.	Kami mengambil risiko bisnis yang dapat mengubah bisnis kami, seperti memperluas operasi atau mempekerjakan lebih banyak karyawan.					
D. Keunggulan Kompetitif						
35.	Kami berkinerja lebih baik daripada sebagian besar pesaing kami.					
36.	Pelanggan kami menanggapi produk dan layanan kami dengan tingkat kepuasan yang tinggi.					
37.	Kami mengelola kedai kopi kami dengan lebih efisien dibandingkan dengan sebagian besar pesaing kami.					
38.	Kami memanfaatkan peluang bisnis untuk menciptakan diferensiasi nilai bagi kedai kopi kami.					
39.	Kami secara efektif meminimalkan ancaman bisnis dibandingkan dengan sebagian besar pesaing kami.					

PERNYATAAN PENERJEMAH TERSUMPAH

Saya, **DICKY PRIYANA, S.Hum**, Penerjemah Tersumpah di Republik Indonesia berdasarkan peraturan perundang-undangan yang berlaku di Republik Indonesia, dengan ini menerangkan dan menyatakan, sesuai dengan sumpah jabatan saya, bahwa dokumen ini merupakan terjemahan yang benar, setia dan lengkap dari dokumen sumber yang diberikan kepada saya.

*I, **DICKY PRIYANA, S.Hum**, a Sworn Translator in the Republic of Indonesia by virtue of the applicable laws and regulations in the Republic of Indonesia, hereby state and declare, under my oath of office, that the foregoing document is a true, faithful and correct translation of the source document presented to me.*

Jakarta, 28 Agustus 2024



DICKY PRIYANA

Penerjemah Tersumpah [Bahasa Inggris ke Bahasa Indonesia]

Surat Keputusan Menteri Hukum dan Hak Asasi Manusia Republik Indonesia No. AHU-40 AH.03.07.2023 Tanggal 19 Mei 2023

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APPENDIX B.1: Interview Script with Coffee A

Data of Interviewee:

Name of The Coffee Shop : Coffee A

The age of the coffee shop : 3 years

Name of interviewee : Mr. Jay

Position of interviewee : Owner

Questions for The Coffee Shop owners/CEOs/managers:

- Market Orientation

1. How do you understand well your customer?

a. Who is your targeted customer?

“Most Millennials and a wide range of ages.”

b. What do you do to fulfill your customer’s need/want?

“Stay up to date and interact with guests on their needs, such as internet speed, coffee options, and guest comfort.”

c. What do you do to understand better your customer’s needs/want?

“The way to better understand what customers' needs/wants are, keep up to date with social media, and read comments or reviews on social media posts or feeds. We also provide casual and close-to-friendly customer service in our coffee shop.”

d. Do you have a system or technique to measure your customers’ satisfaction rate?

“Usually through reviews on Google Maps/location. The level of reviews on Google Maps/location also can be used as a tool to measure the level of satisfaction.”

e. Do you have a customer care service system? And how is your customer care service system handling the complaint from the customer?

“We do not have a direct system yet, but we pay attention to customer complaints who mostly complain on social media channels and Google

reviews/maps. By understanding what they want we can reach a high level of satisfaction.”

2. What is your strategy to compete with your competitors in the market? Do you always take new initiatives than others? What steps you will take if your competitor advances their service ahead of yours?

“The basic strategy to survive during competition on the marketing side is to do Online ADS on social media and invite influencers regularly, on the product side, affordable prices and good product quality accompanied by quantity (not stingy) on the portion of raw materials. For competing with competitors in the market, of course, competition will always exist, whether among similar coffee shops or not, the strategy that runs is to provide an experience of different ambiance, affordable prices, and good product quality (delicious). If the competitors are taking a step ahead of our coffee shop. Reviewing revenue is one of the strategies to measure the position in the market. If there is a significant decline from the effects of competition or other factors, then anticipatory steps and short marketing plans according to the situation and conditions are strategies to survive during competition.”

3. How is the relationship among the division in your coffee shops? Is the coordination among them working well? And do they have a routine schedule for coordination meetings?

“Coffee shops are SMEs that have a simple organizational structure so communication between divisions is an easy coordination, the organizational structure and divisions are not many and not as complex as large restaurants or hotels, that is why, operations become lean and agile and make relationships between colleagues/divisions more solid. For a routine meeting schedule, the fastest is once a week or once a month to determine the business strategies.”

- Innovation

4. What kind of innovation do you have at your coffee shop?
 - a. In which process of coffee making/serving can your business create distinction from competitors?

“Coffee A has a unique concept that is outdoor and garden coffee. Coffee A creates a welcoming and comfortable environment for customers to relax and

enjoy the coffee with their friends. So, the point that makes Coffee A different from the competitors is it serves a different ambiance to the customers ”

- b. Do you have a signature product (coffee or non-coffee) that is unique (made from your own creativity) that differ from other product at other coffee shops?

“Yes, we have a signature product that we offer to the customer, there are some of our menus both coffee and non-coffee that are indeed signature in our coffee shop, and there are some food menus that are our own menu creations from the beginning.”

- c. Do you have a special way to serve your customers that differs from other coffee shops?

“Currently we also serve a new way of serving products, we work with the DESTY menu, where customers can order menus from anywhere and pickup upon arrival at the coffee shop in real-time/ online. The DESTY system also offers a direct order and pay system (like Starbucks) so that guests do not feel disturbed/interrupted during hanging out/working for a long time at the coffee shop.”

- d. What are your unique selling points? Do they come from coffee beans, the coffee-making process, or others (e.g., marketing campaigns)?

“First, we have our own roastery, so we can develop our coffee menu more freely. Currently, many vendors/distributors of syrup/powder products provide free recipes (to their clients including us), so that we can add new menu references to be offered to customers.”

5. How do you create innovation in the product you sell in your coffee shops?

- a. Do you have enough compatible tools/machines to support you to create more innovative products at your coffee shop?

“Yes, the manufacture of our products is assisted by equipment/machines that can help the line to be faster and more accurate. Having compatible tools/machines will support the creation of more innovative products in coffee shops because the help of the latest version of tools/machines can make coffee shops create new products regularly. We also have roasting coffee so we can choose the taste that we want ”

- b. How do you create your product at your coffee shop? And do you launch a new product periodically?

“Usually, we evaluate the menu every 3 months even if it adds new menus or eliminates menus that are not in demand by the market”

- c. Do you evaluate the tools and process of creating your product periodically?

“It's usually every 3 months.”

- Entrepreneurial orientation

6. How do you seize the opportunities to increase the sale of your product?

“We seize the opportunities by creating products according to the season, such as during Eid or Christmas, offering drinks in large sizes (liters) that can be stocked by customers at affordable prices. We also offer regular product bundling promotions such as americano and croissant is one example of capture opportunities to attract customers”

7. What is the risk you have taken to increase the sale of your product at your coffee shop?

“Of course, increasing product sales can be done by inviting Influencers and advertising on social media to deliver to targeted customers. This method has a large investment risk but the results can be seen from the increase in the number of targeted customers. This method is more measurable than conventional marketing/advertising. Organizing an event also has the risk of failure besides a large investment because sometimes it is not always successful.”

- Competitive Advantage

8. What is the uniqueness of the product you sell at your coffee shop? (taste/appearance/packaging /name of the product?)

“In some branches, what makes us unique may be the ambiance/place because our concept is outdoor and garden if the menu tastes all coffee shops have high similarity.”

9. How do you ensure the quality of the products you sell at your coffee shop?

(Healthy composition/ cleanliness/ free from preservatives?)

“Maintain product quality by usually inviting friends and colleagues who have often enjoyed the menu that we sell, so we can get input as well as they are familiar with the taste of the product ordered.”

10. How do you offer your products in order to make them more well-accepted by the consumers in the market? (Lower price/ higher quality)

By bundling promotions

- Advance for Indonesian Coffee shop

11. What is your suggestion for Indonesia coffee shop to advance and compete in the international market?

“Currently, the coffee shop business is very good, where many new entrepreneurs create coffee concepts that are always different every time, and thus our reference as business actors is getting richer and more diverse, currently there are also several local coffee brands that have gone international, where in this case networking and capital will be very important for entrepreneurs who have limited capital and networks in government or investors.”

12. What is your suggestion for the Indonesian government so that supporting Indonesian coffee shop compete in the international market?

“Suggestions should indeed take turns and routinely provide space and opportunities for the perpetrators of the coffee industry to be included in exhibition events that are promotional for tourism, products and culture, so that the business actors who are included will certainly add experience and new networking capital that can help business actors in determining their business growth and creating new long-term ideas.”

APPENDIX B.2: Interview Script with Coffee B

Data of Interviewee:

Name of The Coffee Shop : Coffee B

The age of the coffee shop : 5 years

Name of interviewee : Mr. Terry

Position of interviewee : Manager

Questions for The Coffee Shop owners/CEOs/managers:

- Market Orientation

1. How do you understand well your customer?

a. Who is your targeted customer?

"17 years old and above and all wide range of ages."

b. What do you do to fulfill your customer's need/want?

"We have our own story in starting this business. The owners of this business are 3 deaf people, and all three of them have had the bitter experience of being rejected by companies. After applying for jobs many times and being rejected, finally these three deaf friends had a plan to open this coffee business because one of these owners is a coffee lover. Before the business started, the business owner communicated with the community who wanted to learn sign language about their desire to learn sign language in the coffee shop. After doing deep enough communication, it is known that the community needs a place to be able to learn sign language that is comfortable and relaxed, so it was decided to start a business with the concept of sociopreneur. Coffee B is a sociopreneur coffee shop that aims to bridge the public who want to communicate and learn sign language with deaf people."

c. What do you do to understand better your customer's needs/want?

"After the coffee shop was inaugurated, it was found that the interest of the community in learning sign language was high, so more and more people came and learned sign language while enjoying coffee". From the customers

who come, we know the wishes, suggestions, inputs, and criticism for better coffee shop services."

- d. Do you have a system or technique to measure your customers' satisfaction rate?

"We provide suggestions and criticism paper at the cashier. We also use Google reviews to measure customer satisfaction, but due to limited human resources we pay less attention to the Google reviews"

- e. Do you have a customer care service system? And how is your customer care service system handling the complaint from the customer?

"No, we will give compliments in the field if a customer complains.

Complaints are usually about the taste of the coffee"

2. What is your strategy to compete with your competitors in the market? Do you always take new initiatives than others? What steps you will take if your competitor advances their service ahead of yours?

"Coffee B is a sociopreneur coffee shop owned by three Deaf friends who have been friends since childhood. They are Adhika Prakoso, Putri Santoso, and Tri Erwinsyah Putra. Coffee B was named to differentiate it from other coffee shops. Based on the high interest of people who want to know about sign language, Coffee B is present in Jakarta as the first coffee shop that has workers with disabilities. Our strength is the capability of our coffee shop to hire a disability worker, this is something that competitors do not have"

3. How is the relationship among the division in your coffee shops? Is the coordination among them working well? And do they have a routine schedule for coordination meetings?

"The relationship between divisions in Coffee B is good because our employees have the same vision and mission and among us use sign language that is very well understood among us. All the operational employees here are deaf so they use the same language and are easy to understand between divisions. We have regular meetings once a month to evaluate. I am a normal-hearing manager responsible for the coffee shop management can use sign language and communication is not a barrier, because we have the same vision and missions"

- Innovation

4. What kind of innovation do you have at your coffee shop?

- e. In which process of coffee making/serving can your business create distinction from competitors?

"At Coffee B, we sell experience and inspiration. We offer a unique experience to customers, which is communicating directly with deaf people using sign language. We want to give customers the experience of how to use sign language to communicate with a deaf cashier or barista. To facilitate communication, we provide information on how to use sign language for letters of the alphabet and choose hot or cold. but we still provide a small whiteboard to write if customers have difficulty using sign language at the cashier's desk. We chose this form of business to show that deaf people can be independent, so we hope we can be an inspiration for other people with disabilities."

- f. Do you have a signature product (coffee or non-coffee) that is unique (made from your own creativity) that differ from other product at other coffee shops?

"We have signature coffees that match the characteristics of the three owners. In addition, the coffee names we give are also unique with the aim of provoking questions from customers. The three coffee names are kosu-koso, kosu-wings, and kosu-siput. Kosu stands for milky coffee. Meanwhile, koso, wings, and siput have their own meanings. Koso is taken from Adhika's last name, Prakoso, which means strong (in Javanese). The coffee flavor is more pronounced, in line with Adhika's strong character. Meanwhile, wings is Erwin's concoction, the coffee is soft and sweet because Erwin has a patient and gentle nature. Another one is the siput. This coffee made by Putri uses a mixture of avocados. Siput (Snail) is the house of hearing. If the avocado is divided into two, it looks like a snail (hearing house). This coffee is softer, and suitable for women."

- g. Do you have a special way to serve your customers that differs from other coffee shops?

"Yes, as explained earlier, sign language. In our coffee shop, we do not provide Wi-Fi so that customers interact a lot with fellow humans both those with normal hearing and those who are deaf."

- h. What are your unique selling points? Do they come from coffee beans, the coffee-making process, or others (e.g., marketing campaigns)?
"We sell unique service experience"
5. How do you create innovation in the product you sell in your coffee shops?
- d. Do you have enough compatible tools/machines to support you to create more innovative products at your coffee shop?
"Yes, we have an automatic Simonelli coffee machine, to make it easier for baristas to make coffee. This machine brand is a coffee machine with international standards "
- e. How do you create your product at your coffee shop? And do you launch a new product periodically?
"We create various menus of coffee because we have an experienced barista and he won the MURI record as the first deaf barista in Indonesia. We roast the coffee by ourselves so we can create desired coffee flavor. But we rarely launch new menus, maybe it is about once a year because our program is to teach sign language to the wider community. Apart from coffee shops, we also have a program to teach sign language in schools, campuses, and companies."
- f. Do you evaluate the tools and process of creating your product periodically?
"Yes"
- Entrepreneurial orientation
6. How do you seize the opportunities to increase the sale of your product?
"We are confident to be different and dare to hire people who are different from other coffee shops. In addition to teaching sign language in our shop, we also have a program, go to school/campus/corporate. This program is teaching sign language to the public and we have implemented it in international schools in Java, Kalimantan, and Riau as well as 5 campuses in Java and several companies that invited us" (Coffee B)
7. What is the risk you have taken to increase the sale of your product at your coffee shop?

"We haven't taken any big risks during our operation, because our main competitor doesn't exist yet considering we are the first coffee shop with people with disabilities. We inspired other coffee shops with disabilities such as blindness that emerged a few years after we were established. The risk we faced was during the covid 19 pandemic because we sell a unique experience to the customer then at that time customers could not get a unique experience when ordering online, as a result, we had to close 2 of our stores and only kept 1 store open."

- Competitive Advantage

8. What is the uniqueness of the product you sell at your coffee shop? (taste/ appearance/ packaging /name of the product?)

"The name of the product and the way to service the customer."

9. How do you ensure the quality of the products you sell at your coffee shop? (Healthy composition/ cleanliness/ free from preservatives?)

"We maintain quality by sourcing the best raw materials offered by vendors."

10. How do you offer your products in order to make them more well-accepted by the consumers in the market? (Lower price/ higher quality)

"We offer a different way of service"

- Advance for Indonesian Coffee shop

11. What is your suggestion for Indonesia coffee shop to advance and compete in the international market?

"Coffee shops should maintain the quality of the products they sell, so that customers feel satisfied. In addition, service to customers must also be considered and must think about how to present a different coffee shop."

12. What is your suggestion for the Indonesian government so that supporting Indonesian coffee shop compete in the international market?

"For the government to support and pay more attention to coffee shop MSMEs"

APPENDIX B.3: Interview Script with Coffee C

Data of Interviewee:

Name of The Coffee Shop : Coffee C
 The age of the coffee shop : 7 years
 Name of interviewee : Ivan
 Position of interviewee : Co-founder

Questions for The Shop owners/CEOs/managers:

- Market Orientation

1. How do you understand well your customer?

a. Who is your targeted customer?

“My target market is 35 years old and above.”

b. What do you do to fulfill your customer’s need/want?

“Listening to comments from customers with the technique of giving guest comments. And based on experience, of course, we also analyze the sales that are often purchased by customers. For coffee needs, we have a network of coffee suppliers from both farmers and green bean resellers, so we often change the type of green bean with the type that is requested/favored by the customer in terms of taste.”

c. What do you do to understand better your customer’s needs/want?

“We also do visit tables to talk directly with the customers in order to ask about the reviews of the product and services and also to know what is the trend in the coffee shop nowadays. We want to know the foods and drinks that they order is expected or not? If not, then we will listen to what the guest wants. And we see what trends are currently rife among coffee shops.”

- d. Do you have a system or technique to measure your customers' satisfaction rate?

"First, if the guest gives a tip to the waiter, secondly we ask them to fulfill the Google review, or by filling out a questionnaire in the form of a guest comment paper."

- e. Do you have a customer care service system? And how is your customer care service system handling the complaint from the customer?

"We listen to the complaints of our customers carefully, and, we see reviews on Google review. We serve customer complaints well if the customer complains directly on the spot, we will replace the product directly of the customer complaints or then we give a compliment either product or discount."

2. What is your strategy to compete with your competitors in the market? Do you always take new initiatives than others? What steps you will take if your competitor advances their service ahead of yours?

"For competitive strategies, of course, we make the coffee and non-coffee menu as creative as possible compared to other places, most other coffee shops have a few non-coffee menus, and that's where we see the opportunity to increase the non-coffee menu because according to our market who come to our coffeeshop are not all coffee lovers."

3. How is the relationship among the sections/division in your coffee shops? Is the coordination among them working well? And do they have a routine schedule for coordination meetings?

"For the relationship between our divisions is quite good, because, besides a coffee division, we also have a kitchen division and every month we hold a general meeting to review what we must improve, what are our weaknesses, what are our advantages in terms of product, and accommodate the inputs from our staff."

- Innovation

4. What kind of innovation do you have at your coffee shop?

- a. In which process of coffee making/serving can your business create distinction from competitors?
- "We have a unique decoration that is a museum of the flight and we have a unique presentation of food and beverage like a premium restaurant because I have 15-year experience in the food and beverage industry. For example, we sell sea salt coffee which is not found in many other coffee shops, and we also sell sweet Irish cream coffee which has the concept of drinking hot americano with a combination of sweet cream."*
- b. Do you have a signature product (coffee or non-coffee) that is unique (made from your own creativity) that differ from other product at other coffee shops?
- "We have unique product creations that are different from other coffee shops, namely coffee frappe for coffee base and we sell healthy juice and yogurt-based smoothies."*
- c. Do you have a special way to serve your customers that differs from other coffee shops?
- "No, we apply the hospitality system as usual."*
- d. What are your unique selling points? Do they come from coffee beans, the process of coffee making or others (e.g. marketing campaign)?
- "We roast our own coffee, so we can determine the character of coffee that is in vogue in the coffee shop market, so the cost of the coffee is lower compared to buying coffee from other roasters."*
5. How do you create innovation in the product you sell in your coffee shops?
- a. Do you have enough compatible tools/machines to support you to create more innovative products at your coffee shop?
- "Yes, we use an international standard coffee machine (professional level) based on 2 group heads so that it makes it easier for us to be creative"*
- b. How do you create your product at your coffee shop? And do you launch a new product periodically?
- "To create the menu, of course, I use my creativity according to my experience. I have about 15 years of experience in the hospitality industry (cafe, restaurant, and coffee shop) so I often get creative to create menus. I used my knowledge and experience in the food and beverage industry to create*

products different from other coffee shops. We roast our coffee by ourselves so we can determine the character of the coffee that is popular in the market and of course, it is cheaper compared to buying from another roasting company. ”

- c. Do you evaluate the tools and process of creating your product periodically?
 “Yes, once a month”

- Entrepreneurial Orientation

6. How do you seize the opportunities to increase the sale of your product?

“I often try to visit cafes around my coffee shop to understand the market and ensure that my coffee shop is still above the competition. I certainly compare products in other places (around my place) to ensure that our quality must be above competitors. Then in terms of menu creativity, we also ensure that our place must be more creative than competitors because that way I see the opportunity that our coffee shop is more creative than other coffee shops”

7. What is the risk you have taken to increase the sale of your product at your coffee shop?

“Risk in conducting menu experiments that result in costs in purchasing raw materials to add or replace existing menus. We do research if we want to add or replace the existing menu.”

- Competitive Advantage

8. What is the uniqueness of the product and service you sell at your coffee shop?
 (taste/ appearance/packaging /name of the product?)

“In terms of appearance (food & beverage presentation) we are more towards premium restaurants, where I have indeed been involved for 15 years in the F & B industry, and in terms of the concept of our coffee shop is more unique, by carrying out the concept of an aviation museum where this concept is not many having by other coffee shops in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, and Bekasi).”

9. How do you ensure the quality of the products you sell at your coffee shop?

(Healthy composition/ cleanliness/ free from preservatives?)

"I always do quality control every day, by trying our products before they reach the customer."

10. How do you offer your products in order to make it more well-accepted by the consumers in the market? (Lower price/ higher quality)

"Our prices are very affordable compared to other places, for example we sell salmon steak at 90 thousand Rupiah, which in other places has reached above 120 thousand. But our menu is premium."

- Advance for Indonesian Coffee shop

11. What is your suggestion for Indonesian coffee shop to advance and compete in the international market?

"Increase education for coffee makers (baristas) in terms of service, skills, and maybe foreign languages such as English. So that we can compete with coffee shops like in Australia, because, in terms of natural resources, Indonesia is big enough to supply coffee in the world."

12. What is your suggestion for the Indonesian government so that supporting Indonesian coffee shops compete in the international market?

"My hope is that the government will pay attention to MSMEs, such as visiting coffee shops, and consulting what obstacles there are while opening a coffee business, especially after the pandemic is over; there are still quiet coffee shops, and of course, limited capital is an obstacle to survival, this is where we hope the government might be able to provide access to assistance in the form of anything to MSMEs in order to survive."

APPENDIX B.4: Interview Script with Association Indonesia Coffee Exporters (AICE)

Officer Profile:

Name : Atam Gutama (Gugut)

Position : Vice Chairman of AICE BPD DKI Jakarta

1. What are the problems or obstacles facing coffee entrepreneurs today?

“Upstream, Indonesia still needs millennial coffee farmers (generation Y and Z) who have qualified education, knowledge, and skills. Millennial farmers are expected to be able to increase productivity by implementing innovations, facilities, and infrastructure properly and be able to propose the right policies to the government. To overcome this problem, the government should develop creative and innovative farmer resources with character and nationalism. Regenerating a workforce that is creative and innovative, able to communicate in any media, and able to utilize digital technology will give birth to modern, independent, broad-minded agriculture, and able to read the global economy.”

2. What policies or steps has the government should take to support the coffee business in Indonesia to compete in the market?

“The government should:

1. *Improve the quality of human resources because the current human resources are still considered less competent.*

To realize competent millennial farmers, a partnership relationship between stakeholders is needed, namely the government, coffee entrepreneurs, and researchers. This can be done through the cooperation of leaders in the government and coffee entrepreneurs in the face of rapid technological developments. The existence of strategic and innovative researchers is also considered capable of creating added value to Indonesian coffee. Improving the quality of education of millennial farmers' human resources is expected to impact Indonesian coffee yields to increase the satisfaction of Indonesian coffee consumers in the domestic and international markets.

2. *Improve the Indonesian coffee supply chain so as to improve the welfare of all business actors or stakeholders starting from the harvest of the coffee cherry – post-harvest (coffee cherry to green bean) - raw material processing industry (grading) – roasting – milling – packaging/ serving (coffee shops) which will have an impact on the quality of Indonesian coffee exports.*

- *Harvesting coffee cherry*

Harvesting coffee cherries in Indonesia is using labor-intensive that are picked by hand to avoid picking unripe cherries. At this stage, the most prominent weakness is that most farmers have low-quality control procedures at the farm level. One of the main consequences of this is that there are many mixtures of foreign materials that are not found in the coffee originating from other countries.

- *Post-harvest*

After they are picked, ripe fruits undergo one of the following two processes to avoid spoilage. The first process is the dry method and the second is known as the wet method. After passing through these processes, the resulting products are referred to as raw coffee (green beans). The weakness at this stage is that it is still necessary to increase knowledge about coffee processing at the post-harvest stage in order to improve the welfare of farmers because the coffee beans produces are of high value to be processed at a later stage.

- *Raw material processing industry (grading)*

After raw coffee is obtained, the next stage is sorting and grading, packaging, quality inspection, and transportation to storage. The weakness of Indonesian coffee at this stage is inadequate infrastructure. The government should improve the infrastructure that supports the delivery of coffee beans so that the quality of coffee beans is maintained.

- *Roasting*

Roasting is the process of putting green bean coffee beans into a roasting machine whose internal temperature is set according to the desired roast level. After a certain period, the green coffee beans will change color to brown, after which the coffee beans are immediately cooled as a sign of

the end of the roasting process. At this stage, the problems encountered are the insufficient number of roastings in order to obtain quality coffee

- *Grinding and Packaging/ Serving at coffee shops*

After roasting, the coffee is ground with a grinder machine to obtain ground coffee. The coffee grinding process is carried out to facilitate the brewing process to be enjoyed by coffee lovers (consumers). At this stage, the creativity of the barista affects the quality of the coffee served. The problem faced at this stage is that there are not too many baristas in Indonesia with good qualities

By understanding each stage of the Indonesian coffee supply chain, and providing more value at each stage, the quality and quantity of Indonesian coffee will be guaranteed. With this assurance, it will be easier for Indonesia to export coffee either in the form of raw beans, semi-processed (roasting), or coffee that is ready to be enjoyed according to the wants or needs of the market.”

APPENDIX B.5: Interview Script with Advisory Member of Indonesian Coffee Board
and Chairman of Coffee Lovers Indonesia

Officer Profile:

Name : Jamil Musanif

Position : Advisory Member of Indonesian Coffee Board and Chairman of Coffee
Lovers Indonesia

1. The development of the coffee business in Indonesia has grown rapidly in the last 10 years, in your opinion how is the development of the coffee business in Indonesia from upstream to downstream?

"Indonesia is the world's coffee paradise, because Indonesia's unique geographical conditions create unique coffee flavors depending on where the coffee beans are planted. In general, Indonesia grows 3 variants of coffee, namely arabica, robusta, and liberica coffee. With the various geographical climates in Indonesia, the coffee plants grown in Indonesia produce rich flavors. The rich flavor of Indonesian coffee has now been confirmed as a geographical indication of Indonesian coffee. A geographical indication of coffee is a mark indicating the region of origin of a coffee plant which, due to geographical environmental factors including natural factors, human factors, or a combination of both factors, gives the resulting coffee a certain reputation, quality and characteristics. These coffee specifications will change if cultivated in other regions/locations. As of 2021, there are 36 (thirty-six) coffee geographical indications that have been registered with the Ministry of Law and Human Rights (Kemenkumham) (list of names attached). This means that in terms of upstream, Indonesia has the advantage of coffee that is rich in flavor compared to other countries due to Indonesia's diverse geographical conditions. In the growth of the coffee business downstream, the coffee business is currently very attractive to the younger generation, namely gen Y and Z. The younger generation really enjoys coffee, so coffee businesses have been selling coffee in Indonesia by providing added value. In the past, coffee was sold as a commodity or product, or service (packaged coffee), now coffee is sold in the form of an "experience" (which is enjoying coffee with a casual chat). Indonesia's young

generation has made coffee culture a trend nowadays, where in fact this culture has been rooted in Indonesian society since long ago. Coffee business players try to serve a diverse coffee menu and according to market desires and also offer coffee shops with comfortable working spaces or just chatting casually. This makes the coffee shop business very mushrooming in Indonesia.”

2. What is the role of the younger generation (X and Y) in the success of the coffee business in Indonesia?

“The current lifestyle of generation Y and Z is very influential on the coffee business in Indonesia. Starting with the existence of Starbucks triggered the younger generation to start loving coffee and made coffee culture a trend nowadays, and this triggered local coffee businesses to continue to innovate to follow market needs.”

3. What is the current condition of coffee businesses in Indonesia? Are they able to fulfill the desires and demands of the domestic market?

“Most coffee business players are the younger generation who continue to innovate to be the best in the market so that automatically the demands and desires of the domestic market are well met.”

4. Is the current coffee business considered able to compete with international coffee businesses considering that many Indonesian coffee shops have begun to penetrate neighboring countries?

“Indonesian business players have begun to advance and develop, so with qualified human resources and Indonesia's natural resources that are very diverse coffee flavors, the Indonesian coffee business is able to compete with international business people.”

5. What policies or steps has the government taken to support the coffee business in Indonesia to compete in the international market?

“The Indonesian government through the Ministry of Agriculture and the Ministry of Industry has encouraged the improvement of Indonesian coffee the things that are done are:

- 1. Rejuvenation of coffee plantations*
- 2. Providing post-harvest facility assistance*
- 3. Improving human resources*

4. *Assistance with roasting equipment*

5. *Marketing of coffee products at the national and international levels”*

6. What advice do you have for coffee businesses so that Indonesian coffee can grow and compete in the market?

- *“Businesses should do their own coffee roasting to get a unique flavor from other coffee shops.*
- *The government should support sustainable coffee programs so that they can be more accepted by the international market*
- *Coffee business players should have a marketing strategy by creating a good brand image so that it will create a good company image and later will create a country image that Indonesia is a paradise for coffee lovers.*
- *Business actors should take advantage of technological developments for coffee marketing with digital marketing techniques.”*

7. Is there anything else you would like to say for the Indonesian coffee world to be more developed?

“Indonesia is the mother country of coffee cultivation worldwide. Based on the history of Indonesian coffee plant seeds researched in Amsterdam, they have been distributed to various countries to be cultivated. I want Indonesia to be a paradise for coffee lovers considering that Indonesia has the 2nd largest coffee plantation in the world, has the most diversity of flavors, has the most complete coffee varieties, and has had a coffee culture since ancient times. I hope Indonesia has a coffee-country image. To achieve this, the steps that still need to be taken in Indonesia are:

- 1) *Have its own standards that are widely applied and categorized, both in terms of coffee quality and flavor.*
- 2) *Have its own test methods, related to quality and flavor*
- 3) *The operation from upstream to downstream of coffee is praised and serve as an example to the world*
- 4) *Has a model of coffee equipment and brewing method that is typical of Indonesia*
- 5) *There are more coffee shops, serving various variants of Indonesian coffee that meet national standards and use typical Indonesian brewing tools and methods*

- 6) *Rich with various kinds/brands/praised coffee products produced by roasteries spread throughout the archipelago.*
- 7) *Many different types of coffee-related goods for souvenirs (merchandise)*
- 8) *There is a coffee information and promotion center (house of coffee)”*



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APPENDIX C.1 : IOC OF THE EXPERT 1

No	Pernyataan (<i>Statement</i>)	Tiga Pakar (<i>3 Experts</i>)			Rekomendasi (<i>Recommendation</i>)
		Setuju (<i>Agree</i>) (+1)	Tidak Yakin (<i>Not-Sure</i>) (0)	Tidak Setuju (<i>Dis-agree</i>) (-1)	
Data Pribadi (<i>Personal Information</i>)					
1.	Posisi di kedai kopi (<i>Position in the Coffee Shop</i>)	V			
2.	Kelompok Generasi (<i>Group of Generation</i>)	V			
3.	Tingkat pendidikan (<i>Level of education</i>)	V			
Coffee Shop Information (<i>Informasi tentang Kedai Kopi</i>)					
4.	Nama Kedai Kopi (<i>Name of the Coffee Shop</i>)	V			
5.	Lokasi Kedai Kopi (<i>Location of the Coffee shop</i>)	V			
6.	Umur Kedai Kopi (<i>The Age of the Coffee Shop</i>)	V			
7.	Jumlah Cabang Kedai Kopi (<i>Number of branches of the Coffee Shop</i>)	V			
8.	Jumlah Pegawai Kedai Kopi (<i>Number of Employees of the Coffe Shop</i>)	V			
Kuesioner (<i>Questionnaire</i>)					
A. Market Orientation (<i>Orientasi Pasar</i>)					
A.1	Customer Orientation (<i>Orientasi Pelanggan</i>)				
1.	Kami menyediakan produk kopi berkualitas tinggi, menawarkan berbagai	V			

	pilihan rasa, dan menciptakan tempat yang nyaman untuk memenuhi kebutuhan pelanggan (<i>We are providing high-quality coffee products, offering a variety of flavors options, and creating a comfortable place to meet our customer's need</i>)				
2.	Kami menerapkan program reward untuk mempertahankan pelanggan setia seperti kartu anggota, aplikasi reward, dan point reward (<i>We apply a reward program to maintain loyal customers such as member card, reward applications, and reward point</i>)	V			
3.	Kami secara teratur berinteraksi pelanggan di media sosial untuk berbagi wawasan tentang kopi dan berbagi informasi tentang kedai kopi seperti menu baru, diskon khusus atau acara tertentu (<i>We regularly engage customers on social media to share insight about coffee and share the information of the coffee shop such as new menu, special discount or certain event</i>)	V			
4.	Kami memiliki saluran untuk berkomunikasi dengan pelanggan untuk mengetahui apa yang diinginkan pelanggan (<i>We have channel to communicate with customers to know what the customers want</i>)	V			

5.	Kami menanggapi umpan balik pelanggan dengan cepat (<i>We respond to the customer's feedback quickly</i>)	V			
6.	Kami menanggapi keluhan pelanggan dengan memberikan makanan atau minuman gratis/diskon/produk pengganti jika layanan kami tidak memuaskan karena kekurangan kami (<i>We respond to customer's complaints by giving them free food or drink/ discount/ replacement products if our service is not satisfying due to our shortcoming</i>)	V			
A.2	Orientasi pesaing (<i>Competitor orientation</i>)				
7.	Kami dapat mengidentifikasi para pesaing utama kami serta kekuatan dan kelemahan mereka (<i>We are able to identify our key competitors and their strength and weaknesses</i>)	V			
8.	Kami merespons dengan cepat terhadap tindakan-tindakan penting para pesaing seperti menyesuaikan kualitas, variasi, dan harga produk dan layanan kopi, meningkatkan suasana dan kenyamanan kedai kopi, meningkatkan interaksi dan hubungan antara karyawan dan pelanggan (<i>We respond quickly to important competitors' actions such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and</i>	V			

	<i>convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers)</i>				
9.	Manajer berdiskusi dengan karyawan tentang kekuatan dan kelemahan kami dibandingkan dengan pesaing untuk meningkatkan layanan kedai kopi kami <i>(Manager discuss with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop)</i>	V			
10.	Kami menemukan cara terbaik untuk melayani pelanggan kami lebih baik daripada pesaing di pasar kedai kopi seperti menyediakan kopi berkualitas, memiliki tempat yang istimewa dan menyenangkan, bersikap ramah dengan pelanggan, memberikan layanan terbaik kepada pelanggan <i>(We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers)</i>	V			
11.	Kami menawarkan produk dan layanan dengan kualitas yang lebih baik dalam kisaran harga yang sama dengan pesaing <i>(We offer better quality product and</i>	V			

	<i>services in the same price range as competitors)</i>				
A.3	Koordinasi antar fungsi (<i>Coordinating Inter-functional</i>)				
12.	Kami mengadakan pertemuan staf secara rutin sebagai forum untuk berbagi informasi dan mencari solusi (<i>We have regular staff meetings as a forum to share information and find solutions</i>)	V			
13.	Kami mengadakan rapat singkat di pagi hari untuk menjelaskan tugas harian/tertentu, misalnya, informasi terbaru tentang tugas, karyawan yang tidak hadir, dan pergantian karyawan (<i>We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution</i>)	V			
14.	Kami memiliki saluran komunikasi online untuk berbagi informasi yang relevan dengan cepat di antara para staf, misalnya WhatsApp Group/ Zoom Meeting/ Google Meet (<i>We have online communication channels to share relevant information quickly among staffs e.g., WhatsApp Group/ Zoom Meeting/ Google Meet</i>)	V			
15.	Kami saling berkoordinasi untuk memastikan kelancaran kegiatan operasional kedai kopi (<i>We coordinate</i>	V			

	<i>with each other to ensure a smooth operational activity of the coffee shop)</i>				
16.	Semua orang di kedai kopi kami mengetahui dengan baik deskripsi pekerjaan, peran penting, dan tanggung jawab mereka, sehingga kami memiliki koordinasi yang baik (<i>Everyone in our coffee shop know well their job descriptions, significant roles, and responsibilities, so we have a good coordination</i>)	V			
B. Inovasi (Innovation)					
B.1	Inovasi produk (<i>Product Innovation</i>)				
17.	Kami memiliki menu makanan dan minuman yang khas di kedai kopi kami (<i>We have signature menu of food and beverage in our coffee shop</i>)	V			
18.	Kami memiliki nama/penyajian produk yang unik dan berbeda dari kedai kopi lainnya (<i>We have a unique name/presentation of the product that different from other coffee shop</i>)	V			
19.	Kami menciptakan makanan/minuman baru yang unik untuk memenuhi kebutuhan pelanggan (<i>We create a new unique food/beverage to fulfill the permintaan of the customer</i>)	V			
20.	Kami memiliki lebih banyak variasi pilihan menu, misalnya, vegan, sehat, bebas kafein, dan bebas produk (<i>We have more variety of menu options e.g., vegan,</i>	V			

	<i>healthy, caffeine-free, and dairy-free alternatives)</i>				
21.	Kami memiliki layanan/cara yang berbeda untuk melayani pelanggan seperti kami menyediakan kopi khusus, pemesanan ruangan pribadi, layanan antar, katering, reservasi dengan waktu yang fleksibel juga merupakan nilai lebih dari kedai kopi kami (<i>We have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time is also values of our coffee shop</i>)	V			
22.	Kami menciptakan ide-ide yang berbeda atau baru terkait dengan dekorasi/lay out /slogan /iklan untuk membedakan kedai kopi kami dengan yang lain (<i>We create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct our coffee shop to others</i>)	V			
B.2	Proses Inovasi (<i>Process Innovation</i>)				
23.	Kami meningkatkan metode pembuatan secangkir kopi seperti merebus, menyeduh, metode tetesan, dll. (<i>We improve the method of making a cup of coffee such as boiling, steeping, dripping method etc.</i>)	V			
24.	Kami mengelola pesanan kopi pada jam-jam sibuk untuk melayani pelanggan		V		Mungkin ini bisa masuk ke

	dengan lebih baik (<i>We manage coffee order during rush hour to serve our customer better</i>)				costumer orientation
25.	Kami menggunakan teknologi terbaru untuk mengelola kedai kopi, misalnya, metode pembayaran yang update untuk melayani pelanggan dengan lebih baik (<i>We use the updated technology to manage the coffee shop e.g., updated payment method to serve the customers better</i>)	V			
C. Orientasi Kewirausahaan (Entrepreneurial Orientation)					
C.1	Kewirausahaan yang Inovatif (<i>Innovative Entrepreneurship</i>)				
26.	Pemilik/manajer memiliki kemauan untuk mendukung kreativitas di kedai kopi (<i>The owner/manager has the willingness to support creativity in the coffee shop</i>)	V			
27.	Pemilik/manajer memiliki kemauan untuk bereksperimen dalam mengembangkan produk dan layanan baru di kedai kopi (<i>The owner/manager has the willingness to make experiment in developing new products and services in the coffee shop</i>)	V			
28.	Pemilik/manajer memiliki kemauan untuk mengadopsi teknologi terbaru dan proses baru untuk kedai kopi (<i>The owner/manager has the willingness to</i>	V			

	<i>adopt the latest technology and new processes for the coffee shop)</i>				
C.2	Usaha yang Proaktif (<i>Business proactive</i>)				
29.	Kami secara proaktif menawarkan kerja sama dengan mitra bisnis (lembaga pemerintah atau non-pemerintah) untuk menyediakan makanan dan minuman untuk acara mereka (<i>We are proactive offering the cooperation with business partners (government or non-government institution) to provide the food and beverage for their events</i>)	V			
30.	Kami menyadari dan bertindak pada ancaman yang berpotensi mengancam bisnis kami (<i>We are aware and respond to the potential threats to our business</i>)	V			
31.	Kami secara teratur mengevaluasi posisi pasar dan pendapatan kedai kopi kami untuk meresponsnya secara proaktif (<i>We regularly evaluate our coffee shop's market position and revenue to proactively respond them</i>)	V			
C.3	Pengambilan resiko (Risk-taking)				
32.	Kami mengambil risiko keuangan dengan berinvestasi pada peralatan mesin kopi atau berinvestasi pada kegiatan pendukung lainnya yang mungkin memiliki hasil atau pengembalian yang tidak pasti (<i>We take financial risks by investing in coffee machine equipment or investing in other</i>	V			

	<i>supporting activities that may have uncertain outcomes or returns)</i>				
33.	Kami mendorong karyawan untuk menciptakan produk dan layanan baru atau menerapkan metode baru dalam membuat kopi (<i>We encourage employees to create new products and services or apply new method of making coffee</i>)	V			
34.	Kami mengambil risiko bisnis yang dapat mengubah bisnis kami, misalnya memperluas bisnis, mempekerjakan lebih banyak karyawan (<i>We take business risks that might change our business e.g. expanding business, hiring more employees</i>)	V			
D. Keunggulan Bersaing (<i>Competitive Advantage</i>)					
35.	Kami berkinerja lebih baik daripada sebagian besar pesaing kami (<i>We perform better than most of our competitors</i>)	V			
36.	Pelanggan kami merespons produk dan layanan kami dengan tingkat kepuasan yang tinggi (<i>Our customers respond to our products and services with high satisfaction rates</i>)	V			
37.	Kami mengelola kedai kopi kami secara efisien dibandingkan dengan sebagian besar pesaing kami (<i>We manage our coffee shop efficiently compared to most of our competitors</i>)	V			

38.	Kami memanfaatkan peluang bisnis untuk menciptakan diferensiasi nilai bagi kedai kopi kami (<i>We take advantage of business opportunities to create value differentiation for our coffee shops</i>)	V			
39.	Kami meminimalkan ancaman bisnis dengan baik dibandingkan dengan sebagian besar pesaing kami (<i>We minimize business threats well compared to most of our competitors</i>)	V			

Score/Skor:

Agree/Setuju	1
Not-Sure/Tidak Yakin	0
Disagree/Tidak Setuju	-1

Note:

Item Objective Congruence (IOC) Validitas isi skala pengukuran diuji dan dievaluasi oleh para ahli terkait bidang bisnis kedai kopi dengan menggunakan Item Objective Congruence (IOC). Isi terdiri dari 39 pertanyaan skala kuesioner.

(Item Objective Congruence (IOC) The validity of the measurement scale content was tested and evaluated by the experts related to the field of coffee shop business using Item Objective Congruence (IOC). The content consisted of a 39 questions scale questionnaire.)

Dimohon berikan rekomendasi dan saran dalam hal kelengkapan dan kelengkapan kuesioner. *(Please give recommendation and suggestion in term of completeness and comprehensiveness of the questionnaires):*

Komentar tambahan (Additional comments):

Item no.24 bisa dipertimbangkan untuk menjadi item orientasi pelanggan / keunggulan bersaing, karena memberikan layanan pada jam-jam tertentu menurut saya bukan menjadi suatu proses inovasi.

Tanda Tangan
(Signature):

A handwritten signature in black ink, consisting of stylized, overlapping loops and strokes, positioned above a horizontal line.

Tanggal
(Date):

24-10-2023



APPENDIX C.2: IOC OF THE EXPERT 2

No	Pernyataan (<i>Statement</i>)	Tiga Pakar (<i>3 Experts</i>)			Rekomendasi (<i>Recommendation</i>)
		Setuju (<i>Agree</i>) (+1)	Tidak Yakin (<i>Not-Sure</i>) (0)	Tidak Setuju (<i>Dis-agree</i>) (-1)	
Data Pribadi (<i>Personal Information</i>)					
1.	Posisi di kedai kopi (<i>Position in the Coffee Shop</i>)	V			
2.	Kelompok Generasi (<i>Group of Generation</i>)	V			
3.	Tingkat pendidikan (<i>Level of education</i>)	V			
Coffee Shop Information (<i>Informasi tentang Kedai Kopi</i>)					
4.	Nama Kedai Kopi (<i>Name of the Coffee Shop</i>)	V			
5.	Lokasi Kedai Kopi (<i>Location of the Coffee shop</i>)	V			
6.	Umur Kedai Kopi (<i>The Age of the Coffee Shop</i>)	V			
7.	Jumlah Cabang Kedai Kopi (<i>Number of branches of the Coffee Shop</i>)	V			
8.	Jumlah Pegawai Kedai Kopi (<i>Number of Employees of the Coffee Shop</i>)		V		
Kuesioner (<i>Questionnaire</i>)					
A. Orientasi Pasar (<i>Market Orientation</i>)					
A.1	Orientasi Pelanggan (<i>Customer Orientation</i>)				
1.	Kami menyediakan produk kopi berkualitas tinggi, menawarkan berbagai	V			

	pilihan rasa, dan menciptakan tempat yang nyaman untuk memenuhi kebutuhan pelanggan (<i>We are providing high-quality coffee products, offering a variety of flavors options, and creating a comfortable place to meet our customer's need</i>)				
2.	Kami menerapkan program reward untuk mempertahankan pelanggan setia seperti kartu anggota, aplikasi reward, dan point reward (<i>We apply a reward program to maintain loyal customers such as member card, reward applications, and reward point</i>)	V			
3.	Kami secara teratur berinteraksi dengan pelanggan di media sosial untuk berbagi wawasan tentang kopi dan berbagi informasi tentang kedai kopi seperti menu baru, diskon khusus atau acara tertentu (<i>We regularly engage with customers on social media to share insight about our coffee and share the information about the coffee shop such as new menu, special discount or certain event</i>)	V			
4.	Kami memiliki beberapa saluran untuk berkomunikasi dengan pelanggan untuk mengetahui apa yang diinginkan pelanggan (<i>We have channels to communicate with customers to know what the customers want</i>)	V			

5.	Kami menanggapi umpan balik pelanggan dengan cepat (<i>We respond to the customer's feedback quickly</i>)	V			
6.	Kami menanggapi keluhan pelanggan dengan memberikan makanan atau minuman gratis/diskon/produk pengganti jika layanan kami tidak memuaskan karena kekurangan kami (<i>We respond to customer's complaints by giving them free food or drink/ discount/ replacement products if our service is not satisfying due to our shortcoming</i>)	V			
A.2	Orientasi pesaing (<i>Competitor orientation</i>)				
7.	Kami dapat mengidentifikasi para pesaing utama kami serta kekuatan dan kelemahan mereka (<i>We are able to identify our key competitors and their strength and weaknesses</i>)	V			
8.	Kami merespons dengan cepat terhadap tindakan-tindakan penting para pesaing seperti menyesuaikan kualitas, variasi, dan harga produk dan layanan kopi, meningkatkan suasana dan kenyamanan kedai kopi, meningkatkan interaksi dan hubungan antara karyawan dan pelanggan (<i>We respond quickly to important competitors' actions such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and the</i>	V			

	<i>convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers)</i>				
9.	Manajer berdiskusi dengan karyawan tentang kekuatan dan kelemahan kami dibandingkan dengan pesaing untuk meningkatkan layanan kedai kopi kami <i>(Manager discusses with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop)</i>	V			
10.	Kami menemukan cara terbaik untuk melayani pelanggan kami lebih baik daripada pesaing di pasar kedai kopi seperti menyediakan kopi berkualitas, memiliki tempat yang istimewa dan menyenangkan, bersikap ramah dengan pelanggan, memberikan layanan terbaik kepada pelanggan <i>(We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers)</i>	V			
11.	Kami menawarkan produk dan layanan dengan kualitas yang lebih baik dalam kisaran harga yang sama dengan pesaing <i>(We offer better quality product and</i>	V			

	<i>services in the same price range as competitors)</i>				
A.3	Koordinasi antar fungsi (<i>Coordinating Inter-functional</i>)				
12.	Kami mengadakan pertemuan staf secara rutin sebagai forum untuk berbagi informasi dan mencari solusi (<i>We have regular staff meetings as a forum to share information and find solutions</i>)	V			
13.	Kami mengadakan rapat singkat di pagi hari untuk menjelaskan tugas harian/tertentu, misalnya, informasi terbaru tentang tugas, karyawan yang tidak hadir, dan pergantian karyawan (<i>We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution</i>)	V			
14.	Kami memiliki saluran komunikasi online untuk berbagi informasi yang relevan dengan cepat diantara para staf, misalnya WhatsApp Group/ Zoom Meeting/ Google Meet (<i>We have online communication channels to share relevant information quickly among staffs e.g., WhatsApp Group/ Zoom Meeting/ Google Meet</i>)	V			
15.	Kami saling berkoordinasi untuk memastikan kelancaran kegiatan operasional kedai kopi (<i>We coordinate</i>	V			

	<i>with each other to ensure a smooth operational activity of the coffee shop)</i>				
16.	Semua orang di kedai kopi kami mengetahui dengan baik deskripsi pekerjaan, peran penting, dan tanggung jawab masing-masing, sehingga kami memiliki koordinasi yang baik <i>(Everyone in our coffee shop knows well his/her job descriptions, significant roles, and responsibilities, so we have a good coordination)</i>	V			
B. Inovasi (Innovation)					
B.1	Inovasi produk (Product Innovation)				
17.	Kami memiliki menu makanan dan minuman yang khas di kedai kopi kami <i>(We have signature menu of food and beverage in our coffee shop)</i>	V			
18.	Kami memiliki nama/penyajian produk yang unik dan berbeda dari kedai kopi lainnya <i>(We have a unique name/presentation of the product that different from other coffee shop)</i>	V			Tidak semua produk yg dijual harus dgn nama yg unik
19.	Kami menciptakan makanan/minuman baru yang unik untuk memenuhi permintaan pelanggan <i>(We create a new unique food/beverage to fulfil the of the customer's request)</i>	V			
20.	Kami memiliki lebih banyak variasi pilihan menu, misalnya, vegan, sehat, bebas kafein, dan alternatif bebas susu <i>(We have more variety of menu options)</i>	V			

	<i>e.g., vegan, healthy, caffeine-free, and dairy-free alternatives)</i>				
21.	Kami memiliki layanan/cara yang berbeda untuk melayani pelanggan seperti kami menyediakan kopi khusus, pemesanan ruangan pribadi, layanan antar, katering, reservasi dengan waktu yang fleksibel yang juga merupakan nilai lebih dari kedai kopi kami (<i>We have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time is also values of our coffee shop</i>)	V			
22.	Kami menciptakan ide-ide yang berbeda atau baru terkait dengan dekorasi/lay out /slogan /iklan untuk membedakan kedai kopi kami dengan yang lain (<i>We create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct our coffee shop to others</i>)	V			
B.2	Proses Inovasi (<i>Innovation Process</i>)				
23.	Kami meningkatkan metode pembuatan secangkir kopi seperti merebus, menyeduh, metode tetesan, dll. (<i>We improve the method of making a cup of coffee such as boiling, steeping, dripping method etc.</i>)	V			Kekhasan dan konsistensi cita rasa juga dpt diciptakan bila menggunakan biji kopi yg disangrai

					sndiri, bukan dari pemasok roasted bean
24.	Kami mengelola pesanan kopi pada jam-jam sibuk untuk melayani pelanggan lebih baik (<i>We manage coffee order during rush hour to serve our customer better</i>)	V			
25.	Kami menggunakan teknologi terbaru untuk mengelola kedai kopi, misalnya, metode pembayaran yang update untuk melayani pelanggan dengan lebih baik (<i>We use the updated technology to manage the coffee shop e.g., updated payment method to serve the customers better</i>)	V			
C. Orientasi Kewirausahaan (Entrepreneurial Orientation)					
C.1	Kewirausahaan yang Inovatif (<i>Innovative Entrepreneurship</i>)				
26.	Pemilik/manajer memiliki kemauan untuk mendukung kreativitas di kedai kopi (<i>The owner/manager has the willingness to support creativity in the coffee shop</i>)	V			
27.	Pemilik/manajer memiliki kemauan untuk bereksperimen dalam mengembangkan produk dan layanan baru di kedai kopi (<i>The owner/manager has the willingness to make experiment</i>)	V			

	<i>in developing new products and services in the coffee shop)</i>				
28.	Pemilik/manajer memiliki kemauan untuk mengadopsi teknologi terbaru dan proses baru untuk kedai kopi (<i>The owner/manager has the willingness to adopt the latest technology and new processes for the coffee shop)</i>	V			
C.2	Usaha yang Proaktif (<i>Proactive Business)</i>				
29.	Kami secara proaktif menawarkan kerja sama dengan mitra bisnis (lembaga pemerintah atau non-pemerintah) untuk menyediakan makanan dan minuman untuk acara mereka (<i>We are proactive offering the cooperation with business partners (government or non-government institution) to provide the food and beverage for their events)</i>	V			
30.	Kami menyadari dan bertindak pada ancaman yang berpotensi mengancam bisnis kami (<i>We are aware and respond to the potential threats to our business)</i>	V			
31.	Kami secara berkala melakukan evaluasi posisi pasar dan pendapatan kedai kopi kami untuk kemudian meresponnya secara proaktif (<i>We regularly evaluate our coffee shop's market position and revenue to proactively respond them)</i>	V			

C.3	Pengambilan resiko (<i>Risk-taking</i>)				
32.	Kami mengambil risiko keuangan dengan berinvestasi pada peralatan mesin kopi atau berinvestasi pada kegiatan pendukung lainnya yang mungkin memiliki hasil atau pengembalian yang belum pasti (<i>We take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns</i>)		V		
33.	Kami mendorong karyawan untuk menciptakan produk dan layanan baru atau menerapkan metode baru dalam membuat kopi (<i>We encourage employees to create new products and services or apply new method of making coffee</i>)		V		
34.	Kami mengambil risiko bisnis yang dapat mengubah bisnis kami, misalnya memperluas bisnis, mempekerjakan lebih banyak karyawan (<i>We take business risks that might change our business e.g. expanding business, hiring more employees</i>)		V		
D. Keunggulan Bersaing (<i>Competitive Advantage</i>)					
35.	Kami berkinerja lebih baik daripada sebagian besar pesaing kami (<i>We perform better than most of our competitors</i>)	V			
36.	Pelanggan kami merespons produk dan layanan kami dengan tingkat kepuasan	V			

	yang tinggi (<i>Our customers respond to our products and services with high satisfaction rates</i>)				
37.	Kami mengelola kedai kopi kami secara efisien dibandingkan dengan sebagian besar pesaing kami (<i>We manage our coffee shop more efficiently compared to most of our competitors</i>)	V			
38.	Kami memanfaatkan peluang bisnis untuk menciptakan diferensiasi nilai bagi kedai kopi kami (<i>We take advantages of business opportunities to create value differentiation for our coffee shops</i>)	V			
39.	Kami meminimalkan ancaman bisnis dengan baik dibandingkan dengan sebagian besar pesaing kami (<i>We minimize business threats better than most of our competitors</i>)	V			

Score/Skor:

Agree/Setuju	1
Not-Sure/Tidak Yakin	0
Disagree/Tidak Setuju	-1

Note:

Item Objective Congruence (IOC) Validitas isi skala pengukuran diuji dan dievaluasi oleh para ahli terkait bidang bisnis kedai kopi dengan menggunakan Item Objective Congruence (IOC). Isi terdiri dari 39 pertanyaan skala kuesioner.

(Item Objective Congruence (IOC) The validity of the measurement scale content was tested and evaluated by the experts related to the field of coffee shop business using

Item Objective Congruence (IOC). The content consisted of a 39 questions scale questionnaire.)

Dimohon berikan rekomendasi dan saran dalam hal kelengkapan dan kelengkapan kuesioner. *(Please give recommendation and suggestion in term of completeness and comprehensiveness of the questionnaires):*

Komentar tambahan (Additional comments):

Respon yang positif (kepedulian) terhadap masalah sosial, pengembangan sektor hulu, dan lingkungan hidup juga menjadi nilai tambah bagi suatu produk (product image) ataupun manajemen (company image). Demikian juga kekayaan varian (misalnya produk2 indikasi geografis) dan kelas bahan baku yang digunakan.

Tanda Tangan
(Signature):



Tanggal
(Date):

23 – 10 – 2023

APPENDIX C.3: IOC OF THE EXPERT 3

No	Pernyataan (<i>Statement</i>)	Tiga Pakar (<i>3 Experts</i>)			Rekomendasi (<i>Recommendation</i>)
		Setuju (<i>Agree</i>) (+1)	Tidak Yakin (<i>Not-Sure</i>) (0)	Tidak Setuju (<i>Dis-agree</i>) (-1)	
Data Pribadi (<i>Personal Information</i>)					
1.	Posisi di kedai kopi (<i>Position in the Coffee Shop</i>)		x		
2.	Kelompok Generasi (<i>Group of Generation</i>)		x		
3.	Tingkat pendidikan (<i>Level of education</i>)	x			
Coffee Shop Information (<i>Informasi tentang Kedai Kopi</i>)					
4.	Nama Kedai Kopi (<i>Name of the Coffee Shop</i>)		x		
5.	Lokasi Kedai Kopi (<i>Location of the Coffee shop</i>)		x		
6.	Umur Kedai Kopi (<i>The Age of the Coffee Shop</i>)		x		
7.	Jumlah Cabang Kedai Kopi (<i>Number of branches of the Coffee Shop</i>)		x		
8.	Jumlah Pegawai Kedai Kopi (<i>Number of Employees of the Coffee Shop</i>)		x		
Kuesioner (<i>Questionnaire</i>)					
A. Orientasi Pasar (<i>Market Orientation</i>)		X			
A.1	Orientasi Pelanggan (<i>Customer Orientation</i>)	X			

1.	Kami menyediakan produk kopi berkualitas tinggi, menawarkan berbagai pilihan rasa, dan menciptakan tempat yang nyaman untuk memenuhi kebutuhan pelanggan (<i>We are providing high-quality coffee products, offering a variety of flavors options, and creating a comfortable place to meet our customer's need</i>)	X			
2.	Kami menerapkan program reward untuk mempertahankan pelanggan setia seperti kartu anggota, aplikasi reward, dan point reward (<i>We apply a reward program to maintain loyal customers such as member card, reward applications, and reward point</i>)	X			
3.	Kami secara teratur berinteraksi dengan pelanggan di media sosial untuk berbagi wawasan tentang kopi dan berbagi informasi tentang kedai kopi seperti menu baru, diskon khusus atau acara tertentu (<i>We regularly engage with customers on social media to share insight about our coffee and share the information about the coffee shop such as new menu, special discount or certain event</i>)	X			
4.	Kami memiliki beberapa saluran untuk berkomunikasi dengan pelanggan untuk mengetahui apa yang diinginkan pelanggan (<i>We have channels to</i>	X			

	<i>communicate with customers to know what the customers want)</i>				
5.	Kami menanggapi umpan balik pelanggan dengan cepat (<i>We respond to the customer's feedback quickly</i>)	X			
6.	Kami menanggapi keluhan pelanggan dengan memberikan makanan atau minuman gratis/diskon/produk pengganti jika layanan kami tidak memuaskan karena kekurangan kami (<i>We respond to customer's complaints by giving them free food or drink/ discount/ replacement products if our service is not satisfying due to our shortcoming</i>)	X			
A.2	Orientasi pesaing (<i>Competitor orientation</i>)				
7.	Kami dapat mengidentifikasi para pesaing utama kami serta kekuatan dan kelemahan mereka (<i>We are able to identify our key competitors and their strength and weaknesses</i>)	X			
8.	Kami merespons dengan cepat terhadap tindakan-tindakan penting para pesaing seperti menyesuaikan kualitas, variasi, dan harga produk dan layanan kopi, meningkatkan suasana dan kenyamanan kedai kopi, meningkatkan interaksi dan hubungan antara karyawan dan pelanggan (<i>We respond quickly to important competitors' actions such as adjusting the quality, variety, and price</i>)	X			

	<i>of coffee products and services, improving the ambiance and the convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers)</i>				
9.	Manajer berdiskusi dengan karyawan tentang kekuatan dan kelemahan kami dibandingkan dengan pesaing untuk meningkatkan layanan kedai kopi kami <i>(Manager discusses with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop)</i>	X			
10.	Kami menemukan cara terbaik untuk melayani pelanggan kami lebih baik daripada pesaing di pasar kedai kopi seperti menyediakan kopi berkualitas, memiliki tempat yang istimewa dan menyenangkan, bersikap ramah dengan pelanggan, memberikan layanan terbaik kepada pelanggan <i>(We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality coffee, having a special and nice place, being friendly with customers, giving the best service to customers)</i>	X			
11.	Kami menawarkan produk dan layanan dengan kualitas yang lebih baik dalam kisaran harga yang sama dengan pesaing	X			

	<i>(We offer better quality product and services in the same price range as competitors)</i>				
A.3	Koordinasi antar fungsi (<i>Coordinating Inter-functional</i>)	X			
12.	Kami mengadakan pertemuan staf secara rutin sebagai forum untuk berbagi informasi dan mencari solusi (<i>We have regular staff meetings as a forum to share information and find solutions</i>)	X			
13.	Kami mengadakan rapat singkat di pagi hari untuk menjelaskan tugas harian/tertentu, misalnya, informasi terbaru tentang tugas, karyawan yang tidak hadir, dan pergantian karyawan (<i>We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution</i>)	X			
14.	Kami memiliki saluran komunikasi online untuk berbagi informasi yang relevan dengan cepat diantara para staf, misalnya WhatsApp Group/ Zoom Meeting/ Google Meet (<i>We have online communication channels to share relevant information quickly among staffs e.g., WhatsApp Group/ Zoom Meeting/ Google Meet</i>)	X			
15.	Kami saling berkoordinasi untuk memastikan kelancaran kegiatan operasional kedai kopi (<i>We coordinate</i>	X			

	<i>with each other to ensure a smooth operational activity of the coffee shop)</i>				
16.	Semua orang di kedai kopi kami mengetahui dengan baik deskripsi pekerjaan, peran penting, dan tanggung jawab masing-masing, sehingga kami memiliki koordinasi yang baik <i>(Everyone in our coffee shop knows well his/her job descriptions, significant roles, and responsibilities, so we have a good coordination)</i>	X			
B. Inovasi (Innovation)					
B.1	Inovasi produk (<i>Product Innovation</i>)	X			
17.	Kami memiliki menu makanan dan minuman yang khas di kedai kopi kami <i>(We have signature menu of food and beverage in our coffee shop)</i>	X			
18.	Kami memiliki nama/penyajian produk yang unik dan berbeda dari kedai kopi lainnya <i>(We have a unique name/presentation of the product that different from other coffee shop)</i>	X			
19.	Kami menciptakan makanan/minuman baru yang unik untuk memenuhi permintaan pelanggan <i>(We create a new unique food/beverage to fulfil the of the customer's request)</i>	X			
20.	Kami memiliki lebih banyak variasi pilihan menu, misalnya, vegan, sehat, bebas kafein, dan alternatif bebas susu <i>(We have more variety of menu options)</i>	X			

	<i>e.g., vegan, healthy, caffeine-free, and dairy-free alternatives)</i>				
21.	Kami memiliki layanan/cara yang berbeda untuk melayani pelanggan seperti kami menyediakan kopi khusus, pemesanan ruangan pribadi, layanan antar, katering, reservasi dengan waktu yang fleksibel yang juga merupakan nilai lebih dari kedai kopi kami (<i>We have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time is also values of our coffee shop</i>)	X			
22.	Kami menciptakan ide-ide yang berbeda atau baru terkait dengan dekorasi/lay out /slogan /iklan untuk membedakan kedai kopi kami dengan yang lain (<i>We create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct our coffee shop to others</i>)	X			
B.2	Proses Inovasi (<i>Innovation Process</i>)	X			
23.	Kami meningkatkan metode pembuatan secangkir kopi seperti merebus, menyeduh, metode tetesan, dll. (<i>We improve the method of making a cup of coffee such as boiling, steeping, dripping method etc.</i>)	X			

24.	Kami mengelola pesanan kopi pada jam-jam sibuk untuk melayani pelanggan lebih baik (<i>We manage coffee order during rush hour to serve our customer better</i>)	X			
25.	Kami menggunakan teknologi terbaru untuk mengelola kedai kopi, misalnya, metode pembayaran yang update untuk melayani pelanggan dengan lebih baik (<i>We use the updated technology to manage the coffee shop e.g., updated payment method to serve the customers better</i>)	X			
C. Orientasi Kewirausahaan (Entrepreneurial Orientation)					
C.1	Kewirausahaan yang Inovatif (<i>Innovative Entrepreneurship</i>)	X			
26.	Pemilik/manajer memiliki kemauan untuk mendukung kreativitas di kedai kopi (<i>The owner/manager has the willingness to support creativity in the coffee shop</i>)	X			
27.	Pemilik/manajer memiliki kemauan untuk bereksperimen dalam mengembangkan produk dan layanan baru di kedai kopi (<i>The owner/manager has the willingness to make experiment in developing new products and services in the coffee shop</i>)	X			
28.	Pemilik/manajer memiliki kemauan untuk mengadopsi teknologi terbaru dan proses baru untuk kedai kopi (<i>The</i>	X			

	<i>owner/manager has the willingness to adopt the latest technology and new processes for the coffee shop)</i>				
C.2	Usaha yang Proaktif (<i>Proactive Business</i>)	X			
29.	Kami secara proaktif menawarkan kerja sama dengan mitra bisnis (lembaga pemerintah atau non-pemerintah) untuk menyediakan makanan dan minuman untuk acara mereka (<i>We are proactive offering the cooperation with business partners (government or non-government institution) to provide the food and beverage for their events</i>)		X		Tidak hanya untuk masuk ke lembaga pemerintah or non pemerintah tapi juga komunitas tertentu (<i>Not only for entering government or non-government institutions but also certain communities</i>)
30.	Kami menyadari dan bertindak pada ancaman yang berpotensi mengancam bisnis kami (<i>We are aware and respond to the potential threats to our business</i>)	X			
31.	Kami secara berkala melakukan evaluasi posisi pasar dan pendapatan kedai kopi kami untuk kemudian meresponnya secara proaktif (<i>We regularly evaluate our coffee shop's market position and revenue to proactively respond them</i>)	x			
C.3	Pengambilan resiko (<i>Risk-taking</i>)	X			
32.	Kami mengambil risiko keuangan dengan berinvestasi pada peralatan mesin kopi atau berinvestasi pada kegiatan pendukung lainnya yang mungkin memiliki hasil atau	X			

	pengembalian yang belum pasti (<i>We take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns</i>)				
33.	Kami mendorong karyawan untuk menciptakan produk dan layanan baru atau menerapkan metode baru dalam membuat kopi (<i>We encourage employees to create new products and services or apply new method of making coffee</i>)	X			
34.	Kami mengambil risiko bisnis yang dapat mengubah bisnis kami, misalnya memperluas bisnis, mempekerjakan lebih banyak karyawan (<i>We take business risks that might change our business e.g. expanding business, hiring more employees</i>)	X			
D. Keunggulan Bersaing (<i>Competitive Advantage</i>)					
35.	Kami berkinerja lebih baik daripada sebagian besar pesaing kami (<i>We perform better than most of our competitors</i>)	X			
36.	Pelanggan kami merespons produk dan layanan kami dengan tingkat kepuasan yang tinggi (<i>Our customers respond to our products and services with high satisfaction rates</i>)		X		Kebanyakan customer respon hanya di sosmed (<i>most of the customers give response in Social Media</i>)

37.	Kami mengelola kedai kopi kami secara efisien dibandingkan dengan sebagian besar pesaing kami (<i>We manage our coffee shop more efficiently compared to most of our competitors</i>)	X			
38.	Kami memanfaatkan peluang bisnis untuk menciptakan diferensiasi nilai bagi kedai kopi kami (<i>We take advantages of business opportunities to create value differentiation for our coffee shops</i>)	X			
39.	Kami meminimalkan ancaman bisnis dengan baik dibandingkan dengan sebagian besar pesaing kami (<i>We minimize business threats better than most of our competitors</i>)	X			

Score/Skor:

Agree/Setuju	1
Not-Sure/Tidak Yakin	0
Disagree/Tidak Setuju	-1

Note:

Item Objective Congruence (IOC) Validitas isi skala pengukuran diuji dan dievaluasi oleh para ahli terkait bidang bisnis kedai kopi dengan menggunakan Item Objective Congruence (IOC). Isi terdiri dari 39 pertanyaan skala kuesioner.

(Item Objective Congruence (IOC) The validity of the measurement scale content was tested and evaluated by the experts related to the field of coffee shop business using Item Objective Congruence (IOC). The content consisted of a 39 questions scale questionnaire.)

Dimohon berikan rekomendasi dan saran dalam hal kelengkapan dan kelengkapan kuesioner. *(Please give recommendation and suggestion in term of completeness and comprehensiveness of the questionnaires):*

Komentar tambahan (Additional comments):

Dalam industry kopi khususnya café sekarang bersaing dalam hal experience. Lebih banyak mreka mengadakan event2 kopi mulai dari kompetisi menyeduh, latte art dan sekarang merambah ke proses sangrai. Dengan tujuan para pegiat industry ini tercipta wadah untuk menuangkan segala ide dan kemampuan. Dengan memberikan experience mesin kopi yang digunakan peserta, kopi yang dirasakan oleh peserta, melalui experience moment itulah kebanyakan dari café mempunyai brand positioning dan juga coffee experience sehingga produk2 mereka bisa diingat oleh para peserta yang nantinya akan menjadi loyal customer

In the coffee industry, especially cafes, they now compete in terms of experience. Many of them hold coffee events ranging from brewing competitions, latte art and now expanding to the roasting process. The goal of these industry activists is to create a place to express all ideas and abilities. By providing the experience of the coffee machine used by the participants, the coffee felt by the participants, through that experience moment, most of the coffee shops have brand positioning and also coffee experience so that their products can be remembered by the participants who will later become loyal customers.

Tanda Tangan
(Signature):

Arief Budiman



Tanggal
(Date):

24 Oktober 2023

APPENDIX C.4 : THE CALCULATION OF THE IOC

No	Statement	Assessment			Total	ΣR	Remark
		Expert 1	Expert 2	Expert 3		X	
Personal Information							
1	Position in the Coffee Shop	1	1	0	2	0.67	Acceptable
2	Group of Generation	1	1	0	2	0.67	Acceptable
3	Level of education	1	1	1	3	1.00	Acceptable
Coffee Shop Information							
4	Name of the Coffee Shop	1	1	0	2	0.67	Acceptable
5	Location of the Coffee shop	1	1	0	2	0.67	Acceptable
6	The Age of the Coffe Shop	1	1	0	2	0.67	Acceptable
7	Number of branches of the Coffee Shop	1	1	0	2	0.67	Acceptable
8	Number of Employees of the Coffe Shop	1	1	0	2	0.67	Acceptable
Questionnaire							
A. Market Orientation							
A.1	Customer Orientation						
1	We are providing high-quality coffee products, offering a variety of flavors options, and creating a comfortable place to meet our customer's need	1	1	1	3	1	Acceptable

7	We are able to identify our key competitors and their strength and weaknesses	1	1	1	3	1	Acceptable
8	We respond quickly to important competitors' actions such as adjusting the quality, variety, and price of coffee products and services, improving the ambiance and the convenience of the coffee shop, enhancing the interaction and relationship between the employees and customers	1	0	1	2	0.67	Acceptable
9	Manager discusses with the employee about our strengths and weaknesses compared to competitors to improve the service of our coffee shop	1	1	1	3	1	Acceptable
10	We find the best ways to serve our customers better than competitors in the coffee shop market such as providing quality	1	1	1	3	1	Acceptable

	coffee, having a special and nice place, being friendly with customers, giving the best service to customers						
11	We offer better quality product and services in the same price range as competitors	1	1	1	3	1	Acceptable
A.3	Coordinating Inter-functional						
12	We have regular staff meetings as a forum to share information and find solutions	1	1	1	3	1	Acceptable
13	We have brief meeting in the morning to explain daily/certain task for e.g., updated information on duty, absents employees and the substitution	1	1	1	3	1	Acceptable
14	We have online communication channels to share relevant information quickly among staffs e.g., WhatsApp Group/ Zoom Meeting/ Google Meet	1	1	1	3	1	Acceptable
15	We coordinate with each other to ensure a	1	1	1	3	1	Acceptable

	smooth operational activity of the coffee shop						
16	Everyone in our coffee shop knows well his/her job descriptions, significant roles, and responsibilities, so we have a good coordination	1	1	1	3	1	Acceptable
B. Innovation							
B.1	Product Innovation						
17	We have signature menu of food and beverage in our coffee shop	1	1	1	3	1	Acceptable
18	We have a unique name/presentation of the product that different from other coffee shop	1	1	1	3	1	Acceptable
19	We create a new unique food/beverage to fulfil the of the customer's request	1	1	1	3	1	Acceptable
20	We have more variety of menu options e.g., vegan, healthy, caffeine-free, and dairy-free alternatives	1	1	1	3	1	Acceptable

21	We have a different service/ way to serve the customer such as we provide custom coffee, private room booking, delivery service, catering, reservation with flexible time is also values of our coffee shop	1	1	1	3	1	Acceptable
22	We create different or new ideas related to decoration/ lay out/ slogan/ advertisement to distinct our coffee shop to others	1	1	1	3	1	Acceptable
B.2	Process Innovation						
23	We improve the method of making a cup of coffee such as boiling, steeping, dripping method etc	1	1	1	3	1	Acceptable
24	We manage coffee order during rush hour to serve our customer better	0	1	1	2	0.67	Acceptable
25	We use the updated technology to manage the coffee shop e.g., updated payment	1	1	1	3	1	Acceptable

	method to serve the customers better						
C. Entrepreneurial Orientation)							
C.1	Innovative Entrepreneurship						
26	The owner/manager has the willingness to support creativity in the coffee shop	1	1	1	3	1	Acceptable
27	The owner/manager has the willingness to make experiment in developing new products and services in the coffee shop	1	1	1	3	1	Acceptable
28	The owner/manager has the willingness to adopt the latest technology and new processes for the coffee shop	1	1	1	3	1	Acceptable
C.2	Business proactive						
29	We are proactive offering the cooperation with business partners (government or non-government institution) to provide the food and beverage for their events	1	1	0	2	0.67	Acceptable

30	We are aware and respond to the potential threats to our business	1	1	1	3	1	Acceptable
31	We regularly evaluate our coffee shop's market position and revenue to proactively respond them	1	1	1	3	1	Acceptable
C.3	Risk-taking						
32	We take financial risks by investing in coffee machine equipment or investing in other supporting activities that may have uncertain outcomes or returns	1	0	1	2	0.67	Acceptable
33	(We encourage employees to create new products and services or apply new method of making coffee	1	0	1	2	0.67	Acceptable
34	We take business risks that might change our business e.g. expanding business, hiring more employees	1	1	1	3	1	Acceptable
D. Competitive Advantage							
35	We perform better than most of our competitors	1	1	1	3	1	Acceptable

36	Our customers respond to our products and services with high satisfaction rates	1	1	0	2	0.67	Acceptable
37	We manage our coffee shop more efficiently compared to most of our competitors	1	1	1	3	1	Acceptable
38	We take advantages of business opportunities to create value differentiation for our coffee shops	1	1	1	3	1	Acceptable
39	We minimize business threats better than most of our competitors	1	1	1	3	1	Acceptable
Total						42.67	

$$IOC = \frac{\sum R}{N} = \frac{42.67}{47} = 0.91$$

IOC = Consistency between the objective and content

R = Total assessment point given from all qualified experts

N = Number of questionnaires

BIODATA

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Educational Background:

- Master of Business Administration (M.B.A), BU Graduate
- Bachelor Degree of Accounting, Brawijaya University, Indonesia (2007)

Work Experience:

- Government Staff of The Republic of Indonesia (2008 – present)



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