

## Effect of Social Media on Local Coffee Shops

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### Abstract

*This article aims to discuss about effect of social media on Local Coffee Shops. This type of research is associative research. The population in this study is Local Coffee Shops at Medan City. The sampling technique in this research is using purposive sampling technique. Based on these considerations, the number of research samples is 100 Local Coffee Shops at Medan City. Data analysis in this study using simple regression analysis. The results show that social media has significant effect on Local Coffee Shops at Medan City.*

### Keywords

social media; local coffee shop; simple regression analysis



## I. Introduction

Indonesia is the fourth largest coffee producing country in the world. Coffee is Indonesia's leading plantation commodity which contributes quite a lot of foreign exchange. According to data from the International Coffee Organization in October 2020, it was stated that Indonesia was the only coffee exporting country that had a significant increase in exports over the past 1 year, which was 21.8%. The number of coffees sold last year reached 5.7 million (per sack is 60 kilogram) and this year it is 6.9 million sacks.

Coffee is one of Indonesia's export commodities which is quite important as a foreign exchange earner in addition to oil and gas. Besides being used as an export commodity, coffee is also growing domestically. According to Narulita et al. (2014) the domestic coffee industry does not only rely on primary commodities (in the form of coffee beans) but in processed forms in order to obtain added value and increase competitiveness which will increase domestic consumption.

The development of coffee has become an integral part of the lifestyle of the Indonesian people. The rapid emergence of the coffee shop industry is currently bringing a new impact into consumers' lifestyles. The meaning of a coffee shop has shifted, where visiting a coffee shop is not only a place to carry out consumption activities, but can also be used as a place to gather, fill spare time and work meetings. The increasing growth of coffee shops in various places reflects the result of increasing market demand. According to Runtunuwu et al. (2014) this is often associated with higher community mobility and dense work activities and results in more and more people spending their time outside the home which results in people looking for something practical to meet their daily needs.

Based on Toffin Independent Research, the number of Coffee Shops in Indonesia until August 2019 reached more than 2,950 outlets, an increase of almost three times compared to 2016, which was only 1,000 outlets. Where the market value generated reached Rp4.8 trillion market. The real number of coffee shops in Toffin's research could

be higher because the coffee shop census only covers outlets in big cities. Excluding modern and traditional independent coffee shops in small areas. In Medan City, we can easily find coffee shops in various places. Currently, at a number of points in Medan City, this coffee shop with a cafe concept is not difficult to find. For example, on Jalan Setia Budi, Dr Mansyur, Jalan Halat, Ring Road, and several other places. By looking at this condition, business people are trying to attract consumers by creating a comfortable atmosphere with consumer tastes and supported by the best quality, friendly service to meet consumer satisfaction and trust. Competitive advantage is the ability of a business entity to provide more value to its products than its competitors and that value does bring benefits to customers. With the existence of a new lifestyle created by consumers today, pulling the coffee shop industry competition into a new level where it is the best that can survive in the competition, the coffee shop must be able to survive in the competition. Competitive advantage is defined as a strategy benefit from companies that cooperate to create a more effective competitive advantage in the market. This strategy must be designed to realize a continuous competitive advantage so that the company can dominate in both new and emerging markets. Competitive advantage basically grows from the values or benefits created by the company for its customers.

Social media marketing is a system that allows marketers to engage, collaborate, interact and utilize the intelligence of the people who participate in it for marketing purposes to attract attention and encourage readers to share with their social networks. Social media marketing is a form of direct or indirect marketing that is used to build awareness, recognition, memory, and action for brands, businesses, products, people, or other entities and is carried out using tools from the social web such as blogging, microblogging, social media, networking, social bookmarking, and content sharing.

Social media marketing is a process that encourages individuals to carry out promotions through their websites, products or services through online social channels and to find an item according to predetermined criteria that are influenced by several factors that can support the occurrence of a purchase. Social media is informational content, created by people utilizing publishing technology, highly accessible and intended to facilitate communication, influence and interaction with others and with the general public. Today, the practice of marketing through social media is starting to develop and is used as a product marketing tool to promote a company's brand and brand.

Social media marketing is also an important factor in achieving competitive advantage. According to Kurniasari and Budiarmo (2018), social media marketing is a form of marketing that is used to create awareness, recognition, memory and even action for a brand, product, business, individual, or group either directly or indirectly by using tools from the social web such as blogging, microblogging and social networking. Business competition is getting tougher because of the number of new entrepreneurs, so that business people compete with each other to do all forms of marketing in order to maintain their existence. The conclusion is that the absence of social media marketing will make consumers less aware of the products offered and result in the business being uncompetitive. This makes it an impetus for business people, both small and large scale to always do all forms of marketing in order to increase the competitiveness of their business. According to Alma (2018) in the context of efforts to achieve business success, marketing innovations (services) are product, price, place, promotion and people. Business people who have social media marketing or marketing skills will be better at responding to the environment and developing new abilities in order to gain competitive advantage. Social media marketing in business is very important to exploit new opportunities and to gain competitive advantage.

The dimensions of social media are as follows:

1. Entertainment

The indicators of entertainment are:

- a. The use of social media brands is fun.
- b. The content from the brand's social media looks interesting.

2. Interaction

Indicators of interaction are as follows:

- a. The brand's social media makes it possible to share information with other users.
- b. The brand's social media enables conversations and exchanges with other users.
- c. Ease of giving opinions through the brand's social media.

3. Trendiness

There are indicators to measure the trendiness dimension, namely:

- a. The brand's social media content is up-to-date information.
- b. The use of the brand's social media is very contemporary.

4. Customization

The indicators for the customization dimensions are as follows:

- a. The brand's social media offers customized information search.
- b. The brand's social media provides customized services.

5. Word of Mouth

The indicators used to measure word of mouth are:

- a. The desire to convey brand information, products, or services from the brand's social media to friends.
- b. The desire to upload content from the brand's social media on personal social media.

The increase in the number of coffee shops continues to grow, followed by the shift in the function of the coffee shop itself. Customers come to the coffee shop not only to buy and drink coffee, but also as a place to socialize, exchange ideas, expand networks, and many visit the coffee shop to complete work because they feel they can increase productivity. So that it becomes an attraction for consumers. Medan City area is one area that has many coffee shops. Some coffee shops also offer a comfortable place and are supported by unique interior designs and the availability of various other additional facilities.

Coffee shop business people must be able to find a competitive strategy, one of which is using social media marketing. To support this process is the use of information technology facilities, one of which is the use of social media. Social media in coffee shops can enhance business transformation through the speed, accuracy, and efficiency of exchanging large amounts of information. Social media itself is the cheapest promotional tool and has a significant impact on business because it has many social media users used as a means of product marketing and a means of interaction with consumers. Through the frequency of repeated advertising, at least it will make the product promotion read by consumers.

This article aims to discuss about effect of social media on local coffee shops.

## II. Research Method

This type of research is associative research. Associative research is a research problem formulation that is asking the relationship between two or more variables (Octiva et al., 2018; Pandiangan, 2018).

Population is the generalization area of objects that have certain qualities and characteristics defined (Asyraini et al., 2022; Octiva, 2018; Pandiangan, 2015). The

population in this study is Local Coffee Shops at Medan City. The sample is part of the population that represents the population in the study (Jibril et al., 2022; Pandiangan et al., 2018; Pandiangan, 2022). The sample was taken because it has limitations in conducting research both in terms of time, energy, funds, and a very large population. The sampling technique in this research is using purposive sampling technique, namely the technique of determining the sample by using certain considerations (Octiva et al., 2021; Pandiangan et al., 2021; Pandia et al., 2018). Based on these considerations, the number of research samples is 100 Local Coffee Shops at Medan City.

Data analysis in this study using simple regression analysis. Simple regression analysis is a statistical tool that is used in the quantification of the relationship between a single independent variable and a single dependent variable based on observations that have been carried out in the past (Pandiangan et al., 2022; Tobing et al., 2018).

### III. Results and Discussion

#### 3.1 General Description

Coffee is one of Indonesia's export commodities which is quite important as a foreign exchange earner in addition to oil and gas. Besides being used as an export commodity, coffee is also growing domestically. The domestic coffee industry does not only rely on primary commodities (in the form of coffee beans) but in processed forms in order to obtain added value and increase competitiveness which will increase domestic consumption.

The development of coffee has become an integral part of the lifestyle of the Indonesian people. The rapid emergence of the coffee shop industry is currently bringing a new impact into consumers' lifestyles. The meaning of a coffee shop has shifted, where visiting a coffee shop is not only a place to carry out consumption activities, but can also be used as a gathering place, to fill spare time and work meetings. The increasing growth of coffee shops in various places reflects the result of increasing market demand. This is often associated with people's higher mobility and dense work activities and results in more and more people spending their time outside the home which results in people looking for something practical to meet their daily needs.

The number of coffee shops in Indonesia until August 2019 reached more than 2,950 outlets, an increase of almost three times compared to 2016, which was only 1,000 outlets. Where the market value generated reaches Rp4.8 trillion market. The real number of coffee shops in Toffin's research could be higher because the coffee shop census only covers outlets in big cities. Excluding modern and traditional independent coffee shops in small areas.

In Medan City, we can easily find coffee shops in various places. Currently, at a number of points in Medan City, this coffee shop with a cafe concept is not difficult to find. For example, on Jalan Setia Budi, Dr Mansyur, Jalan Halat, Ring Road, and several other places. By looking at this condition, business people are trying to attract consumers by creating a comfortable atmosphere with consumer tastes and supported by the best quality, friendly service to meet consumer satisfaction and trust.

#### 3.2 Simple Regression Analysis Results

**Table 1.** Simple Regression Analysis Result

Variable	Sig.
Social Media	0.000

Dependent Variable: Local Coffee Shops

The results show that social media has significant effect on Local Coffee Shops at Medan City. Local coffee shops seen from their competitive advantage with a sig value of  $0.000 < 0.05$ . Social media users are growing rapidly all over the world, including in Indonesia. For individuals, the motivation for using social media is seeking information, sharing information, entertainment, relaxation, and social interaction (Whiting and Williams, 2013). For organizations or companies, social media is widely used as a medium or tool for marketing communications. Unlike traditional media which is only able to implement one-way communication, social media is able to implement two-way or more communication. Social media is very helpful as a liaison of information and communication from producers to consumers wherever they are and whatever the distance. Social media marketing is a system that allows marketers to engage, collaborate, interact and utilize the intelligence of the people who participate in it for marketing purposes to attract attention and encourage readers to share with their social networks. With good social media marketing, the company can maximize the marketing process for its products so that it will trigger the growth of competitive advantage in the company. The use of social media marketing will create good brand equity.

#### IV. Conclusion

The results show that social media has significant effect on Local Coffee Shops at Medan City.

Based on the results of this study, the advice that can be given is that it is expected that local coffee shops at Medan City area should pay attention to competitive advantage by focusing on maximizing the use of social media marketing because social media affects competitive advantage. In future research, it is recommended to add independent variables other than the variables that have been tested in this study, such as innovation and service quality.

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