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COFFEE MARKETING STRATEGY

(Case Study of Kiniko Coffee Business in Tabek Patah)

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Abstract

Coffee (coffee spp) is a species of tree-shaped plant that belongs to the Rubiaceae family and the coffee genus. Kiniko is a coffee producer in Tabek Patah, West Sumatra Province, and in the interest of many. The existence of Kiniko coffee is very strategic and is in a location of intense competition that markets local coffee products. The development of the coffee business which is so competitive, requires companies to always make new breakthroughs or new innovations to maintain the existence of their performance in achieving a certain growth rate. The purpose of this research is to analyze internal factors and external factors that influence coffee marketing in Kiniko Tabek Patah, conduct a SWOT analysis to see the marketing strategies implemented by the Kiniko Coffee industry in Tabek Patah. The study was conducted in Tanah Datar district, namely at Tabek Patah, the Bukittinggi-Batusangkar highway especially in Kiniko Coffee, which is engaged in coffee processing and directly marketing the coffee. The research was conducted in October 2017. The research method used in this study is a qualitative descriptive method.

Based on analysis SWOT results can be obtained that the company is in quadrant I which means The company has opportunities and strengths so that it can take advantage of existing opportunities. Because of that the strategy obtained for Kiniko Coffee is the SO Strategy, which is to maintain quality by utilizing Government programs, take advantage of a good reputation to attract more customers, maintain the shelf life of Coffee for Export needs, affordable Kiniko Coffee prices, improve the reputation and service of Kiniko coffee products as well as the speed of sending orders.

Keywords: Kiniko Coffee, Marketing Strategy, SWOT

INTRODUCTION

Background

The development of the world that leads to the globalization process today encourages economic conditions to become increasingly complex and competitive so that it demands a high level of business efficiency, so that the orientation of the national development of the agricultural sector must be changed from a production orientation towards a farmer income orientation. Agricultural development is basically a transformation of subsistence ecosystems into agribusiness ecosystems. In the transformation process, various negative impacts can occur on natural ecosystems that cause environmental degradation and a decrease in agricultural production capacity so that the sustainability aspect of agricultural development is a strategic issue that is increasingly being debated in the implementation of agricultural development (Saragih, 2009).

Soekartawi (Soekartawi, 2016) states, agro-industry can be interpreted in two ways, namely: 1) agro-industry is an industry that is made from the main raw material of agricultural products with an emphasis on food processing management in a processed product company where at least 20% of the total raw materials used are agriculture. 2) Agro-industry is a stage of development as a continuation of agricultural development but before the stage of industrial development. Agro-industry has a strategic role in efforts to fulfill basic needs, expand employment and business opportunities, empower domestic production, earn foreign exchange, develop other economic sectors, and improve the economy in rural areas.

Coffee (coffee spp) is a species of tree-shaped plant that belongs to the Rubiaceae family and the coffee genus. This plant grows upright, branched, and if allowed to grow can reach a height of 12 m. The leaves are oval with slightly tapered ends (Najiati & Danarti, 2006). There are several types of coffee in the world. In Indonesia, which are widely cultivated are

Robusta and Arabica coffee. Arabica coffee comes from Ethiopia and Albessinia. This group is the first known and cultivated by humans. Robusta coffee comes from Kango and entered Indonesia in 1900. Because it has superior properties, this coffee is growing very quickly (Najiati & Danarti, 2006).

Kiniko is a business that is engaged in the processing of traditional food and beverages, especially coffee manufacturers, which was established in 1981 and issued a license as a small business entity No.453/3122/VII/86288 under the name Kiniko, founded by the late Drs. Abdul Aziz Idris in Batusangkar, West Sumatra. Research needs to be done here because here there is coffee marketing that needs to be further developed in the future

Research purposes

Analyzing internal factors and external factors that affect coffee marketing in Kiniko Tabek Patah. Conducted SWOT analysis to see the marketing strategy implemented by the Kiniko Coffee industry in Tabek Patah.

METHOD RESEARCH

The research method used by the author in this study uses a qualitative descriptive approach with survey methods, and a case study research model. The research was conducted in Tabek Patah, Tanah Datar district, on the grounds that the Kopi Kiniko business in Tabek Patah directly processed coffee and marketed the coffee through its own outlets or cafés. The research was conducted in October 2017. The data used in this study were secondary data and primary data. According to Sugiyono (Sugiyono, 2012), primary sources are data sources that directly provide data to data collectors, while secondary data are data sources that do not directly provide data to data collectors, namely data that is carried out by the company itself, for example through other people or through documents.

Data Analysis Method

To find out the Internal and External factors that influence the marketing of Kiniko, the things that are observed are:

1. Internal factors which include: promotion, location, quality, quantity, product fluency, human and financial resources.
2. External factors which include: competitors, consumers, government, suppliers.

From the factors above in the analysis which are weaknesses, strengths, opportunities, and threats, an analysis will be carried out to produce a marketing strategy through a SWOT analysis to see the strategies implemented by the Kiniko coffee business.

External Strategy Factors (EFAS) Matrix

Methods for determining External Strategic Factors (EFAS):

1. List in column 1 (5 to 10 opportunities and threats).
2. Give weights of each factor in column 2, ranging from 1.0 (very important) to 0.0 (not important). These factors are likely to have an impact on strategic factors.
3. Calculate the rating (in column 3) for each factor by giving a scale ranging from 4 (very good) to 1 (below average) based on the influence of these factors on the condition of the company concerned. The rating value for the opportunity factor is positive (the greater the opportunity is given a +4 rating, but if the opportunity is small,

factor whose value varies from 4.0 (very good) to 1.0 (below average).).

5. Use column 5 to provide comments or notes on why these factors were chosen and how the weighted scores were calculated.
6. Calculating the weighting scores (in column 4), to obtain the total weighting score for the company concerned. This total value shows how a particular company reacts to its external strategic factors.

Internal Strategy Factors matrix

After factors of the company's internal strategy have been identified, an IFAS (Internal Factors Analysis Summary) table is prepared to formulate the factors of the internal strategy within the framework of the company's Strengths and Weaknesses. The stages are:

1. Determine the factors that are the company's strengths and weaknesses in column 1.
2. Determine the weight of each of these factors on a scale ranging from 1.0 (most important) to 0.0 (not important), based on the influence of these factors on the company's strategic position.
3. Calculate the rating (in column 3) for each factor by giving a scale ranging from 4 (outstanding) to 1 (below average), based on the influence of these factors on the condition of the company concerned.

Table 1. EFAS

1. Factor External Strategy	2. Weight	3. Rating	4. WeightX Ratin	5. Commenttar
Pefree:				
Threats:				
Total				

Source: Rangkuti, (Rangkuti, 2016)

- it is rated +1). Giving a threat rating value is the opposite. For example, if the threat value is very large, the rating is 1. Conversely, if the threat value is low, the rating is 4.
4. Multiply the weight in column 2 by the rating in column 3, to obtain the weighting factor in column 4. The result is a weighted score for each

4. Kalikan weights in column 2 with a rating in column 3, to obtain the weighting factor in column 4. The result is a weighted score for each factor whose values vary from 4.0 (very good) to 0.0 (below average) .

5. Use column 5 to provide comments or notes on why certain factors were chosen and how the weighted scores were calculated.
 6. Jadd up the weighting scores (in column 4), to obtain the total weighting score for the company concerned.
- without any mixture. The quality of coffee is important for marketing strategies and the post-harvest stage should receive more attention to enhance the quality control (Rendon-Mera at all, 2022). Even though affordable prices has the lowest score in strengths of the company (0.3), it can help farmers sell

Table 2. IFAS

1. Internal Strategy Factors	2. Weight	3. Rating	4. WeightX Ratin	5. Commenttar
Strength:				
Weaknesses:				
Total				

Source: Rangkuti, (Rangkuti, 2016)

RESULTS AND DISCUSSION

Analysis of Internal and External Factors of Kiniko Coffee Business

Internal Factors Analysis

1. Strengths

their produce at a reasonable price and increase their income. This can also help consumers access food at a lower cost, which is especially important for low-income households (Brohi, et al., 2020).

2. Weakness.

Table 3. IFAS

Internal Factors Analysis Strategy	Weight	Rating	Comment
STRENGHT			
1. Original and quality coffee	0.3	3	Original coffee To attract other customers (promotion).
2. Affordable prices	0.1	3	
3. Longer coffee shelf life.	0.2	4	Free coffee drinking service on site for tourists.
4. Good service and speed in sending coffee orders inside and outside the area.	0.2	3	
5. Availability of free coffee drinks for tourists and visitors from outside the area. Original and quality coffee.	0.2	4	
Total	1		
WEAKNESS			
1. Lack of direct-to-consumer marketing network.	0.1	-3	The distribution of brochures is not effective and the education of employees is low. More training is needed.
2. Facilities are still lacking.	0.4	-2	
3. Low employee education.	0.3	-3	
4. Employees who change frequently.	0.1	-3	
5. The organizational structure does not match the needs and the absence of specific areas for innovation.	0.1	-3	
Total	1		

Source: Research Results, 2017

The highest value for strengths in the Kiniko business is Original and quality coffee (Table 3) with score 0.9. Original and quality coffee is one of Kiniko's superior products, by selling only original and quality coffee

As we can see from table 3, low employee education got the highest value in the weaknesses of this business (-0.9). The education level of Kiniko's employees can be said to be low, for example, only part of the factory has graduated from elementary school, junior high school. With the exception of those in the administration section, who are undergraduates. Yahya et al. (Yahya, Othman, & Shamsuri, 2012), said that the low of education can make low productivity of small business. Then, following by the lack of facilities (-0.8), which affects Kiniko's marketing, for example there is no car sales, because of the lack of these facilities, Kiniko has not been able to deliver, promote directly to consumers face-to-face outside the area. Lack of facilities can limit the access to markets and customers, reducing the income and livelihood opportunities for farmers and traders (Lucia, Musaemura, & Cathr, 2018).

External Factors Analysis

1. Opportunities

From table 4, it can be seen that the highest value for opportunities in Kiniko Business is Government have program for Tabek Patah as a tourist area and an industrial center in Tanah Datar Regency (0.8), then Kiniko has the opportunity to market and expand their business. According Tirta & Sarly (Tirta & Sarli, 2021), industrial centers can provide small businesses with access to new markets, suppliers, and customers. However, they can also lead to increased competition and higher costs of doing business. Eventhough the location of Kiniko is strategic for marketing and production, which is located on the Bukittinggi-Batusangkar road, and many tourist attractions in Tabek Patah which are located close to Kiniko. With the location of the Kiniko close to the tourist attraction, it will automatically increase the

Table 4. EFAS

External Factors Analysis Strategy	Weight	Rating	Score	Comment
OPPORTUNITY				
1. Government Program for Tabek Patah as a tourist area in Tanah Datar.	0.2	4	0.8	The possibility of Tabek Patah coffee production business will be very good in its growth.
2. The strategic location of Kiniko.	0.3	4	0.12	
3. Marketing of Kiniko Coffee which has penetrated to Singapore and Europe.	0.2	3	0.6	
4. The number of people who grow coffee.	0.2	3	0.6	
5. The tendency of people who like to drink coffee	0.1	3	0.3	
Total	1		3.5	
THREAT				
1. Coffee competitor establishment.	0.3	-2	-0.6	Ease in coffee production business brings in new producers and makes raw material prices unstable.
2. Price competition.	0.2	-3	-0.6	
3. The emergence of the issue of mixed coffee.	0.2	-3	-0.6	
4. The rising prices of raw materials are sometimes erratic.	0.3	-2	-0.6	
Total	1		-2.4	

Source: Research Results, 2017

opportunities and income of the Kiniko, and can help the marketing of Kiniko coffee, including providing opportunities to market their products. But, in Business Kiniko case, this sector is the lowest value in Opportunities (0.12).

2. Threat.

There are four threats for Kiniko Business; Coffee competitor establishment, Price competition, The emergence of the issue of mixed coffee, the rising prices of raw materials are sometimes erratic. Interestingly, all aspects have the same value with score -0.6 (Table 4).

Kiniko strength score = 3.4

Kiniko weakness score = -2.6

Based on the coordinates of strengths and opportunities, it is found that Kiniko coffee business position is in the Growth position which can be seen in Figure 1. It means that this business has strong internal and external factors and is able to maintain its position in global competition. The growth strategy is designed to achieve growth, both in sales, assets, profit, or a combination of the three (Kotler & Kevin, 2013).

SWOT Analysis

Marketing Strategies that can be applied to the Kiniko Coffee business

1. SO Strategy

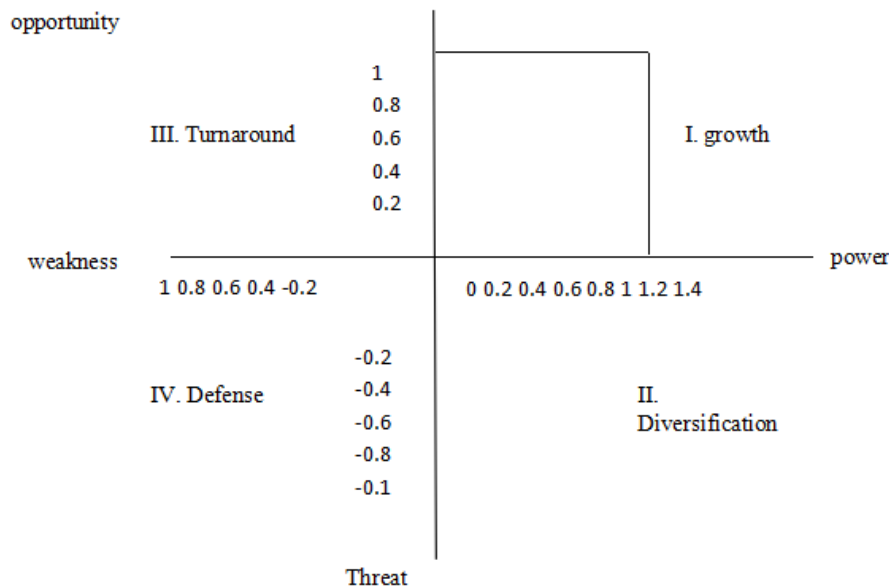


Figure 1. The position of the Kiniko Coffee business

Source: Research Results, 2017

Final score = 3.4+(-2.6) = 0.8

Kiniko probability score = 3.5

Kiniko threat score = -2.4

Final score = 3.5+(-2.4)

= +1.1

Coordinate point = (0,8:1,1) on strengths and opportunities.

By offering its clients high-quality coffee goods and services, Kiniko Coffee, a regional coffee company, may prosper. By utilising government initiatives that aid in the growth of coffee growers and exporters, the business has been able to maintain its position as the market's top-selling coffee brand. Because of its

favourable reputation in the market, Kiniko Coffee has been able to draw in more customers who value its genuine flavour and scent. By employing suitable packaging and storage techniques, Kiniko Coffee has also been able to extend the shelf life of its coffee goods while preserving the freshness and flavour of

	STRENGTH (S) Internal Strength	WEAKNESS (W) Internal Weaknesses
EFAS	<ol style="list-style-type: none"> 1. Original and quality coffee 2. Affordable prices 3. Longer coffee shelf life Kopi 4. A pretty good reputation in service, as well as the speed of sending coffee orders. 5. Availability of free coffee drinks for tourists and visitors from outside the area. 	<ol style="list-style-type: none"> 1. Lack of direct-to-consumer marketing network. 2. Facilities are still lacking. 3. Low employee education. 4. Employees who change frequently. 5. The organizational structure does not match the needs and the absence of specific areas for innovation.
IFAS		
OPPORTUNITIES (O) Internal Opportunity	SO Strategy	WO Strategy
<ol style="list-style-type: none"> 1. Government Program for Tabek Patah as a tourist area in Tanah Datar. 2. The strategic location of Kiniko. 3. Marketing of Kiniko Coffee which has penetrated to Singapore and Europe. 4. The number of people who grow coffee. 5. The tendency of people who like to drink coffee 	<ol style="list-style-type: none"> 1. Maintaining Quality by utilizing Government programs. 2. Leveraging a good reputation to attract more customers. 3. Maintaining the shelf life of Coffee for Export needs. 4. With the affordable price of Kiniko Coffee, it will be easier to increase people who like to drink coffee. 5. A pretty good reputation in the service at Kiniko, as well as the speed of sending coffee orders from outside will be greatly supported by the large number of people who come to the Tabek Patah tourist spot. 	<ol style="list-style-type: none"> 1. Increase marketing network through Government programs. 2. Improve work facilities. 3. Make an employment contract. 4. Conducting training for employees 5. Increasing facilities to attract people who like to drink coffee
TREATH (T) External Threat	ST strategy	WT Strategy
<ol style="list-style-type: none"> 1. Establishment of coffee competitors. 2. Price competition. 3. The emergence of the issue of mixed coffee. 4. Minimal employee education. 5. The rising prices of raw materials are sometimes erratic. 	<ol style="list-style-type: none"> 1. By maintaining the quality of coffee it will be very easy to face competitors. 2. With the affordable price of Coffee at Kiniko, it will be very easy to compete in price. 3. With the long shelf life of coffee, there will be an issue of mixing with Kiniko Coffee. 4. The availability of drinking free coffee will increasingly attract tourists who come so that sales increase, profits increase so that they can face uncertain raw material prices. 	<ol style="list-style-type: none"> 1. Conduct training for employees so they can face competitors. 2. Adding a direct marketing network to consumers so as to reduce the issue of mixed coffee. 3. Creating an organizational structure that suits the needs and special fields for innovation, thus facilitating price competition. 4. Create a special field for innovation so that it can overcome uncertain raw material prices.

Source: Research Results, 2017

the coffee for export purposes (Rahmi, Afriwan, & Pebriyeni, 2018). Due to Kiniko Coffee's competitive pricing for its coffee products, more individuals can now afford to buy.

2. WO Strategy

In order to grow its marketing network, Kiniko Coffee can take use of government initiatives that aid in the development of coffee growers and exporters (Tirta & Sarli, 2021). This can expand Kiniko Coffee's client base and raise awareness of its brand. To give its staff a more pleasant and productive workplace, Kiniko Coffee can also upgrade its workplace amenities. This may boost productivity and employee happiness, which in turn may result in higher-quality goods and services. A written employment agreement that specifies the obligations of both the employer and the employee is available from Kiniko Coffee. By doing this, the parties can avoid misunderstandings and create clear expectations. For its staff to advance their abilities and expertise in coffee production, customer service, and other pertinent areas, Kiniko Coffee may offer training programmes.

3. ST strategy

By maintaining the quality of its coffee products, Kiniko Coffee can compete. This may help Kiniko Coffee keep its devoted clients and luring new ones who value its coffee's true flavour and scent. Additionally, by keeping its coffee products' costs low, Kiniko Coffee can compete on price. Kiniko Coffee can reach a broader demographic and grow its market share by doing this (Brohi, et al., 2020). By adopting proper packaging and storing techniques, Kiniko Coffee can extend the shelf life of its coffee goods while preserving the coffee's freshness and flavour for export requirements. This may enable Kiniko Coffee to grow its customer base in more areas and nations. Furthermore, by giving away free coffee to tourists that visit the Tabek, Kiniko Coffee can draw in more customers (Rachmawati & Sherlita, 2021).

4. WT Strategy

To advance their abilities and expertise in areas like as coffee production, customer service, and other relevant subjects, Kiniko Coffee's staff can participate in training programmes. By boosting staff confidence and competency, Kiniko Coffee may be better able to compete. To lessen the problem of blended coffee, Kiniko Coffee can also establish a direct marketing network to consumers. This can expand Kiniko Coffee's client base and raise awareness of its brand. Kiniko Coffee can design an organisational framework that accommodates the demands and unique areas for innovation, promoting price competition. This can assist Kiniko Coffee in creating new goods and services to satisfy its clients' evolving wants. Last but not least, Kiniko Coffee can develop a unique space for innovation to deal with volatile raw material prices.

CONCLUSION

1. Based on the analysis of the Internal and External factors of the Kiniko Tabek Patah Coffee Business, they are:
 - a. The strengths of Kiniko are genuine and quality coffee, affordable prices, longer shelf life of coffee, a fairly good reputation in service, as well as the speed of sending coffee orders, the availability of free coffee drinks for tourists and visitors from outside the area.
 - b. The weaknesses of Kiniko are the lack of direct marketing network to consumers, facilities are still lacking, employee education is low, employees change frequently, the organizational structure is not in accordance with the needs and there is no special field for innovation.
 - c. The opportunities that Kiniko has are the Government Program for Tabek Patah as a tourist area in Tanah Datar, the strategic location of Kiniko, the marketing of Kiniko Coffee which has reached Singapore and Europe, the number of people who grow coffee, the tendency of people who like to drink coffee.
 - d. The threats that Kiniko has to face are the establishment of coffee-competitors, price

competition, the emergence of the issue of mixed coffee, the rising prices of raw materials which are sometimes erratic.

2. Based on the company's SWOT analysis, it can be seen that Kiniko Tabek Patah's main strategy is a growth strategy where Kiniko Tabek Patah can develop coffee by developing workforce capabilities, taking advantage of better promotions, maintaining coffee quality, maintaining a good reputation to attract more customers, maintain the shelf life of Coffee for Export needs, maintain affordable Kiniko Coffee prices, it will be easier to increase people who like to drink coffee, maintain a fairly good reputation in service at Kiniko, as well as the speed of sending coffee orders from outside will be greatly supported by the large number people who come to Tabek Patah tourist attractions.

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