

# The success of the home industry-based coffee business (kaduwa)

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## Keywords:

Coffee business; home industry; MSMEs; market opportunities; interpersonal services.

## ABSTRAK

Penelitian ini bertujuan untuk menganalisis keberhasilan usaha kopi berbasis industri rumahan KADUWA sebagai bagian dari UMKM di Kota Malang. Metode yang digunakan adalah kualitatif dengan pendekatan fenomenologi melalui observasi, wawancara, dan dokumentasi. Hasil penelitian menunjukkan bahwa keberhasilan KADUWA tidak hanya ditentukan oleh kualitas produk, tetapi juga oleh kekuatan branding sederhana yang menonjolkan identitas lokal, suasana kekeluargaan, serta layanan interpersonal yang ramah. Konsep “Koentjik Kewarasan” mampu menciptakan pengalaman emosional bagi pelanggan sehingga meningkatkan loyalitas. Selain itu, manajemen sumber daya manusia, inovasi produk, dan strategi pemasaran berbasis digital turut berperan

penting dalam menjaga keberlanjutan usaha. Analisis juga menekankan pentingnya manajemen risiko dan adaptasi terhadap perubahan pasar. Rekomendasi yang diberikan meliputi peningkatan fasilitas, diversifikasi produk, optimalisasi branding digital, serta pengembangan kapasitas SDM. Penelitian ini memberikan kontribusi terhadap pengembangan literatur UMKM berbasis kopi serta menjadi referensi bagi pelaku usaha dalam merancang strategi bisnis yang berkelanjutan dan kompetitif di tengah pertumbuhan industri kopi.

## ABSTRACT

This study aims to analyze the success of the home industry-based coffee business KADUWA as part of MSMEs in Malang City. The research employs a qualitative method with a phenomenological approach through observation, interviews, and documentation. The findings reveal that KADUWA's success is not solely determined by product quality but also by its simple yet strong branding that emphasizes local identity, a family-like atmosphere, and friendly interpersonal services. The “Koentjik Kewarasan” concept creates an emotional experience for customers, enhancing loyalty. In addition, human resource management, product innovation, and digital-based marketing strategies play crucial roles in sustaining the business. The study also highlights the importance of risk management and adaptability to market changes. Recommended strategies include improving facilities, diversifying products, optimizing digital branding, and enhancing human resource capacity. This research contributes to the development of literature on coffee-based MSMEs and provides practical insights for entrepreneurs in designing sustainable and competitive business strategies amid the rapid growth of the coffee industry.

## Introduction

Indonesia, as a fertile agricultural country, has long been known for its abundant agricultural produce. In terms of coffee production, Indonesia ranks fourth in



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the world after Vietnam. Coffee varieties grown in Indonesia include Arabica, Robusta, and Liberica. The development of coffee plantations in Indonesia, a highly sought-after commodity during the Dutch East Indies era, has received significant attention from researchers (Afgani & Husain, 2018). One important indicator for measuring a country's prosperity is economic growth. However, in recent years, economic growth has become a complex challenge for Indonesia. Economic instability, limited industrial prospects, and global market fluctuations often hinder sustainable economic growth. A low level of infrastructure inequality is a crucial component (Sarif, 2023). Two superior coffee varieties from Malang Regency, East Java Province, are Robusta and Arabica coffee. Malang Regency plays a crucial role in the development of the national coffee industry, especially in East Java, which is known as one of the provinces producing high-quality coffee. This region not only has fertile volcanic soil but also a mountainous climate that enhances the taste of coffee. One popular coffee product is Dampit Coffee, a Robusta coffee typical of Dampit District. This coffee is known for its strong aroma, distinctive bitter taste, and thick character, making it highly sought after by MSMEs, local coffee industry players, and the general public in the Malang area. Besides Malang Regency, other areas in East Java Province, such as Pasuruan Regency, are also known as producers of quality coffee. Pasuruan has several coffee plantations that produce Robusta, Arabica, and Lanang coffee, a coffee known for its single-bean (*peaberry*) shape with a stronger flavor than typical coffee beans. In this region, the majority of the population depends on coffee farming for its livelihood, making coffee cultivation an important part of the local economy. The combination of geographical conditions, optimal altitude, and agrarian traditions make East Java Province one of the leading coffee producing centers that contributes greatly to the national coffee supply and the needs of the coffee-based MSME industry in various regions (Azis & Arifa, 2024).

Micro, Small, and Medium Enterprises (MSMEs) operating through home industries can play a strategic role, particularly in creating jobs and business opportunities, as well as increasing community income (Susilawati et al., 2024). Therefore, support for MSMEs is needed to increase productivity and develop the potential of coffee farmers (Zahirah, 2024). One of them is the KADUWA coffee shop located in Malang City, this coffee shop or commonly called (Keudee Kupi) taken from the Acehnese language, is a micro-business engaged in the food and beverage (F&B) industry, specifically coffee that offers various types of coffee. This business carries the concept of "Koentjik Kewarasan", which emphasizes a relaxed atmosphere, a sense of family, and affordable prices. The target market of this business is all people, especially workers and students, who want a quiet and comfortable place to enjoy coffee and simple drinks. The coffee shop (KADUWA) which was established in March 2019 has an efficient internal system with employees who work diligently as bookkeepers. In running its business operations, the location of this coffee shop is strategic, easily accessible, and has no long-distance competitors, so it has a unique position in the local market. The coffee shop business (KADUWA) was built on the basis of the desire to create a comfortable, relaxed, and affordable alternative space for people from various circles, especially students and workers. Amidst the busyness and high pressures of life, people need a place to unwind, gather, and chat in a friendly atmosphere. Seeing the growing trend of coffee drinking among the younger generation, the establishment of

(KADUWA) is a response to the need for an interactive space that is not just a place to drink coffee, but also a medium for creating peace and mental sanity, in line with its "Koentjik Kewarasan" concept.

Therefore, the research on the coffee shop (KADUWA) was conducted because this MSME represents a home industry-based coffee business that began in a garage converted into a coffee shop. Amid the growing trend of coffee consumption in Malang, there are many coffee shops or stalls, but the researcher was interested in one coffee shop (KADUWA) because of its unique concept and success.

This research uses a qualitative method with a phenomenological approach. In his book, "Crafting Phenomological Research" Mark D. Vagle explains that the qualitative approach arises from the philosophical roots of phenomenology, forming a post-positivist paradigm. This approach views social reality as a multiple (plural) phenomenon. This means that apparent reality has various meanings, which cause it to occur. Therefore, in qualitative research, the answer to the social reality that occurs/emerges is not only sought for the cause, but also the meaning behind the apparent social reality (Vagle, 2018). Data collection in this study is, observation to understand in depth the activities in the research being studied, and so on, secondly interviews with the coffee shop owner (KADUWA) to find answers to the research topic, and finally documentation as one of the proofs that the data is real.

## **Discussion**

### **The Success of the Home Industry Based Coffee Shop Business (KADUWA)**

The success of the (KADUWA) coffee shop is driven not only by operational efficiency but also by a strong yet simple branding strategy. As a home-based business, the (KADUWA) coffee shop emphasizes local identity, friendly service, and a simple space as part of its brand image. This authentic branding makes customers feel that the shop is not just a place to drink coffee, but a space that provides a closeness and warmth that is difficult to find in modern coffee shops. By leveraging friendly interactions, consistent coffee flavors, and natural visual branding, the coffee shop has succeeded in building a positive impression that strengthens its business success. In the context of the KADUWA coffee shop, implementing an effective human resource (HR) management strategy is crucial for maintaining service quality and supporting business sustainability. Although operating on a home-based scale, the (KADUWA) coffee shop still requires structured HR management through recruitment, training, and performance evaluation processes. During the recruitment and selection process, (KADUWA) is crucial to ensure that employees not only possess basic skills in service and beverage preparation, but also align with the cafe's core values of a family atmosphere, friendliness, and comfort, which are among the concepts of "Koentjik Kesanasan." Furthermore, MSMEs also require versatile employees. In line with (Merline, 2022), discussion, it is recommended that MSMEs continuously improve their production processes, product quality, and services to survive and compete with larger companies. Innovation is key.

According to (Adrianto, 2019), business success is "the realization of a certain harmony between plans, processes, and results." There are four ways to measure business success: first, the ability to adapt to new circumstances; second, productivity; third, job satisfaction; fourth, the capacity to acquire resources; and finally, the ability to find and acquire those resources. This is in line with the research findings of (Arifudin, 2016), which revealed that the increasing number of coffee industries has driven an increase in processed coffee production, as evidenced by the proliferation of cafes and coffee shops in various cities. In recent years, coffee shops have grown rapidly, around 10% per year in large cities like Jakarta. Rough estimates put the number of coffee shops in Jakarta and its surroundings at 1,500. However, this growth is concentrated in the capital city of Jakarta; in other large cities such as Bali, Medan, Surabaya, and Bandung, growth is much lower, only around 7 percent.

### **Development, Marketing, and Risk Strategies in Coffee Shop Business (KADUWA)**

To strengthen business development, branding is a crucial pillar that needs attention. The coffee shop (KADUWA) can strengthen brand awareness through logo creation, consistent menu design, and the use of visual content on social media. Story-based branding, such as sharing the shop's origins or local coffee processing processes, can increase customer engagement. Furthermore, developing a brand community through small events, informal discussions, or customer meetings, for example, will strengthen emotional bonds and expand consumer networks. By combining menu innovation and digital branding strategies, (KADUWA) can increase its visibility and competitiveness in local and regional markets. According to (Ibrahim & Abu, 2020), innovation is the tendency to support new, original, and creative ideas in the creation of new products or changes to existing products. In line with this, (Ludiya et al., 2020) emphasized that entrepreneurial knowledge is information in the form of an understanding of how to become an entrepreneur, generate new ideas, and dare to take opportunities and risks rationally and logically in starting a business to achieve success. In implementing an effective HR strategy, the coffee shop (KADUWA) also needs to maintain open communication between the owner and employees, provide appropriate rewards, and build a positive and inclusive work culture.

Understanding risk management in marketing has a significant impact on MSMEs in determining appropriate marketing strategies for service quality, product diversification, and increasing sales turnover (Hadayanti, 2022). Marketing management is a functional management activity that essentially seeks to identify what consumers actually need and how to meet them. Analyzing consumer needs to achieve a marketing strategy can also involve risk management analysis for MSMEs. Of course, MSME management has its own strengths and weaknesses, which can trigger risk issues (Chotimah, Haryadi, 2019). Risk can be defined as an uncertain situation, where an undesirable event can result in a loss. In any business, risk is inherent (Vimandita & Bahrin, 2021). Because risk management has a significant impact on business activities. If business management is carried out well, business activities will run smoothly and be free from the risks faced. (Siswanti et al., 2020) emphasized that the purpose of risk management is to identify risks in a project and implement management strategies to reduce or even avoid them, while maximizing existing opportunities.

### ***Recommendations for Strategies for Coffee Shop MSMEs (KADUWA)***

Recommended strategies for MSMEs that can be used to ensure operational sustainability and increase sales. Strategies that MSMEs can implement include:

Adding seating for visitors to maximize the business's location area and prevent potential new customers from moving elsewhere. Adding seating is a strategic step to maximize service capacity and minimize customer loss due to limited space. In MSMEs, such as coffee shops (KADUWA), home-based coffee shops tend to have limited space, which can lead to overcrowding at certain times.

Improving product quality, both in terms of taste and variety, such as coffee beans. In coffee-based businesses, improvements can be made by selecting quality coffee beans, ensuring consistent flavor, and offering menu variations that suit consumer preferences. Adding beverage options such as lattes, hand-brewed drinks, or non-coffee beverages can attract a wider customer segment.

Supporting human resources, including business managers, to utilize technology and the internet in operations. Leveraging technology and the internet is a strategic component for MSMEs in the digital era. Employees and managers need to be equipped with basic skills in using social media, ordering platforms, and operational support applications such as point of sale (POS) and inventory management (Yuliana et al., 2023).

### **Conclusion and Suggestions**

Based on the analysis of the KADUWA (Keudee Kupi) MSME, it can be concluded that the success of this home-based coffee business is influenced by a combination of service quality, brand identity, and a unique shop atmosphere that builds emotional bonds with customers. The "Koentjik Kewarasan" concept, the shop's core identity, has proven effective in creating a strong differentiation from other modern coffee shops. The family-like atmosphere, friendly owner, and consistent interpersonal interactions are key factors that attract repeat customers.

Overall, this study confirms that KADUWA's success is determined not only by product aspects, but also by the customer experience built through an authentic atmosphere, service, and brand. These findings provide an important contribution to the literature on home-based coffee MSMEs and can serve as a reference for entrepreneurs in designing sustainable business strategies.

Based on the discussion results, several recommendations that can be implemented to improve KADUWA's business sustainability are as follows:

#### **Strengthening Business Facilities**

KADUWA needs to consider increasing seating capacity or rearranging the space to accommodate more customers, especially during peak hours. Supporting facilities such as Wi-Fi should also be provided to improve customer comfort, particularly for students and workers who need productive space.

#### **Improving Product Quality and Variety**

MSMEs are advised to regularly innovate their menus, using a wider variety of coffee beans, and maintaining consistent flavors. Innovations in non-coffee beverages or side dishes can increase appeal and expand customer segments.

#### Optimizing Branding and Digital Presence

The "Koentjik Kewarasan" branding needs to be strengthened through visual identity, such as an official logo, packaging design, and consistent social media content. Utilizing digital platforms, such as Instagram or TikTok, can significantly increase visibility and marketing reach.

#### Developing Human Resource Capacity

Employee training on basic brewing techniques, customer service, and product understanding needs to be improved. Owners are also advised to conduct regular performance evaluations to improve service quality and work effectiveness.

#### Long-Term Development Planning

KADUWA could consider expanding its business, such as opening a small booth near campus or collaborating with local events. This strategy could increase sales and broaden brand exposure.

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