



Designing Franchise System of Coffee Shop in Indonesia

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Abstract

This research is motivated by development of new demands and lifestyle as an alternative opportunity for entrepreneurs in the field of coffee shop as franchise business. The purpose of this study is to analyze the business strategy of a coffee shop franchise as well as designing a franchise model of a coffee shop in Indonesia. The research method we use is quantitative descriptive method and case study approach. Data Collection method using interview to three coffee shop franchise owner, Data Analysis used are SWOT analysis, while model design using feasibility study. The result of this study is broad description of strength, weakness, opportunity and threats of coffee shop in Indonesia as well as a franchise model of coffee shop that can be implemented in Indonesia

Keywords: Business Strategy; Coffee shop; Franchise; Franchise Model; SWOT

1. Introduction

Franchises are business activities in which the parent company (franchisor) to grant privileges to perform a certain business system, in a certain way, a certain time, and in particular to individuals or companies (franchisees) [1]. In other words, a company selling retail goods to the public. Internationally, the franchise business is growing rapidly and loved so many companies are interested in doing the business. Pioneers of the famous franchise business in the United States include The Coca-Cola Corporation in the field of drinks, McDonald's Corporation in the field of food, General Motors Corporation in the automotive field, the Hilton Hotel in the hospitality field, Computer Centre Inc. in the field of computers, Jony King in the field of sanitation services.

Franchising also has become the key in business expansion and strategic alliances [2]. With a franchise, there was a win-win situation between the franchisor to the franchisee. The franchisor can develop existing businesses with smaller expenses and the franchisee can open a business that has been reliable, so no need to start from scratch. Cooperation between the two sides is aimed at the growth of the business strategy, acquire technology and / or the best quality, minimize costs, reduced financial risk, and achieve competitive advantage.

Based on the Franchise Business Index 2015, ongoing franchise growth last month and in November 2014, the index increased by 3.1% compared with November 2013. The index has risen over the last two years with consistent power is accompanied by a decrease in the unemployment rate [3]. In the last three months, this trend comes with significant progress on the entrepreneurship index.

Not only in the international sphere, is the franchise business now also popular in the national environment. In Indonesia, now began to appear the businessmen who started the franchise business either as a seller or as a buyer franchise [4]. Franchises in Indonesia pioneered by some of these efforts, among others, Pertamina, which pioneered the retail sale of gasoline through licensing gas

station, Jamu Nyonya Meneer who pioneered in the field of traditional medicine, Es Teler 77 were pioneered in the field of drinks, Primagama who pioneered franchising in the field of education services.

In Indonesia, many foreign franchise businesses that are interested in doing business sales franchise system where they give a license to a local businessman to manage the foreign franchises. Besides generating considerable profit, the business must also have a risk of loss if the company incorrectly determines strategic planning. In addition, the franchise also result raises serious rival for local businesses engaged in similar business [5].

Every management and business development would require a strategic plan, which is a structure or pattern that supports the company to achieve the target objectives of the company [6]. To select and set a proper strategy, companies can engage with a SWOT analysis as well as internal and external analysis of the company.

A good franchise company of course should have a good franchise system is also where the franchisor and franchisee have a Standard Operating Procedure (SOP) of the same. In addition, each party needs to have a clear obligation in terms of marketing systems, distribution systems, human resources systems, as well as service and customer management [7]. The problem is, the current PT. Tanamera Kopi Indonesia does not have the franchise strategy. Therefore, purposes of this research are:

1. Analyze internal and external environmental conditions PT. Tanamera Kopi Indonesia.
2. Provide recommendations alternative strategies to do PT. Tanamera Kopi Indonesia.
3. Provide recommendations franchise system design viable and suitable for PT. Tanamera Kopi Indonesia.

2. Research Method

In this research, the writer uses descriptive method with quantitative approach. According Sugiyono [8] quantitative methods are methods used to examine the population or a particular sample. This method is called quantitative research because the data in the form of figures and statistical analysis using the data obtained from the study will be analysed by some of the tools include the use of External Factor Evaluation Matrix (EFE) and Matrix Internal Factor Evaluation (IFE). Both the matrix serves as tool to obtain the information required as an input in the formulation of strategies. Additionally, Matrix Strength-Weaknesses-Opportunities-Threats (SWOT) to obtain strategic alternatives for the company. Matrix Strategic Position and Action Evaluation (SPACE) to determine whether the strategy is aggressive, conservative, defensive, or competitive are best suited to the company. Matrix Internal-External (IE) to see the position of the company. As well as the Quantitative Strategy Planning Matrix (QSPM) that functions in the selection of appropriate strategic alternatives for Coffee shop in Indonesia. Expert Choice software was used to weight the EFE Matrix and IFE Matrix based on AHP (Analytical Hierarchy Process). Method used for Design the franchise system are using feasibility study between franchisor and franchisee based on QSPM result.

3. Discussion

After completing the data processing the discussions can be explained as follow:

Table 1: Calculation Results Alternative Strategies PT. Tanamera Coffee Indonesia

Alternative Strategy	Matching Method	Frequency
Product Development	Matriks SWOT, SPACE, IE, Grand Strategy	4
Market Penetration	Matriks SWOT, SPACE, IE, Grand Strategy	4
Market Development	Matriks SWOT, SPACE, Grand Strategy	3
Horizontal Integration	Matriks SWOT, SPACE, Grand Strategy	3
Divestasi	Matriks Grand Strategy	1
Likuidasi	Matriks Grand Strategy	1
Backward Integration	Matriks SPACE	1
Forward Intergration	Matriks SPACE	1
Diversifikasi	Matriks Grand Strategy	1

Having obtained the alternatives strategies that produced through the stage of entry and matching, then there are two alternatives for an effective strategy implemented by the company. Both alternative strategies such as: strategy of product development and market penetration strategy. Each strategy is divided into each two specific strategies that

- Franchise Opens Store in West Jakarta
- Collaboration with automotive brands.
- Adding variants Blended Coffee and coffee fruit
- Make clear SOPs for each department.

The final stage is the stage of the decision in the form of Quantitative Strategy Planning Matrix (QSPM) note that strategies Market Penetration ie collaboration with the brand Automotive has a total value of 5.300 appeal. This value is higher than the value of the attractiveness of alternative strategies, namely make clear SOPs for each department by 5.062, Franchise Store Opens in West Jakarta for 4.884, and variants Adding blended coffee and the coffee fruit by 4.714. This shows that the strategy of market penetration in the form of collaboration with the automotive brand

more attractive to be applied compared with the Product Development strategy. In applying the franchise system should Coffee Shop in Indonesia adjustment measures for the system that has been designed to run optimally. Scenario Coffee shop Franchise system implementations are:

- Doing the marketing of the collaboration with automotive brand is beneficial to increase brand awareness.
- Creating a Franchise System design consisting of four flow, the marketing flow, distribution flow, the Human Resources flow and the Services and Customer Management flow.

The Marketing Flow Divide into Franchisor and franchisee part with Promotion and interest as its criteria. In Promotion, Franchisor Conduct the coffee shop brand promotion to the public (businessmen and consumers) while as a franchisee only promoting its products to direct consumers. In Interest, Franchisor attracts business interests as well as bid for cooperation to businessman, while as Franchisee Attract potential consumer interest. The Distribution Flow Divide into raw material, supplier and consumer as its criteria. In raw material, Franchisor delivers the main raw material to Franchisee while as a franchisee only placing order of main raw material to Franchisor. In Supplier, Franchisor directly deal and purchase the main material to supplier including packaging, while as Franchisee purchase supporting material from supplier. In Consumer, Franchisor has no part in distributing to consumer, while as Franchisee provide coffee orders to consumers [8]. The Human Resource Management Flow Divide into Training and Socialization as its criteria. In Training, Franchisor provide training and mentoring to Barista while as a franchisee encourage the training to their barista. In Socialization, Franchisor Provide socialization in terms of use of social media and mechanism of endorsement to Barista, while as Franchisee apply socialization result of social media usage by Barista. The services and customer management flow divide into information, consumer and service as its criteria. In Information, Franchisor are obliged to provide holistic information about Franchise to Franchisee and public while as a franchisee assure and endorse the information and policies of the franchisor [9]. In Consumer, Franchisor is required to provide detail information and consultation to the mass consumer or public, while as is obliged to perform services between products to consumers and provide delivery service, In service, Franchisors are required to provide assistance and consultation to the Franchisee and also provide hotline service (by phone), while as Franchisee needs to know and do storage of consumer database obtained from Franchisor database or directly from consumer.

4. Conclusion

The conclusions of this study are:

1. It is known conditions of internal and external factors Several Coffee Shop in Indonesia is:
 - a. Strength (strength) derived from internal factors:

The quality of the drinks was good because Roaster coffee has a high expertise as well as the use of 100% of Indonesian coffee beans, roasted beans awarded at the International Competition, as well as high-quality human resources and a relatively cheap price.
 - b. Weakness (Weakness) derived from internal factors:

Inconsistent in terms of focus on retail sales, open branches or franchises, in addition to the Standard Operational yet equally between the centre of the franchise, Capital and flavoured beverage products is limited, and is difficult to maintain consistency of taste.
 - c. Opportunity (opportunity) derived from external factors:

Specialty Coffee burgeoning industry, collaboration with famous brands such as Ducati, opportunities to export products

such as coffee beans, and Interact directly with farmers to boost product quality control.

- d. The threat (threat) derived from external factors: Consumer Behaviour, Franchise Partner, The uncertainty of the weather and the season, which threatens the hopper Coffee shop image store, coffee shop similar to a unique concept.

2. To obtain a proper strategy for Coffee Shop in Indonesia done input stage, matching stage, and the stage of the decision.

- a. The input stage consists of a matrix of IFE, EFE Matrix and Matrix CPM.
- b. Matching phase consists of SWOT Matrix, IE Matrix, SPACE Matrix and Grand Matrix Strategy.
- c. The decision stage consists of a matrix QSPM

The results of the processing of the matrix are an alternative strategy for Coffee Shop in Indonesia, Market Penetration Strategies and Market Development.

3. Based on the results of the decision stage Matrix QSPM second most emerging strategy is a strategy of market penetration and development of products developed into four alternative strategies, namely:

- a. Franchise Opens Store in West Jakarta
- b. Collaboration with automotive brands.
- c. Adding variants Blended Coffee and coffee fruit
- d. Make clear SOPs for each department.

The strategy to be applied by Several Coffee shop in Indonesia are a collaboration with the automotive brands that have the highest value that is equal to 5.300.

4. The system design is feasible and appropriate franchise to franchise strategy to optimize coffee Shop in Indonesia form:

- a. The design of Marketing grooves that focus on collaboration with the automotive brand to increase brand awareness
- b. Draft Flow Distribution is focused on quality control of the main raw material obtained by the same franchisee to the franchisor.
- c. Draft Flow Human Resource Management that focuses on the provision of training and socialization same in human resources working in the franchisor and franchisee.
- d. Draft Flow Services and Customer Management is focused on providing information on Franchise to businesses, so businesses will be interested in working with Coffee Shop in Indonesia.

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