

Competitive Advantage Analysis Based on Location Specificity: Research on Coffee Cafes in Indonesia

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Abstract

Coffee cafes have experienced rapid growth nowadays in line with the ease of obtaining coffee raw materials in Indonesia. Coffee cafe locations can be found in metropolitan cities rural areas, on mountain slopes or on the coast. The rapid growth of coffee cafes has caused competition in the coffee cafe industry to be very tight, which can hamper profitability if they do not have a competitive advantage. This research aims to analyze or explain competitive advantage based on the specific location of coffee cafes. The research method uses qualitative research methods. The type of qualitative research used is phenomenology. Research informants are coffee cafe owners or managers who are categorized into 3 clusters. Primary data mining techniques use a combination of observation and in-depth interviews and are complemented by secondary data obtained from social media. Research findings show that coffee cafes do not yet have a competitive advantage based on specificity or uniqueness of location because the strategy used is a generic strategy that is easy to imitate. The study recommends that creativity and knowledge-based innovation are needed to explore and exploit coffee cafe locations to produce competitive advantages based on the specifics or specifications of the location. The limitation of this research lies in the relatively narrow area coverage. Future research requires broader regional coverage to obtain comprehensive knowledge about competitive advantages based on the specifics or location specifications of coffee cafes.

Keywords: *Competitive Advantage, Location, Coffee Cafe.*

INTRODUCTION

Coffee cafes are a business that is developing very rapidly both in developed countries and in developing/developing countries today. As an illustration in the world arena, the development of coffee-drinking culture in China can be divided into 3 waves. The first wave, the culture of drinking instant coffee (produced by Nestle, Maxwell House, UBC Coffee) developed around 1970. The second wave developed the culture of drinking coffee from fresh coffee grounds since 1998 as well as the increase in national and international coffee cafe networks such as franchises such as Starbucks, Costa Coffee, Maan Coffee, Pacific Coffee, and Bene Coffee shop. Zoo Coffee has resulted in very tight competition in the coffee cafe industry. The third wave started around 2010 until now with

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the emergence of independent coffee houses and speciality coffee houses such as Grenadier coffee shop (Beijing), Sumerian (Shanghai), Home coffee shop (Tianjin), Coffee shop 27 (Beijing) (Ferreira & Ferreira, 2018). Like in China, the development of coffee drinking culture in South Korea can also be classified into 3 waves. The first wave occurred around 1960 with the development of the culture of drinking instant coffee. The second wave began around 1990, triggered by the emergence of franchises and brands in coffee drinking culture. The third wave is the emergence of specialty or coffee shops which increasingly strengthen the culture of drinking coffee, especially among the millennial generation as a part of a lifestyle <https://repository.pknu.ac.kr:8443/bitstream/2021-oak/14293/2/Coffee%20Consumption%20in%20South%20Korea%3A%20An%20Analysis%20of%20Market%20Trends%20Among%20Millennials.pdf>.

Coffee Cafes have become a global business. The locations of coffee cafes are spread across the government center of a country, large cities or other small towns, shopping centers (malls), in rural areas or even on mountain slopes. This shows that the coffee cafe business is not only hegemony or "belongs" to developed countries such as the United States or China or South Korea. In Indonesia, the coffee cafe business is growing rapidly in urban to rural areas. This implies that coffee cafes in Indonesia are ready to compete against the hegemony of coffee cafes from large countries with various competitive advantages on offer (Nurhasanah & Dewi, 2020). The attractive location of the coffee cafe is a strong attraction for people, especially young people or the millennial generation, to visit to get a sensation or deep impression.

Competitive advantage based on the specificity/uniqueness of coffee cafe business locations in Indonesia should be one of the business strategy choices to increase the profitability of coffee cafes, but instead what happens is building competitive advantages that are generic in nature so that they are easily imitated by competitors which causes a slowdown in the ongoing profitability of coffee cafes at this time. The reality is that it is very easy to obtain coffee raw materials because Indonesia is the fourth largest coffee producer in the world after Brazil, Vietnam and Colombia (Fitriani et al., 2021), has made the availability of coffee raw materials at all times the basis for building competitive advantages for many coffee cafes. This is supported by predictions that coffee consumption continues to increase in the world (Samoggia & Riedel, 2019), coffee consumption behavior has become a new trend for the wider community (Grzegorz Maciejewski & Sylwia Mokrysz, 2019), coffee cafes have become part of the lifestyle or needs society as a medium for various purposes (Surya, 2019). Every coffee cafe has a barista, cashier and waiter who delivers a cup of hot or cold coffee to coffee cafe visitors. The coffee and non-coffee beverage products served vary greatly, as do heavy or light foods that complement the beverage products served by coffee cafes at prices that can be reached by young people or the millennial generation, as is the target market for coffee cafes. Based on the description above, it can be said that coffee is a local commodity that is easy to obtain in various regions in Indonesia and its baristas are the main source of building competitive advantages for many coffee cafes but have not yet demonstrated any exploration and exploitation of the specifics/ uniqueness of business locations to realize sustainable profitability.

So far, a number of studies that discuss sources of competitive advantage based on the specificity/ uniqueness of business locations are very rare, most studies focus on four contexts, namely product innovation, communication, marketing strategy, target customers. So it can be said that studies that discuss competitive advantage have not been carried out comprehensively, especially studies that discuss the potential for competitive advantage based on the specificity/ uniqueness of business location in increasing the

sustainable profitability of the coffee cafe business. Any based competitive advantage basically refers to a company's ability to realize it by utilizing knowledge ((Japhet et al., 2021); (Godday Orziemgbe et al., 2014)), based on unique resources inherent in culture (Porter, 2009)), and local wisdom (Chan, 2011).

This study was conducted at a coffee cafe in Banyuwangi Regency, East Java Province, Indonesia. The reason is that this area is the largest region or district and has the largest coffee plantations on the island of Java so that coffee is easily obtained by the public. The categorization of coffee cafes in the study location is small scale, some of the management is traditional but some are quite modern. This condition is in accordance with the findings of a study which divides coffee cafes into *traditional coffee shops* and *semi-modern coffee shops* - apart from *modern coffee shops* such as *Starbucks* - with their respective characteristics (Purnomo et al., 2021). The competitive advantage built by the coffee cafe in the study location is not yet based on the specificity/ uniqueness of the business location to increase profitability in a sustainable manner. This fact was discovered when the informant answered the researcher's question as follows .

"I rely on a safe supply of raw coffee beans as needed, without any delays or disruptions. It is quite difficult to create uniqueness in my coffee cafe, so the most important thing for me is to provide the best service to visitors" (cluster A informant , interview June 2023).

"For me, maintaining the sustainability of coffee cafes is very important, therefore guaranteeing the supply of raw coffee beans from suppliers is a high priority. What makes my coffee cafe unique? I think about it and work on it while running a cafe business. "Experience that might teach me to build my unique coffee cafe" (informant B, interview June 2023).

"I admit that the challenge is very big to build a competitive advantage for my coffee cafe because other coffee cafes can quickly imitate it. Therefore, I try to please visitors by providing satisfying beverage products that make visitors feel at home here for a long time. That might be considered the strength of my cafe" (informant C, interview June 2023).

Based on the description and answers of the informants, it can be concluded that it is necessary to carry out an in-depth analysis of competitive advantages based on the specificity/uniqueness of the business location in the coffee cafe business. Based on this, the problem of this study is whether there is a competitive advantage based on the specificity/uniqueness of location in coffee cafes in increasing profitability? The purpose of this study is to analyze or explain competitive advantage based on location specificity/uniqueness in coffee cafes in increasing profitability . This article is based on the idea that this study is very important to obtain clarity on competitive advantages based on location specificity/ uniqueness in coffee cafes to increase profitability. The success of uncovering this provides a valuable contribution to coffee cafe business practices in general and theoretically to the company's business strategy concepts. The limitation of this study is that it is only set in coffee cafes in Banyuwangi district, East Java Province, Indonesia , which tend to fall into the categories of *traditional coffee shops* and *semi-modern coffee shops* . Future studies should expand the scope of categorization and areas so that a more comprehensive understanding can be obtained regarding competitive advantages based on the specificity/uniqueness of business locations.

LITERATURE REVIEW

Competitive Advantage

Competitive advantage can be defined as the implementation of a different strategy from competitors that produces profits above the average in the industry (Barney, JB & Clark, 2007). John McGee (2015) views competitive advantage as providing superior value to customers and by doing so generating above average profits (<https://www.researchgate.net/publication/313966146> Competitive Advantage).

Competitive advantage can be built through optimizing a combination of market approaches - *market based view*- (Hill & Jones, 2010), resource approach - *resource based view*- (Barney, 1991), the relational view and its subcategories (H.-L. Wang, 2014). Another view states that resources must be distinctive (*distinctive resources*) which include technology, operations, expansion, managerial (<https://qks.sufe.edu.cn/docs/partII.pdf>). Competitive advantage can be obtained if management actions are appropriate/appropriate when managing the structure, processes, culture and people within the organization which leads to the creation of core competencies (W. Wang & Lin, 2022). The roots of competitive advantage are distinctive competencies obtained from resources and capabilities whose management produces superior efficiency, quality, innovation and responsiveness to customers through appropriate strategies (Hill & Jones, 2010). The following is a picture of the process of gaining competitive advantage from them.

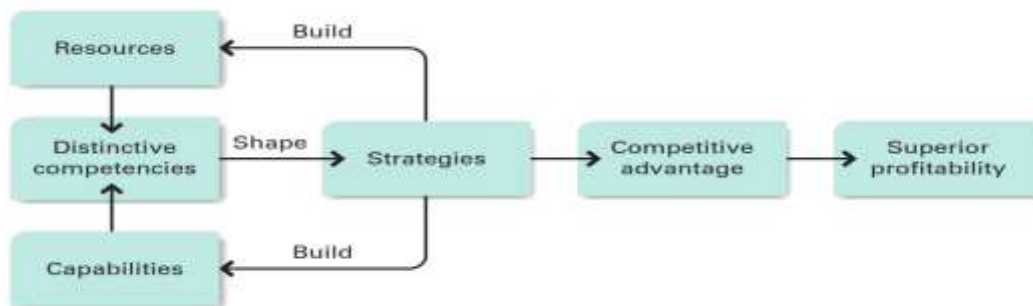


Figure 1. Process to Competitive Advantage

Source: Hill & Jones, 2010.

Competitive advantage can be created when a company successfully implements one of the strategies such as focus, differentiation or low-cost leadership or a combination. Sources of competitive advantage can be obtained from inherent strength characteristics, radical innovation, knowledge management, adapting sources of competitive advantage, economies of scale, human resources, business management, organizational culture, and higher price levels (Isoraite, 2018). Other experts state that the triggers for competitive advantage are structural conditions and processes that allow activities to be carried out at lower costs or/and produce superior buyer value. (Deszczyński &ski, 2021).

Other experts stated long ago that competitive advantage is not performance even though it can lead to performance, competitive advantage is a relational *term* characterized by a comparison of a company's focus with its competitors, whether certain attributes of a company provide competitive advantage depends on the competitive context, the relationship between competitive advantage and company performance is more complex. rather than what is stated in the literature, such as the structural perspective or RBV and company location is one of the elements that is included in *discrete competitive advantage* (Ma, 2000).

Business/Company Location

The location of a business or company can be defined as the best place to carry out business or business activities (Bolek, 2014). In general, business location decisions are long-term oriented, difficult to change in the short term and affect fixed and variable costs, therefore they must provide maximum benefits. Factors that influence business location selection can be labor availability, labor costs, proximity to raw materials and suppliers, proximity to markets, local government policies, environmental regulations, utilities (gas, water, electricity and their costs), costs. -place/site costs (land, expansion, parking, drainage), transportation availability (road/land, air, water), local community quality of life issues, stability (Rowbotham et al., 2007) ; (Porter, 2009). Another expert stated that in selecting a business/company location, it is necessary to pay attention to qualitative and quantitative factors. Qualitative factors include local infrastructure (e.g. institutional, transportation), workforce education & skills, product content requirements, political & economic stability) while quantitative factors include labor costs, distribution costs, facility costs, exchange rates, tax rates. (Davis & Heneike, 2005). Other experts state that what influences determining a business location is as follows: the first determinant of determining a company's location is related to technological factors referring to the physical principles that govern the location and infrastructure support such as roads, electricity supply, sewerage and irrigation. The second determinant is related to economic and demographic factors. The third determinant is political factors involving zoning representing an institutionalized consensus in society regarding legitimate land use. The fourth determinant is social factors. Therefore, if you misplace your business location, your competitive advantage will be lost (Chan, 2011) .

METHOD

The material object of this study is competitive advantage based on the specificity/uniqueness of coffee cafe locations in Banyuwangi Regency, East Java Province, Indonesia. There are quite a lot of coffee cafes in the study location, but the author grouped them into 3 clusters, namely cluster A, cluster B, cluster C. Cluster A is based on the location of coffee cafes which are located around the highlands on mountain slopes with large expanses of rice fields, fields and gardens. Cluster B is based on the location of the coffee cafe on the beach. Cluster C is based on the location of coffee cafes in busy city centers. The study analysis unit is a coffee cafe represented by the owner/manager/manager. This study approach uses a qualitative approach. The type of approach used is phenomenology (Creswell & Creswell, 2018) .

This type of phenomenological approach was chosen because it can explain the phenomenon of competitive advantage based on the location of coffee cafes in Banyuwangi Regency, East Java Province, Indonesia. The data sources for this study are divided into primary data and secondary data. The type of primary data for this study is things that underlie the challenges of realizing competitive advantages based on the specificity/uniqueness of coffee cafe locations. Information regarding this was obtained from the owner/manager/manager of the coffee cafe. The type of secondary data for this study is all resources related to the challenge of realizing competitive advantage based on the specificity/uniqueness of coffee cafe locations and other information extracted from social media.

This study's data collection method uses observation, in-depth interviews and collecting or documenting data/information from social media. Observations were used for initial investigation to get to know the coffee cafe that was used as an informant. In-depth interviews were used after obtaining key informants using interview guides that had been prepared previously. Documentation is used by collecting secondary data on social media or other methods. Data collection time was from June to November 2023. Data analysis for this study used content analysis.

RESULT AND DISCUSSION

An overview of the challenges faced by coffee cafes in realizing competitive advantages based on the specificity/uniqueness of business locations in increasing profitability is as follows.

The locational advantage of coffee cafes has not been exploited

The location of the coffee cafe is the informant's main consideration in realizing a competitive advantage based on the specificity/uniqueness of the business location, but apparently this has not been done optimally. The decision to determine the location of a coffee cafe is determined by the opportunity to obtain a location and the land purchase price or land or building rental that can be reached. The existence of a coffee cafe location that has been determined binds most of the cafe's resources, for example finance (investment), process technology, infrastructure or ease of public access, there is no change in the cafe location in the short term. The following informant's statement when answering the researcher's question :

"The location of my coffee cafe remains here until now" (Cluster A informant , interview July 2023), "This is the right cafe location, so I've never moved" (Cluster B informant , interview July 2023), "It's complicated if I move, I need additional costs and processing of business permits" (Cluster C informant , interview July 2023).

It is hoped that the selected coffee cafe location will be able to attract people to visit, for example near the beach, at the foot of a mountain, on the edge of a river, near a large expanse of rice fields or fields, near plantations or shopping centers and around traditional houses. The image below is an illustration of the location of the informant's coffee cafe.

1		<p>The location of the 'F' Gantasan Coffee Café is at the foot of Mount Ijen, Banyuwangi. https://www.kompasiana.com/fazahra/5b542a57ab12ae5f7625f1d6/caf-farel-berselimut-embun-gunung-ijen. (accessed 20 July 2023) . Cluster A informant.</p>
2		<p>Location of Café 'G', in the rice & field area. https://timesindonesia.co.id/kuliner/310768/caf-gesah-coffee-and-culture-sensasi-ngopi-di-rumah-adat-osing-banyuwangi. (accessed 20 July 2023) . Cluster B informant.</p>
3		<p>Location of Café Kopi ' BT ' on the beach, Ketapang. https://mytrip123.com/caf-di-banyuwangi/. (accessed 20 July 2023) . Cluster C informant.</p>

Figure 2. Location of coffee cafes, 2023.

Source: Internet.

Each coffee cafe at the study location is equipped with a Barista, Cashier and Waiter. Baristas have undergone training so they are professional in mixing a cup of hot or cold coffee. Apart from that, each coffee cafe also provides snacks such as fried bananas, fried tofu, fried tempeh, fried cassava, instant noodles and other non-coffee drinks. There are a number of coffee and non-coffee beverage products. The following are the informants' responses when answering the researcher's questions:

"I provide several kinds of drinks from coffee and drinks other than coffee and food, the aim is to make visitors more satisfied with this cafe." (Cluster A informant, interview July 2023). "I provide Arabica, Robusta, Liberica coffee drinks, apart from non-coffee drinks and snacks such as noodles, bananas, tofu, fried tempeh so that visitors are happy in this cafe" (Cluster B informant, interview July 2023). "This cafe provides quite a lot of coffee drinks and besides coffee there are also snacks in the form of indomi, tofu, tempeh, cassava, fried bananas. The goal is that visitors will enjoy visiting here and will come back again." (Cluster C informant, interview July 2023).

Thus, the availability of increasingly varied products is an attraction for consumers to visit coffee cafes repeatedly. The price of each product offered by each coffee cafe is also relatively inexpensive, making it affordable for visitors . There are variations in product prices when informants answer questions:

"There are around 50 menus to 70 menus of cafe products a day with average prices ranging from IDR 15,000 to IDR 25,000" (Cluster A informant, interview July 2023). "Prices range from IDR 5,000 to IDR 25,000 per cup or cup of coffee from various menus" (Cluster B informant, interview July 2023). "The average price is IDR 10,000 to IDR 25,000 per cup or cup of coffee from various existing menus" (Cluster C informant, interview July 2023).

Visitors to coffee cafes are generally young people or the millennial generation, which is the target market for coffee cafes. The following are the results of interviews with informants.

"The average age of visitors to my coffee cafe : 15 years to 45 years (for older people, usually people who love songs old people who visit to reminisce) , students, students and graduates, Occupation: self-employed, bank sales and marketing, mostly women" (Informants A, B, C, interview July 2023).

The location of the coffee cafe chosen is a location that is considered strategic by the informant in running a coffee cafe business that does not occur in the short term and is expected to have the power to attract people's interest in visiting. Coffee cafe *layout is the next important element to build competitive advantage*. The layout of the coffee cafe is attractive, beautiful, artistic and reflects contemporary lifestyles, which attracts young people or millennials to visit the cafe. The following is an illustration of the coffee cafe layout for some informants.




1		Layout & Visitors of Osing Deles Coffee Café. https://www.planterandforester.com/2019/05/osing-deles-cafe-n-resto-banyuwangi.html . (accessed July 20 , 2023)
2		Java Sunrise Café Café Layout & Visitors. https://restaurantguru.com/Java-Sunrise-Banyuwangi . (accessed July 20 , 2023)
3		Layout . https://keluyuran.com/cafe-di-banyuwangi/ . (accessed, 20 July 2023)

Figure 3. Layout of some coffee cafes.

Source: internet.

The layout of the coffee cafe that reflects contemporary values is a magnet for young people or the millennial generation visiting the coffee cafe.

Discussion

This study aims to analyze competitive advantages based on the specificity/uniqueness of coffee cafe business locations in increasing profitability. Based on the study results, there are several challenges in realizing competitive advantages based on the specificity/uniqueness of coffee cafe business locations as follows.

The unique location of coffee cafes has not been exploited

The location of coffee cafes is quite strategic because some are located on mountain slopes, equipped with large stretches of rice fields, fields, gardens and hills, beaches and busy city centers. The location of coffee cafes around mountain slopes with rice fields, fields, gardens and hills can rely on beautiful views, fresh cool air but is quite easy to reach by means of transportation as a strength to build competitive advantage as a

distinctive/unique factor. The location of the coffee cafe on the beach relies on beautiful views of the sea, as well as the location of the coffee cafe in the busy center of the city relies on the ease of people visiting the cafe as a strength to create a competitive advantage. The cluster of coffee cafe locations above offers different or unique competitive advantages to the community as an attraction, as per research findings by Lukito & Xenia, (2017) .

Coffee cafe locations that are far from busy city centers (for example coffee cafe locations around mountains, rice fields and hills as well as along the coast) can be connected to the wider community through the application of information and communication technology as research findings (Widyaningsih et al., 2022). Their research findings are in line with those carried out by coffee cafes located far from busy city centers using information and communication technology such as *Facebook, Instagram, WhatsApp, Twitter* so that remoteness is not an obstacle. Transformation from *non-digital* to *digitalization* needs to touch all aspects of business life if you want to be successful (W. Wang & Lin, 2022) including coffee cafes. However, the strategic location of the coffee cafe has not been able to create a competitive advantage based on the specificity/uniqueness of the business location. What has happened so far is that competitive advantage is generic so it is easy for competitors to imitate. The use of information and communication technology instruments as mentioned above has been implemented by all coffee cafes and is no longer unique as a basis for competitive advantage because it is easy to imitate. What is happening in coffee cafes today is that the competitive advantage is not based on the specificity/uniqueness of the business location that has been chosen but on the generic . This happens because creativity or innovation is still very weak in creating competitive advantages based on the specificity/uniqueness of the coffee cafe business location. Innovation is actually very important because innovation is a source of competitive advantage (Brem et al., 2016); (Leković & Marić, 2016). The basis of innovation is knowledge (Urbancova, 2013); (Quintane et al., 2011). The ability to absorb new knowledge is very important to give birth to innovation (Dirgiatmo et al., 2020 ; (Fagerberg et al., 2012) ; (Akram , Kashif, 2011). Without innovation, the company dies (Cefis & Marsili, 2005). Innovation must create uniqueness to win the competition because there are 3 processes contained in it, namely change, process and results (Kogabayev & Maziliauskas, 2017). Innovation must be able to create specialty/uniqueness as a source of competitive advantage based on business location to be able to generate sustainable profitability in the coffee cafe business.

If the coffee cafe business has not been able to create a unique competitive advantage based on business location then this poses a very serious threat in the form of obstacles to generating sustainable profitability or even going out of business/bankruptcy. Therefore, an open mind or attitude is needed regarding the need to absorb new, creative and innovative knowledge in creating specialty/uniqueness based on the location of the coffee cafe in realizing competitive advantage. The current location of the coffee cafe is the initial capital for the coffee cafe to build a unique competitive advantage that relies on the business location by exploring and exploiting its situation and conditions. As an illustration, coffee cafe management can provide written information that is displayed in the coffee cafe. Cluster A coffee cafes, for example, can display information plaques about air temperature, oxygen content, pollution levels, air effects on health and others placed at the coffee cafe location. Cluster B coffee cafes can display information about the beauty of the beach, enjoying the sunrise or sunset, and so on. Cluster C coffee cafes can display information about shopping centers closest to the cafe as well as traffic routes to shopping centers and others. Information like this is very important because it is in accordance with

the characteristics of the coffee cafe business location to be conveyed to visitors so that they gain valuable knowledge about the location of the coffee cafe they visit. This is the specialty/uniqueness that a coffee cafe needs to offer based on business location. Without adequate information services, businesses cannot create consumer or customer loyalty (Rane et al., 2023). Each coffee cafe location must be able to create a competitive advantage based on the specificity/uniqueness of the business location so that people are interested in visiting coffee cafes. Study findings in coffee cafes in South Korea shows that physical, social, cultural and environmental dimensions combine to determine consumer attachment to coffee cafes (Tumanan et al., 2014). Research findings (Kim & Ju, 2022) show that the higher the suitability and visibility of location characteristics, the higher customer satisfaction. The higher the connectivity and accessibility of a location's characteristics, the greater the intention to revisit and recommend to acquaintances. A study of coffee cafes in Jakarta found that business location, suitability for the environment and safety are elements that must be taken into account in building competitive advantage (Hermina et al., 2023). A study of large-scale coffee cafes in large cities in South Korea found that business location characteristics that meet *suitability* contribute significantly to consumer satisfaction rather than *visibility*, need to continuously improve service to consumers, improve the physical environment, differentiate the variety of drinks that can satisfy consumers, location *accessibility* Effort makes a real contribution rather than *suitability* to consumer return behavior (Kim & Ju, 2022). The findings of the study above should be taken into consideration for small-scale coffee cafes far from government centers in order to improve their weaknesses in building competitive advantages based on the specificity/uniqueness of the business location. Based on the description above, coffee cafe locations need to be a source of competitive advantage based on specificity/uniqueness through exploration and exploitation of these locations based on knowledge, creativity and innovation.

The location of the coffee cafe has not been designed as a tourist destination.

Coffee cafes as tourist destinations must be designed not only as a place to enjoy products in the form of coffee drinks but must also explore locations for suitable tour packages. The location of the coffee cafe can add a special attraction for visitors, because visitors not only enjoy coffee but also get an unforgettable experience when relaxing in the cafe by enjoying *live music* and the surrounding natural views. Coffee cafes should not only provide products, but also provide education regarding local coffee bean culture, processing processes, and coffee drinks so that they are worthy of being a tourist destination (https://www.diva-portal.org/smash/get/diva2:1728616/_FULLTEXT01.pdf). In coffee cafes there is interaction and dialogue between visitors. Coffee cafes are spaces that provide opportunities for discussion, providing an atmosphere of familiarity and a sense of togetherness. (Kleidas & Jolliffe, 2010) positions coffee-related tourism in culinary tourism. The richness of coffee culture and the experience of drinking coffee in coffee cafes shows the potential of a very promising tourist destination for tourists. This implies that coffee cafe management needs to combine the specificity/uniqueness of the environment outside the cafe (surrounding natural conditions, local community culture, international trends) and the environment within the cafe (e.g. cafe layout, application of information and communication technology, service, etc.). This kind of openness is very important to attract the world's people's interest in visiting cafes, as the findings of a study on coffee cafes in Hong Kong stated that the importance of international and local trends, social media visual culture, and sustainability issues as considerations in the design of open facades and interiors in cafes (Barber & Münster, 2022). Likewise, the management of

coffee cafes as tourist destinations needs attention. A study found that Starbucks has good governance externally and internally, while the Kopi Kenangan Cafe needs to continue to improve its governance so that it can compete with current world market standards (Pasha et al, 2022) . Thus, governance - including networks - and standardization of coffee cafe services are dimensions that need attention in order to move towards specific world-class tourist destinations. A study found that the atmosphere of a coffee cafe and service quality are elements that make a real contribution to consumer satisfaction, while the variety of menus served does not make a real contribution to consumer satisfaction (Sofia et al., 2019) .

If coffee cafe management is unable to integrate the location with the coffee cafe as a tourist destination, the opportunity to create sustainable profitability is lost. Local wisdom, resources and community involvement are efforts to build a competitive advantage for coffee cafes in the tourism sector. The study (Massukado-Nakatani & Teixeira, 2009) states that the most influential resources in public tourism management are the existence of tourist resources and organizational resources related to internal and external relationships and organizational culture. Sustainable rural tourism - where some coffee cafes are located - has a strong correlation with alternative tourism competitive advantage variables (Wardana et al., 2021). Efforts to apply the principles of development, especially rural tourism, through increasing people's awareness and love of local wisdom and through improving facilities and socio-cultural activities integrated with efforts to increase the competitive advantage of coffee cafes located in villages are very important. Development and utilization of tourism potential associated with tourist objects and attractions is an effort to align supporting factors such as supporting facilities and infrastructure to become one of the leading sectors. In the context of tourism, competitiveness refers to the ability of a destination to compete effectively and profitably to produce goods and services that perform better than other destinations, providing a memorable tourism experience (Dwyer & Kim, 2003). Tourists gain experience from interactions with local society and culture, while residents contribute in the form of education about the environment specifically. (Maspul & Almalki, 2023) emphasize their role in supporting the economy, society and the environment while preserving local wisdom. One of the potentials that can be developed at this time is the potential for culture or local wisdom found in coffee cafe businesses by developing unique core competencies that enable them to outperform competitors by doing things differently.

CONCLUSION

This study found that the specificity/uniqueness of coffee cafe business locations has not been exploited as a basis for creating competitive advantages which creates obstacles in generating sustainable profitability. On the other hand, coffee cafes are a medium for young people or the millennial generation to meet to discuss various things while enjoying everything that the cafe serves. Therefore, there is a need for new thinking where cafe locations need to be exploited to find specificity/uniqueness as a means of building competitive advantage. Local wisdom that originates from the values of the local community and the environmental potential of the business location can be a source of creating special/unique competitive advantages as well as making coffee cafes a tourist destination.

The contribution of this research lies in the argument that coffee cafe management must develop a more creative and innovative attitude that allows them to combine information and communication technology, specificity/uniqueness of business location,

local wisdom, various products offered, to face the challenges of the current era. This kind of approach allows coffee cafes to no longer be seen as just a medium for meeting the millennial generation but also as a tourist destination so that sustainable profitability can be realized.

The limitation of this study is that it only focuses on analyzing competitive advantages based on business location-based specificities/uniqueness in coffee cafes. The root of the problem is that so far business locations have been underexploited to obtain their specialty/uniqueness as a basis for creating competitive advantage, resulting in a slowdown in sustainable profitability. Future research regarding the study of company business strategy needs to expand the scale of the cafe business and its area and take into account the location of the business in order to obtain a more comprehensive understanding of the company's strategy.

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