

BUSINESS FEASIBILITY STUDY OF CAFE BABE**Sely Oktavia¹, Sonny²**¹President University, sellioktavia@gmail.com²President University, sonny@president.ac.id

ABSTRACT

Along with the times, people's lifestyles and trends, coffee drinks are increasingly favored by people, not only the older generation but also the Z generation as it is today. This triggers the growth of the coffee business among the community such as cafes and coffee shops. Babe cafe business analysis is carried out using the business feasibility method. The business plan being developed is Cafe Babe, where the name Cafe Babe is an acronym for the word "Batir Ngombe" from the Javanese language which means drinking buddy. Cafe Babe's product marketing targets are the general public, especially teenagers to adults. Cafe Babe expands the reach of its target market by promoting online through the Instagram application. Cafe Babe targets to achieve revenue every quarter, namely 5-15% of revenue for 5 years. Cafe Babe's business expects to reach the payback period in the fourth year and will accumulate an NPV of IDR 463,014,409. with a return on assets of 5% and a return on sales of 38% in the fifth year/ based on these positive results, the Cafe Babe business is feasible to run. Cafe Babe's business expects to reach the payback period in the fourth year and will accumulate an NPV of IDR 463,014,409. with a return on assets of 5% and a return on sales of 38% in the fifth year/ based on these positive results, the Cafe Babe business is feasible to run.

Keywords: *Cafe business, business feasibility, business plan*

1. Introduction

The cafe business is predicted to continue to experience growth for the next few years. Based on the growth of the cafe business, the authors are interested in choosing the beverage business to become a business plan. This is because drinks are one of the basic needs that everyone continues to need, so that the prospects for the beverage business can continue to grow and survive in any conditions. The development of the beverage business can be seen in the graph below, which is known that the beverage business in the world will continue to experience development from time to time (Nasution and Mayrendra, 2019).

Based on the product, the beverage industry is divided into two categories, namely alcoholic beverages and non-alcoholic beverages. Further alcoholic beverages such as beer, wine and other alcoholic beverages. Non-alcoholic beverages are segmented into energy and sports drinks, soft drinks, bottled water, packaged juices, tea and coffee, and Others. Non-alcoholic beverages not only offer a basic refreshment function but are also used as a mood enhancer in a busy consumer's daily schedule. Regular intake of this product helps the human body to stay hydrated and is more popular among consumers with work-heavy lifestyles.

According to the Coffe Export Association (2019), an estimated 24% growth rate is seen in tea and coffee sales in 2019 through 2024.

According to the Angel report (2020), which confirms that the demand for coffee drinks will continue to increase along with economic growth in the fourth quarter of 2024-2027. The data shows that the prospects for coffee drinks will continue to increase, making it the author's reference and basis for choosing the coffee business and innovating coffee products. Asia Pacific is performing dominantly in the market competition and will continue to do so in the forecast period due to the steady improvement in disposable income status and consumer living standards. The growing adoption of westernization and modernization among consumers has led to an increase in spending on beverage products in the market. According to the International Wines and Spirits Record (IWSR), non-alcoholic brands will show significant growth in the market as consumers seek ways to reduce their alcohol intake. One of the countries in Asia with high coffee consumption is Indonesia. According to Statis.com, Indonesia is one of the fourth largest countries in consuming coffee after Brazil, Vietnam and Japan. In 2020-2022 the demand for coffee drinks in Indonesia will continue to increase.

Based on research of Rahmiati, Prayoga & Goenadhi (2023) The Indonesia coffe market was impacted by the second world war, which introduced Indonesia to the coffe plantation as a potential archipelagic country that has abundant natural resource. Since than, Indonesians' coffe drinking habitswhich began as a tradition, have become a valuable bussines opportunity. In addition, according to journal of Mahmudan (2022) it is stated that the market share of ready-to-drink coffee in Indonesia will reach 248.4 million liters in 2020. This value has increased compared to the previous year which only reached 219.8 million liters. In addition, according to Artkel Mahmudan (2022) it is stated that the market share of ready-to-drink coffee in Indonesia will reach 248.4 million liters in 2020. This value has increased compared to the previous year which only reached 219.8 million liters. com that Indonesia is one of the fourth largest countries in consuming coffee after Brazil, Vietnam and Japan. In 2020-2022 the demand for coffee drinks in Indonesia will continue to increase.

Based on Toffin's independent research, the number of coffee shops in Indonesia by 2019 reached more than 2,950 outlets, an increase of almost three times compared to 2016, which only had 1,000 outlets. Where the resulting market value reached IDR 4.8 trillion, a pretty fantastic nominal from the beverage business. The real figure for the number of coffee shops in the research conducted by Toffin and MIX MarComm SWA could be even higher because the census of coffee shops only includes chain outlets in cities big city. Excludes modern and traditional independent coffee shops in various regions.

According to the Governor of Lampung Arinal Djunaidi at the Lampung Begawi Coffee Event 2022, the prospects for coffee in Lampung are increasingly advanced, so that it can be utilized by various parties such as coffee farmers and coffee entrepreneurs, including cafe businessmen. In 2019-2021 growth in the cafe sector has increased by 10.55 percent. The growth in the cafe sector is the highest economic growth in the micro and medium business sector in Lampung. Areas experiencing growth in the cafe sector in Lampung include Bandar Lampung, Pesawaran, Pringsewu, South Lampung, Metro, East Lampung, Central Lampung and North Lampung. These cities are cities with the development of the cafe business which already has the largest business license in Lampung.

Based on BPS data (2022) that East Lampung district has a population of 1,118,115 people spread across 24 sub-districts. One of the districts in East Lampung is Purbolinggo. Purbolinggo has a population density of 45,406 people. The large number of residents in Purbolinggo and its surroundings makes the cafe business a big opportunity to develop. With a focus on existing market segmentation, Tanjung Kesuma is an area in Purbolinggi District which has a fairly dense population reaching 3,746 people (BPS Lampung Tmur, 2022) is the location where the Babe cafe was established. The author's reason for choosing the

Tanjung Kesuma area is because this area is a route that connects between cities such as Sukadana, Metro, and Central Lampung. In addition, this area is also close to offices, schools, Seeing the potential for coffee plantations, the development of coffee shops and cafes, the authors plan to develop a cafe business. In order for a cafe business to run well and make a profit, careful preparation and planning is needed, such as industrial and financial analysis to find out whether this cafe business is feasible.

The development of a business plan or business plan aims to provide an overview of the existence of great opportunities for businesses in the food and beverage sector, especially cafes. As it is known that this modern era has had an impact and change in people's lifestyles that are heading towards modernization so that it is not uncommon for people to have a lifestyle of just drinking or eating at cafes, especially teenagers. This business development plan can also contribute to writers or people who will establish or develop their business in the Cafe sector to continue to be creative and innovate in the products they sell, this is because people will feel bored with the monotonous drink or food menu so innovation is needed so that it can attract consumers.

This cafe business feasibility analysis is expected to provide inspiration and motivation to other tertiary students to be brave in starting a business, and also to provide guidance and reference for similar MSMEs in developing their business.

2. Research Method

The research method used is descriptive quantitative in which researchers analyze business feasibility from a financial and non-financial perspective. Business feasibility analysis was carried out on the Cafe Babe business which is located in Tanjung Kesuma Village, Purbolinggo District, East Lampung. The source of data in this study is Cafe Babe's financial data owned by Cafe Babe. Data collection uses documentation and literature studies. Cafe Babe business feasibility analysis conducted by the author using the following feasibility analysis: SWOT analysis, PESTLE analysis, Financial Planning: Return On Assets (ROA) and Payback period

SWOT analysis

According to Kotler and Armstrong (2017) SWOT analysis is a comprehensive assessment of the strengths, weaknesses, opportunities and threats of an organization. This analysis is very necessary to make the strategy that the company or organization will use.

In this SWOT analysis there are four components, namely: Strengths, Weaknesses, Opportunities and Threats.

PESTLE analysis

PESTLE analysis is an analysis that describes external factors that can affect the growth and development of a business. PESTLE analysis is important to do as a basis for evaluating the business environment and risk management. PESTLE analysis includes Politics, Economic, Social, Technology, Law, and Environment (Alanzie, 2018)

Return on Assets(ROA)

According to Dewi and Prasentiono (2012), ROA can be used to measure the effectiveness of a business in generating profits by utilizing its assets. Its function is to see how effective a business is in using its assets in generating income. The greater the ROA value means the better the ability of a company to generate profits.

Payback Period

The Payback Period (PP) method is an assessment technique for the return period (period) of a project or business investment. The faster the payback time, the better the business is to run because the capital used will return quickly and be used for other activities. The payback period analysis is displayed to find out how long the business will take to return the investment (Tiwa, 2016).

3. Results and Discussion

SWOT analysis

SWOT analysis is carried out by identifying internal and external factors that can affect business continuity. Internal factors include strengths and weaknesses in the business. Then, external factors include factors of business opportunities and threats. In this case the identification of internal and external factors in the Cafe Babe business is as follows:

Strength

Babe Cafe provides many choices of coffee flavors that can be a preference for consumers, Babe Cafe provides good service both in terms of products and services of its employees so as to create a comfortable and intimate feel. Coffee drinks are served from selected and authentic Lampung coffee, Babe Cafe is uniquely and creatively designed so that it is not only used as a place to drink but can also be used as a place to take selfies or capture the best moments with family and close friends. The product of coffee in Cafe Babe are made as creatives as possible to attract consumer interest. According riset in Journal Sutrisno, Cakranegara, Jokhu, and Yusuf (2022) show that Creativity in expressing new ideas is required for bussines continuity.

Weakness

Promotional activities from Babe Café are still limited. Babe Café only promotes coffee through brochures and several social media such as Instagram. The place to enjoy cafes at Babe Cafe is indeed designed or designed in a unique and attractive way, but the room capacity is still not wide enough so that it cannot accommodate a large enough number of consumers. One of the facilities that must be provided by a cafe is a parking area. The parking area will provide comfort and peace for consumers in placing their vehicles. The parking area is one of the considerations for consumers to stop at the shop, so that a narrow parking area will be a weakness for the cafe in terms of the availability of its facilities.

Opportunity

One of the target markets for Babe cafes is the community, especially Purbolinggo and its surroundings so that the increasing number of residents who are potential consumers in Purbolinggo District is one of the great opportunities to increase the number of consumers. There is a Business Capital Assistance Program from the Government. Capital is one of the factors that can affect the smooth running of a business. With large capital and its proper use, it can expedite business operations. Capital can be obtained from various sources, for example loans or assistance from certain institutions. The Capital Assistance Program from the government through various financial institutions, for example the People's Business Credit (KUR) is an opportunity for businesses, and Café Babe is no exception to increase capital so that it can be used for business development. Public interest in coffee in the Tanjung Kesuma area, Purbolinggo sub-district, has increased. People who are slowly following trends and changing lifestyles have led to an increase in coffee enthusiasts among the public. Babe Cafe is located on the main road that connects Tanjung Kesumo village to other villages and the Purbolinggo sub-district. In addition, Babe Cafe's location is also easily accessible, thus providing a great opportunity to attract consumers widely

Threat

In addition, there are also threats to Babe Café, namely: The growth of Angkringan, Coffee Shops, Cafes and other beverage outlets in the Tanjung Kesuma area has increased rapidly. Angkringan, coffee shops, and beverage outlets are competitors for Babe Café. This is because many people still consider price over coffee quality, so people sometimes prefer to enjoy coffee at a coffee shop or angkringan located on the side of the road. The emergence of drinks with new products: It is undeniable that business creativity is limitless, in order to meet consumer needs, consumer tastes, and increase sales, businessmen are competing and competing in creating new products as a hallmark of a business. The emergence of new and viral products will be the rush of many consumers so that this will become a threat for Babe Café if it does not innovate coffee products. Coffee is the main raw material used in Babe Café. The increasing price of coffee in the market and the scarcity of Robusta coffee as Lampung's original coffee is a big threat to the sustainability of the cafe. If the price of coffee increases, it will automatically affect the price of a cup of coffee so that in this case it has the potential to reduce consumer interest in buying coffee again at Babe Café.

PESTLE analysis

PESTLE analysis is an analysis that describes external factors that can affect the growth and development of a business. PESTLE analysis is important to do as a basis for evaluating the business environment and risk management. External factors based on PESTLE analysis can be explained as follows:

Political

Political factors in the beverage industry, especially coffee drinks, are very important to note because the political situation that exists in a country through various government policies can indirectly affect business conditions and the country's economy. Political stability is an important condition of a country. Political, governmental and policy power factors can be opportunities or threats for business organizations both small and large scale. Political stability determines the tendency and direction of the economy (Ihsan, 2019).

According to Wijaya's research (2019) that political stability in the country can be one of the supporting forces in business growth. In Indonesia itself, political stability will return to stability in 2022. This can be proven from various government efforts to make and implement various policies that support people's economic activities. According to Hukumonline.com, government policies in the economy include implementing laws and government regulations related to the economy, such as laws on taxes, the Job Aspirations Law, PP No. 43 of 2020 concerning People's Business Credit, and many other policies. which seeks to help people in setting up businesses.

Economy

Economic conditions in the community also affect the sustainability of a business. In Indonesia, there are many problems, especially in the economic field, such as unemployment which causes the per capita income of a region to decrease. The high number of unemployed will have a negative impact on the country's economy if it is not handled properly. MSMEs are one of the efforts to improve the economy and reduce the unemployment rate, because MSMEs provide space for people to be creative in creating new businesses. The existence of small and medium enterprises in general is a driving force for the Indonesian economy. The strength of SMEs shows the economic situation and conditions that have an impact on the level of community welfare. Seeing the current state of SMEs, it can be measured from income parameters, Business actors must be able to anticipate changes in the business environment with consumer habits. Several government methods for activities from home are the target of changes for SMEs to carry out activities that can support business (Darung & Kristiane, 2020). Various efforts continue to be made to support the SME sector so that it can survive and even be able to develop its business strategy.

Social

Social factors in the beverage industry, especially coffee drinks, refer to people's tastes and people's lifestyles related to coffee. According to databoks.com, drinking coffee has now become a way of life for millennials and not just a drowsiness reliever. This is reflected in the proliferation of cafes and kecai selling drinks from brewed ground coffee in the archipelago. Now enjoying quality coffee can't only be done at Starbucks or coffee beans, cafes selling local coffee drinks are now present everywhere from roadsides, business districts, and malls (Ramadan, 2019).

Based on the Center for Agricultural Data and Information Systems of the Ministry of Agriculture, in 2016-2021 coffee consumption in Indonesia will continue to increase. In 2016 national coffee consumption reached 250 thousand tons and grew 10.5% to reach 276 thousand tons. Until 2021 coffee consumption has increased to 795 thousand tons with an increase of 81.87%. With the increase in the number of people consuming this coffee, we have a considerable opportunity to open a Babe cafe business in the Tanjung Kesuma area, East Lampung.

Technology

The development of science and technology has created a variety of sophisticated and modern equipment. Digitalization simplifies the marketing process, expanding market reach, and also simplify the performance process operations with digital instrumen (Vivi & Sony, 2022). This development has had a significant impact in various fields, including in the business world. The existence of advanced technology in the form of the internet, smartphones, and other digital-based equipment makes it easy for business people to carry out various business activities. Until now, Indonesian people are now connected to the internet. This data

is supported by a survey conducted by the Indonesian Internet Network Operators Association (APJII) which stated that in the second quarter of 2019 to 2020 the number of internet users in Indonesia reached 196.7 million. This number increased by 23.5 million or 8.9% compared to last year. The largest number of internet users came from West Java, reaching 35.1 million people. East Java with 23.4 million people, North Sumatra with 11.7 million people, and Banten with 9.98 million people. Meanwhile in Lampung province the number of internet users reached 5.3 million people (Katadata.com, 2022).

Furthermore, there are several reasons for people to access internet services, namely social media, message communication, online games, access to public services, and online shopping. The percentage of internet users for social media is 51.5%, messaging communication is 32.9%, online games is 5.2%, public services is 2.9%, and online shopping is 1.3% (APJII, 2021).

Social media is a technological network that is used to create news via the internet, while social marketing is an internet marketing model for marketing purposes by participating within the scope of social media networks (Maoyan, 2014). The social media platforms that users frequently use are Facebook, Instagram, and Twitter. According to a survey from APJII that 65% of social media users use Facebook more frequently to surf the internet, followed by Instagram at 42.3%, and Twitter at 10.0% (Gabriel and Kolapo, 2015). So with some of these platforms can be used as promotional media at Cafe Babe to introduce the products offered to the public.

Law

The next external factor that has an impact on a business is a legal factor. Indonesia is a country based on law so that any crime will be dealt with in accordance with applicable law. This also applies to businesses. It cannot be denied that the law has also penetrated into the business world. Legal factors related to business include laws governing licensing, trademarks, products, and so on. Compliance with applicable laws is a must for entrepreneurs so that in carrying out their business they avoid mistakes that result in violations and crimes. In this case, Cafe Babe already has a business license so that legally Babe Cafe has been registered and is legal in the eyes of the law.

According to Indonesia.go.id, before going into business and setting up a cafe, it is better for entrepreneurs to obtain a permit to establish a business. In 2018 until now, the government has implemented an Online Single Submission (OSS) system for companies and individuals who wish to apply for business licenses. For business licenses in the form of restaurants or cafes, business permits from the government are in the form of a Tourism Business Registration Certificate (TDUP) which is regulated in Permenpar No 10 of 2018 (Indonesia.go.id).

According to data from the Indonesian Tourism Office, there are around 5,893 types of restaurant, food and beverage businesses, cafes, and other businesses in the same field that are registered or have been certified and have TDUP (Kemenparekraf, 2021). With the existence of regulations and business permits as stipulated in Permenpar No. 10 of 2018, in this case Cafe Babe has also registered its business license so that it can be protected from applicable law.

Environment

The environment is one of the external aspects that need to be considered. The environment is an important component in the success of a business, because in addition to providing good business opportunities, the environment can also pose a threat to business survival. Business can be affected by environmental conditions, both the community environment and the ecological environment. The community environment is the environment in which the business is established. A conducive business environment with community support will help the business run smoothly (Latifa and Rochdiani, 2020).

Citing data from the United Nations Environment Program (UNEP) that Indonesia produces 20.93 million tons of waste from food and beverages every year. The waste problem in Indonesia continues to occur every year. The Ministry of Environment and Forestry even noted that leftover food and mineral waste will be the largest composition of waste in Indonesia, amounting to 28.3% in 2022 (Databoks.com, 2022). According to the records of the Ministry of Environment (KLH, 2022) that the level of production and

consumption of plastic is currently continuing, and is even projected to continue to increase, it is estimated that the amount of mismanaged plastic waste in Indonesia in 2025 will double or by 130 percent

Running a cafe business cannot be separated from the waste, both liquid, solid and gaseous waste it generates. Therefore, this waste management needs to be carried out as one of the social and environmental responsibilities and concerns. Babe cafe in carrying out waste management separates organic and inorganic waste. In addition, Babe Cafe also uses environmentally friendly packaging by minimizing the use of plastic waste.

Return on Asset (ROA) analysis

Table 1. Ratio Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets (ROA)Net Income / Total Assets	7%	7%	6%	5%	5%
Return on Sales (ROS)Net Income / Net Sales	26%	32%	34%	36%	38%
Return on Investment (ROI)Net Income / Cost of Investment	46%	64%	78%	95%	115%

Source: Data processed from Research 2023

Payback Period Analysis

The payback period is formulated as follows:

$$\text{Payback period} = n + \frac{(a + b)}{(c - b)} \times 1 \text{ tahun}$$

Formula description:

n = the last year when the total amount of cash flows still cannot cover the initial investment nominal.

a = Amount of initial investment

b = cumulative total of cash flows in the nth year period

c = cumulative total of cash flows in the nth year + 1st period

Table 2. Payback Period

Description	1st Year	2nd Year	3rd year	4th year	5th Year
Initial Investment	450,000,000				
Cashflow	46,667,080	163,566,270	21,196,871	289,760,029	371,073,345
Cumulative Cash Flow	46,667,080	210,233,350	384,763,141	510,956,900	660,833,373

Source: Data processed from Research 2023

$$\begin{aligned} \text{Payback period} &= 3 + (450,000,000 - 384,763,141) / (384,763,141 - 510,956,900) \\ &= 3.517 \text{ (3 years 8 months)} \end{aligned}$$

Conclusion and Implications

Based on the business feasibility study analysis at Cafe Babe it can be concluded that:

Based on the SWOT analysis, Cafe Babe has a large enough opportunity to run, this is because competitors are still rare and the interest, potential and business opportunities are still quite wide. From a financial point of view, the value of ROA, ROS and Payback period shows that the cafe babe business is feasible.

The implication of the results of this study is that the writer and also the owner of the cafe babe can apply various strategies to develop their business. The strategy that can be carried out is the 4P, namely product, price, place, and promotion. Cafe Babe business owners carry out product innovations such as creating and providing new menus, for example coffee with various flavors. Business owners can also promote products not only offline but can also be done through online media.

References

- Act on Job Goals, PP No. 43 of 2020 concerning People's Business Credit.
- Alanzie, Salem. (2018). *Pestle Analysis Introduction*
- Coffe Export Association (2019). *Indonesia Coffe Exporters*. [Https://gaeki.or.id/download/exportcoffe_pdf](https://gaeki.or.id/download/exportcoffe_pdf).
- Darung & Kristiane. (2020). *Analysis PESTLE*. Jakarta: Erlangga.
- Dewi, K.S., and Prasetyo, C. (2012). Analysis of the influence of ROA, NPM, DER, and size on profit smoothing practices (case study of manufacturing companies listed on the Indonesia stock exchange for the period 2007-2010). *Journal of Management*, 1(4), 23-38.
- Rahmiati, F., Prayoga, T.Z., Goenadhi, F., & Naszariah, F.N. (2023). Marketing communication mix on purchase decision in industrial area: A study from international chain coffe shop. *JHS (Journal of Humanities and Social Studies)*, 7(1), 150-157.
- Ramadan, M. (2019). Bussines plan of cafe kenangan. *Journal Of Management*, 2(3), 57-68.
- Genoveva. (2015). Analyzing customer satisfaction and customer loyalty based on brand image and perceived service quality. *Journal of US-China Public Administration*, 12(6), 497-508.
- Nasution, A.B., & Mayrendra, (2019). Bussiness feasibility of cafe Warkop Brewok. *Journal of Manaement*, 1(2), 1-16.
- Sutrisno, Cakranegara, P.A., Jokhu, J.R., & Yusuf, M. (2022). Positioning womens enterpreneurs in small and medium enterprises in Indonesia-food & beverage sector. *Enrichment: Journal of Management*, 12(5), 3873-3881.
- Tiwa, Ferna. (2016). *Project Feasibility Evaluation Based on Investment Criteria Analysis*. Manado: University of Sam Ratulangi.
- Vivi & Sonny. (2022). Bussiness feasibility of softdrink beastea. *FIRM Journal of Management Studies*, 7(2). DOI:10.33021/firm.v7i2.3843.