

Analysis of the Entrepreneurship Orientation to Build the Coffee-to-Go Business during the Covid-19 Outbreak

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ABSTRACT

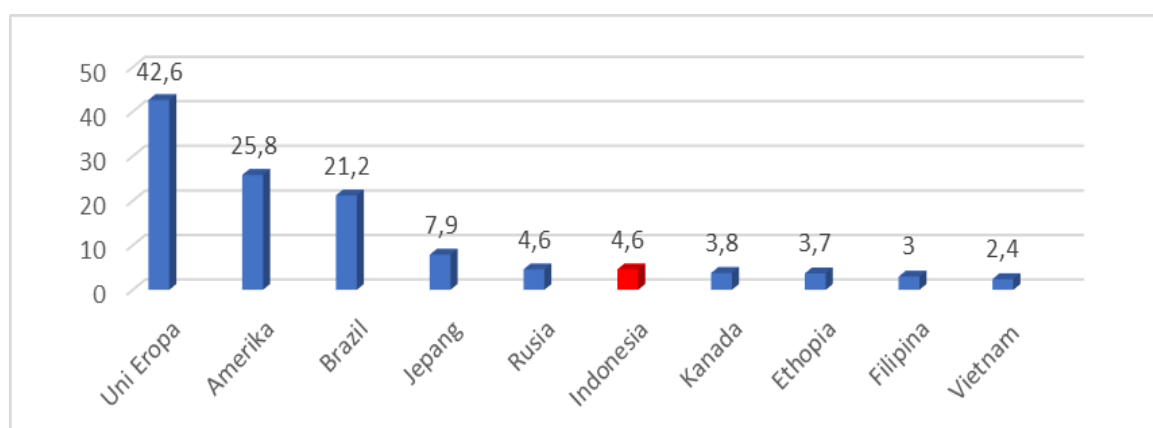
The Covid-19 pandemic, which has an impact on all lines of business, affects the economy and the purchasing power of customers and encourages changes in human lifestyles. The general market trend continues to be addressed by entrepreneurs. The consumption pattern that drinking coffee remains a necessity for consumers has become an entrepreneur-oriented business opportunity. Entrepreneurial orientation consists of innovation, proactiveness, risk taking, competitive aggressiveness, and autonomy, which encourages entrepreneurs to capture market shares from the coffee-to-go business. This study intends to illustrate the orientation of entrepreneurship that motivates entrepreneurs to develop their businesses in the pandemic era. The method used in this study was a qualitative analysis with a descriptive approach. The data collection techniques are observations and literature study. The results show that competitiveness, innovativeness, and understanding of the market trends are the most important determinants of market share. Therefore, strengthened partnership programs, optimization of existing resources, and aggressiveness are crucial factors.

Keywords: Orientation of entrepreneurship, entrepreneurship, Covid-19, coffee.

1. INTRODUCTION

Global Pandemic has disrupted supply chains of coffee in all of the world. The International Coffee Organisation's (ICO) Coffee Market Report of September 2020 showed that the coffee sector has also been hit by the coronavirus and global production is down 2.2% compared to last year consumer demand of 0.5%, which has led to below-average prices (Unleashed, 2020). Every country is experiencing difficulties in exporting coffee in the pandemic era. Two main species of coffee are of economic importance worldwide: *Coffea Canephora* (also referred to as Robusta) and *Coffea Arabica*. Indonesia is one of the five largest producers of Robusta coffee. Robusta coffee is considered to be easier and less costly to produce with a stronger, harsher, and bitter taste, and contains twice as much caffeine as Arabica beans.

Indonesia's economic growth in 2020 is still projected to slow down in line with the Covid-19 pandemic that hit Indonesia in the first quarter of 2020. This economic slowdown has started to occur in 2019 where Indonesia's economic growth slows down by 5.14% (yoy) compared to realized growth. Economy in 2018 amounted to 5.17% (yoy) due to global economic conditions. This is inversely proportional to the number of entrepreneurs in Indonesia which continues to increase from the previous 1.67% to 3.10% of the total population of Indonesia, which currently amounts to 255 million people.



Value in million Lb (60 Kg); Source: International Coffee Organization (2018)

Figure 1.1: Countries with the World's Largest Coffee Consumption 2016/2017

However, the ratio of Indonesian entrepreneurs is still below Singapore at 7 percent, Malaysia 6 percent, Thailand 5 percent of the total population. (Ministry of Cooperatives for small and medium enterprises, 2019). According to Nicolescu, 2009 that the competitiveness of small and medium enterprises to compete in the global era depends on external and internal variables. Entrepreneurial orientation is reflected in an innovative and proactive attitude, therefore, entrepreneurial development is not only about quantity but also quality. The quality of entrepreneurship will encourage business actors to grow and develop consistently in any environmental condition, through the right strategy in order to achieve their best performance.

Indonesia is the 4th coffee producer in the world as well as a consumer in seventh place. Coffee lovers in Indonesia are increasing every year and it is predicted that until 2021 it will continue to grow and it is believed that regular coffee consumption may help preventing chronic diseases (Favari *et al.*, 2021). According to Kustiari, Renny (2007) some of the challenges faced by the Indonesian coffee industry are as follows, first, the need to respond to the demands of domestic economic development and changes in the international economic environment, both due to the influence of economic liberalization and due to fundamental changes in the international agricultural product market. Second, the need to respond to changes on the demand side that demand high quality, large quantity, uniform size, environmental friendliness, product continuity and timely delivery, as well as competitive prices. Third, to make coffee and its processed products have a strong competitiveness, both at home and abroad, it requires detailed knowledge of developing consumer preferences, including increasing consumer demands for nutritional information as well as health insurance and safety for agricultural products. Fourth, the economic manifestation of people's concern for environmental sustainability and human rights has forced the inclusion of environmental and human rights aspects in economic decisions, whether consumption, production or trade. Fifth, the emergence of competing countries (competitors) that produce similar products (Vietnam and India) has made it more difficult to develop the coffee market, both in traditional export destination countries (United States, Germany and Japan) and new export destination countries (regions potential development).

Drinking coffee become life style to day and the entrepreneur seeing this as an opportunity they to grab opportunity in pandemic era, cause the number of coffee drinkers has not decreased in this pandemic era. The lifestyle of drinking coffee is currently becoming a trend among the community, especially millennials (Garnida, 2020). The coffee to go concept is an option for coffee connoisseurs. Drinking coffee is not just drinking but now coffee connoisseurs can enjoy latte art is a pattern or design that is used to decorate the surface of the coffee drink. The coffee variants offered are currently various, both black coffee or cappuccino, Gayo Coffee, Mandailing, Robusta, Mekarwangi, Preanger, Temanggung, Toraja. Entrepreneur continue to try to innovate to survive in this pandemic era. One of the efforts is to create creations..

Entrepreneurial orientation is an entrepreneurial action that seeks to create a competitive advantage (Martens *et al.*, 2018). Entrepreneurial orientation is related to innovation capabilities. Pérez-Luño, *et al.*, 2011; Dost, M., *et al.*, (2018); Ferreira *et al.*, 2018; Mooh Noor *et al.*, 2017. Entrepreneurial orientation has a positive impact on company performance (Lückenbach *et al.*, 2019; Şahin, F., & Gürbüz, S. 2017; Monteiro *et al.*, 2017). The success of an entrepreneur's business also depends on his ability to look for opportunities. Leaders who have an Entrepreneurial Orientation (Said *et al.*, 2016) or Innovation Risk (Said *et al.*, 2016) can be a competitive advantage because leaders with these characters will drive the company's progress.

One of the entrepreneurial orientation efforts is to create innovation and coffee entrepreneurs in the pandemic era try opportunities by mixing coffee with the addition of fruit or healthy ingredients.

The entrepreneurial orientation of entrepreneurs is a factor that can encourage the success of a company in running its business. A company with a high entrepreneurial orientation often exceeds competitors in exploring, creating, and taking advantage of opportunities (Martin & Javalgi, 2016; Baker & Sikula, 2009). Entrepreneurial orientation also reflects a priority in the process of identifying and exploiting market opportunities (Shane & Venkataraman, 2000). platform to business digitisation and involved the customers to improve competitiveness by creating proximity and fast response then it will encourage customer engagement (Hendriyani & Raharja, 2018)

Based on that, the article aims to describe business orientation of entrepreneurship to buicoffee in pandemic covid era-19.

2. LITERATURE REVIEW

2.1 Entrepreneurial Orientation

Entrepreneurship is all things related to the attitudes, actions and processes undertaken by entrepreneurs in starting, running and developing their businesses. Entrepreneurship also cares about newcomers in world business. Entrepreneurship in the future is the key to social and economic prosperity (Brandstätter, 2011; Castellà-Escolà, 2015). The concept of entrepreneurship continues to evolve along with the development of today's business and technology world and entrepreneurs are agents of change who will continue to create innovations by optimizing all available resources. Success in building a business is motivated by the orientation of an entrepreneur. Entrepreneurial orientation (entrepreneurship) can not only be viewed from the characteristics, attitudes or behavior of entrepreneurs, but also includes processes related to decision making in various aspects of developing methods, products and or businesses. According to Adegbite et.al., 2017 entrepreneurial orientation in innovative, proactive behavior, Entrepreneurial Orientation (EO) that appears in organizational behavior such as innovative, proactive and risk-taking behavior for growth whereas according to Hisrich *et al.*, (2017) entrepreneurial orientation Can looks at a commitment to taking action on opportunities and pursuing opportunities quickly to make the most of the opportunities. Entrepreneurial orientation is widely used for strategic strategic processes and company styles in entrepreneurial activities (Wiklund & Shepherd, 2003).

According to Rauch *et al.*, 2009 there are three dimensions of entrepreneurial orientation in a company, namely as follows: 1) Innovativeness, the ability to create creativity and new ideas, experimentation, novelty, and creative processes; 2) Proactive, focus on looking for opportunities, vision for the future, and anticipating future demands; 3) Risk taking, describing the company's ability to take bold action. Based on to Schillo, Sandra (2011) entrepreneurial orientation consists of: 1. Taking

risks, the courage to work for yourself and the will to develop; 2. Proactively describes the entrepreneurial characteristics of action to anticipate future opportunities, both in terms of products or technology and in terms of market and consumer demand; 3. Innovative is related to the types of products and services that the company has introduced to the market; 4. Competitive aggressiveness; 5. Autonomy refers to the independent action of an individual or team in generating an idea or vision and bringing it to completion.

2.2 Coffee to Go

Coffee is a growth market. Coffee is one of the most popular and widely consumed beverages worldwide due to its stimulating effects on the central nervous system as well as its taste and aroma. Coffee is a complex mixture of more than 800 volatile compounds whereas caffeine and chlorogenic acids are the most common compounds (Nieber, 2017)

Growing demand for coffee, in the last 30 years, has resulted in the expansion of coffee production and exports. Global coffee production (in volume) has increased by more than 60% since the 1990s with the ratio of Arabica to Robusta reaching roughly 60/40 (ICO,2019). Coffee to go is the concept of a coffee shop that sells coffee with a take-away system (in Rachmanda, 2019).

In pandemic, online marketplaces and ride hailing platforms such as Grabfood and Gofood have made the Coffee to Go market increase. Coffee to Go shops that provide quality Ready to Drink (RTD) Coffee products at affordable prices are in great demand.

2.3 Pandemic COVID-19 Era

Corona virus originating from China in 2019 has finally attacked all countries in the world as well as in Indonesia. This pandemic began to emerge in early 2020 and quickly spread to Indonesians. Corona virus disease (COVID-19) is a contagious disease caused by the corona virus which is transmitted through droplets (droplets) produced when an infected person coughs, sneezes, or exhales. The corona virus can also cause more serious diseases such as Middle East Respiratory Syndrome (MERS-CoV), Severe Acute Respiratory Syndrome (SARS-CoV), and Pneumonia. Coronavirus (CoV) is a large family of viruses that cause illnesses ranging from the common cold to more severe illnesses (Paho, 2020). The coronavirus outbreak is an epidemic that has existed in the world since 2002 with a severe acute respiratory syndrome known as SARS-CoV and Middle East Respiratory Syndrome (MERS-CoV) coronavirus in 2012. Coronavirus-19 is a zoonosis or virus that is transmitted between animals and humans. Covid-19 stands for Corona (CO), Virus (VI) Disease (D) and 2019 (19). The rapid spread and severity of this virus outbreak prompted WHO to apply WHO to make that assessment that COVID-19 can be categorized as a pandemic COVID-19 can be categorized as a pandemic. The COVID-19 virus infects people of all ages. However, evidence to date shows that the

two groups of people at higher risk for developing severe disease are the elderly over 60 and those with a medical history or diseases such as heart, diabetes, kidney, cancer.

3. RESEARCH METHODOLOGY

The method used in this study was qualitative research with descriptive approach. The data collection techniques applied by observations and literature study about relating to entrepreneurial orientation, coffee, and pandemic era. The object of the study authors took 4 of brand coffee to go which is the forerunner of coffee to go, namely Janji Jiwa, Kopi Kenangan, Fore, and Tuku. (Teflin Report, 2020)

4. RESEARCH AND FINDINGS

According to Teflin Report, 2020 that the average share of wallet coffee lover allocation is IDR 200,000 per month and the customer are almost gen Z & Millennial Customer.

Tabel 1 : Dimension of Entrepreneurial Orientation

Author and Concept	Dimension of Entrepreneurial Orientation	Janji Jiwa	Kopi Kenangan	Fore	Tuku
Adebite et.al., 2017	Innovative behavior	Yes	Yes	Yes	Yes
	Proactive behavior	Yes	Yes	Yes	Yes
Hisrich et al., 2017; Rauch et al., 2009	Innovative behavior	Yes	Yes	Yes	Yes
	Proactive behavior	Yes	Yes	Yes	Yes
	Risk-Taking behavior	Yes	Yes	Yes	Yes
Schillo, Sandra (2011)	Innovative behavior	Yes	Yes	Yes	Yes
	Proactive behavior	Yes	Yes	Yes	Yes
	Risk-Taking behavior	Yes	Yes	Yes	Yes
	Competitive Aggressiveness	Yes	Yes	Yes	Yes
	Autonomy	Yes	Yes	Yes	Yes

Those dimensions show that every company have innovative sectors of the economy, it's showed that they are focused on improving efficiency, determined by engineering, customer-oriented, and determined by scientific research (Myagkova *et al.*, 2021). Innovative as the ability of the company to identify and perceive business opportunities and effectively implement market innovations (Maravelakis *et al.*, 2016), which all of the entrepreneur using digitalisation and changes in customer behavior as a driven to create innovation. Hence, nowadays consumers are very mobile. The orientation of the entrepreneur must also change in order for the company to continue to grow and develop and build engagement with the customers (Surriadi *et*

al., 2019). Janji Jiwa has a product that is not only modern coffee drinks but also creates new products by collaborating with a number of brands in the form of chips called Jiwa Chips which is the result of a collaboration with Bumi Bites, a producer of healthy snacks made from 100 percent organic from Indonesia. Kopi Kenangan and Fore build innovation with start collaboration with grabfood and go-jek, Tuku Coffee become pioneer in iced coffee with a creamy and sweet taste as their innovation strategy.

All of the entrepreneurs always proactive entrepreneurs deliberately evaluate the external environment and identify evolving opportunities to establish an innovative venture (Rauch, A & Frese, M (2007). They are looking for new open doors in their workplace that can result in advancement and creative results(Horng *et al.*, 2016). The creative results showed by using a grab-and-go concept and build product market fit to get consumers preference. Proactive individuals will do everything to bring their concept to life and benefit from being the first person (pathfinders) to seize every opportunity.

Dimensions of entrepreneur risk taking orientation according to Hisrich *et al.*, 2007 means being brave to take calculated opportunities in creating and running a business. Courage in taking risks is based on the belief that what will be done has a chance to succeed. when an entrepreneur makes a decision, he or she already understands consciously the risks it will face. Furthermore, he will try to minimize those risks. If an entrepreneur does not dare to take risks, this will be an internal cause of failure in his business (Astamoen, 2005).

Competitive aggressiveness is one of the characteristics an entrepreneur must have in order to create the sustainability of his company by arranging a strategy to beat the competition. Kopi Kenangan provides a competitive advantage by creating delicious coffee and quality ingredients at an affordable cost, Janji Jiwa expand marketing channels with the franchise system to win the competition.

Autonomy is a must in running a business where an entrepreneur with autonomy will make them free to make policies and decisions for growing their business.

5. CONCLUSION AND SUGGESTION

5.1 Conclusion

All of the coffee to go entrepreneur has oriented to grow and take a challenge in pandemic covid-19. Their business instincts encourage them to see opportunities that can be achieved even though overall business conditions are declining due to hampered economic activities due to the imposition of restrictions on community activities by the government. Changes in customer behavior and the changing allocation of funds from customers due to the pandemic have caused proactive entrepreneurship to be continuously improved to be able to see market opportunities

in the midst of limitations. Competitiveness, innovation and understand market trends are the most important things to win the market.

5.2 Suggestion

In order to optimize and develop a wider business, distribution channels are needed to be closer to customers. Therefore, entrepreneurial orientation, in addition to adjusting products to customer needs, must increase their capabilities by increasing their partnership programs with other parties. Optimization of existing resources and agresivitas must also be improved and harmonize technological developments.

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