

# CHAPTER I

## INTRODUCTION

### 1.1. Background

The creative economy is a rapidly growing concept worldwide and has become central to modern economic development efforts in many countries, one of which is Indonesia, associated with innovation and knowledge transfer. In its development, the creative economy is driven by eight factors, firstly, the growth of technology and globalization which increases the importance of innovation and creativity, allows for the rapid exchange of ideas and products and creates new opportunities in the creative economy. Second, the changing consumer landscape from traditional consumers to modern consumers who demand unique experiences and create products that reflect creative values. Thirdly, there are cultural and artistic influences, which play an important role in the creative economy. Artistic expression and cultural heritage are highly valued by society, enabling artists and designers to create products and services that meet market needs. Fourth, is job creation. The creative industries generate significant employment opportunities, including those of individuals with diverse talents and skills that are a source of economic growth and social inclusion. Fifth, is regional development. Many local municipal governments use creative industries as a means of developing communities and attracting tourists and have been a key driver of community development Sixth, there is a knowledge-based economy that affects intelligence, innovation and knowledge that is a key asset to generate economic value . The seventh is sustainability, which also covers issues of sustainability and the environment. Innovations in design and manufacturing can support sustainability goals. and eighth, the role of education and training which plays an important role in human resource development of the creative industries. From this, one example of Indonesia's creative economy sector developed so far and recognized globally, one of which is in the culinary sector (Chollisni, A., Syahrani, S. 2022)

Speaking of West Sumatra tourism, which offers a variety of culinary excursions, "Rendang" is often the most well-known culinary destination there. Even UNESCO has listed rendang, an Indonesian dish, as one of the world's most

delectable dishes. And of course, this creates a wealth of possibilities for the growth of other creative businesses in West Sumatra, such as the Coffee Shop, which has flourished greatly in the city of Padang.

Considering the Coffee Shop, perhaps we have heard about it before. Due to the fact that coffee shops are present in many different parts of the city of Padang, beginning with the coffee shops that are dispersed across the city of Padang, especially around colleges and tourist sites. When the Coffee Shop first opened till it is currently in high demand, numerous changes have taken place. Not only that, but there are obviously many amenities that support a diverse menu list, attracting many clients and allowing them to feel comfortable staying longer at the Coffee Shop. They prefer to use their leisure time to have different types of gatherings at the Coffee Shop, which is seen to be a handy and enjoyable facility, ranging from youths, adults, to the elderly.

Talking about the Coffee Shop, of course this has elicited various responses from the City Government of Bukittinggi and Payakumbuh City. In the City of Bukittinggi, the City Government of Bukittinggi assists in developing tourism and promoting culinary and coffee shops. He helps in promoting it to tourists from Bukittinggi City. It didn't stop there, he also promoted it on his personal social media account. Meanwhile in Payakumbuh City, the Payakumbuh City Government gave a very positive response and support for the coffee shops that kept popping up in Payakumbuh City, one of which was Opung Waffle. The City Government attended the Grand Opening as well as inaugurated Opung Waffle which is located on Sudirman Street Koto Nan Gadang. He said that he would continue to try to provide convenience and acceleration for the community in improving and developing businesses in Payakumbuh City.

Compared to Padang City, DPMPSTP is very supportive and gives permission to every MSME entrepreneur who wants to set up a Coffee Shop in Padang City. This is considered as a form of support from the Padang City government so that the business licensing process for the community in Padang City is easy to jointly advance the shared economy. This is also reinforced by the experience the author got as an apprentice student at a coffee shop in the city of Padang for a period of 1 month, by working part time at the coffee shop. Based on the author's observations,

Coffee Shop exists as a creative solution for the local community, not only for the welfare of workers and buyers, but also for the food and beverage supply chain, especially in the coffee business which is capable of impacting coffee producers and the relevant municipal governments.

Besides that, the existence of a coffee shop is also able to reduce the number of unemployed in the community, is able to provide a lot of experience for students to make extra money, and is able to assist the government in moving the city's economy. Because of that, in this study the researchers chose Padang City as the study area. Coffee shops are one of the creative economic sectors that have the potential to develop into an independent and alluring economic base for development, in addition to absorbing excess labor. Due to its independence in producing jobs and offering inexpensive goods and services, as well as its reputation as a sector that may avert widespread unemployment and social turmoil, the creative economy sector is thought to be particularly alluring (Simanjuntak, 1985). The creative economy sector may also give economic actors a broad overview of socioeconomic changes.

As it can be seen from the large number of new coffee shops that have opened, the city of Padang has experienced significant expansion recently. The rise in the number of coffee shops listed on Google Maps, Go-Food Maps, and Grab Food Maps is proof of this. During his visit to the Truntum Hotel in Padang City on Sunday (29/8/2021), the Minister of Tourism and Creative Economy of the Republic of Indonesia supported the expansion of the Coffee Shop as a creative economic sector in the food industry. According to information from the Padang City Investment and One-Stop Integrated Services Agency (DPMPTSP), 27 coffee shops will now have formal business licenses as of 2021, an increase from 2016 of just 19 coffee shops. The creative economy sector, represented by coffee shops, is thought to be able to provide employment prospects for those who are jobless but do not find work, hence reducing unemployment in the city of Padang. But does the expansion of coffee shops in Padang affect the economic growth that the city will see, or does it work the other way around?

From this description, the researcher is interested in conducting further research and the results of this study are outlined in the form of a thesis with the title:

“Analysis of Creative Economic for Coffee Shop in Padang City, Bukittinggi City and Payakumbuh City”

## **1.2. Problem Statement**

In general, the creative economy sector often has problems which can be seen in terms of income levels that have not promised the welfare of the business actors themselves.

1. How many Coffee Shops have been operated in Padang City, Bukittinggi City and Payakumbuh City based on DPMPTSP Data in related cities ?
2. What factors affect the income level of Coffee Shops in Padang City, Bukittinggi City and Payakumbuh City based on DPMPTSP Data in related cities?

## **1.3. Purpose of Research**

Based on the background that I have described above, the next purpose of this research is to find out:

1. To analyze which factors/variables affect the income level of Coffee Shops in the cities of Padang City, Bukittinggi City and Payakumbuh City based on DPMPTSP Data in related cities.
2. To analyze out how many Coffee Shops have been operated in Padang City, Bukittinggi City, and Payakumbuh City based on DPMPTSP Data in related cities

## **1.4. Benefits of The Research**

The results of this study are expected to be useful, including:

1. Academic usefulness

For researchers, this research can add insight about the importance of creative economy potential in economic growth in a city. This research is expected to add to the literature review and become a reference for further researchers.

2. Practical use

This research is expected to be a reference on how to develop the creative economic potential of the culinary subsector (Coffee Shop) in these cities.

## **1.5. Systematic Research**

### **Chapter I : Introduction**

The introduction consists of six sub-chapters which cover background, problem formulation, problem objectives, research objectives, research benefits, research scope, and writing systematics.

### **Chapter II : Literature Review**

In this chapter, we discuss the theories and supporting literature related to social economic behavior of Coffee Shop owners in running their Coffee Shop. In addition, some previous research results related to this research are also presented. Then, a hypothesis will be developed which will be a temporary answer to the formulation of the problem.

### **Chapter III : Methodology**

This section consists of several sub-chapters covering data and data sources, research approach, research location, population and sample, data analysis techniques, and the data analysis phase using the cross tabulation method consisting of a chi-square test and a contingency test.

### **Chapter IV : Result and Recommendation**

In this section, an overview of the city of Padang, Bukittinggi, and Payakumbuh will be explained. a description of the characteristics of respondents and the distribution of coffee shops that have business licenses in the city of Padang, Bukittinggi and Payakumbuh.

### **Chapter V : Implication**

In this section, the results of research and analysis that have been obtained from the results of data processing will be discussed. Explanation of the results is divided into each variable, by explaining the cross tabulation analysis, the results of the chi-square test and the results of the contingency test sequentially.

### **Chapter VI : Conclusion**

This final section consists of conclusions and suggestions based on research and analysis results obtained from data processing.