

## CHAPTER I

### INTRODUCTION

#### 1.1 Background of the Research

Coffee has become one of the most popular and widely consumed beverages around the world (Asioli et al., 2014). According to data from the International Coffee Organization (ICO), as shown in Table 1, global coffee consumption in 2023 reached approximately 177 million bags (60 kg per bag), increasing from the previous year. This growth reflects that coffee has not only become a daily consumption need but also a part of people's lifestyle worldwide. This trend has been influenced by various innovations in coffee preparation, as well as the emergence of new business concepts that bring coffee industry closer to consumers' daily lives, such as modern coffee shops, specialty coffee, and street coffee vendors (Qotrunnada et al., 2025).

Table 1. World Total Coffee Consumption

COFFEE YEAR	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24*
CONSUMPTION	171.2	168.6	169.9	176.6	173.1	177.0
Exporting Countries	52.5	52.2	53.1	54.4	55.1	56.5
Importing Countries (Coffee Year)	118.6	116.4	116.8	122.2	118.1	120.5
Africa	11.9	12.1	13.0	12.9	12.2	12.5
Asia & Oceania	39.9	40.1	42.2	44.2	44.5	45.7
Caribbean, Central America & Mexico	5.8	5.8	5.9	6.0	6.0	6.1
North America	31.8	30.6	30.2	31.3	29.8	30.9
South America	26.3	26.0	26.4	27.0	27.5	28.0
Europe	55.5	54.0	52.2	55.7	53.1	53.7

Source: International Coffee Organization (ICO), Coffee Market Report

In Indonesia, coffee is not only known as a beverage but also as an integral part of social culture (A'la et al., 2024). According to Tempo (2024), Indonesia is

the fourth largest coffee producer in the world, producing around 642,000 metric tons of coffee and contributing 6% of the world's coffee supply, following Brazil, Vietnam, and Colombia. On the consumption side, Indonesian society shows an increasing interest in coffee products, especially among the younger generation. According to data from The United States Department of Agriculture in 2024 (Figure 1), the sales data for Ready-to-Drink (RTD) coffee in Indonesia shows growth in 2023, as producers continue to offer more varieties at affordable prices, supported by various distribution networks such as minimarkets, modern coffee shops, restaurants, street coffee vendors, etc.

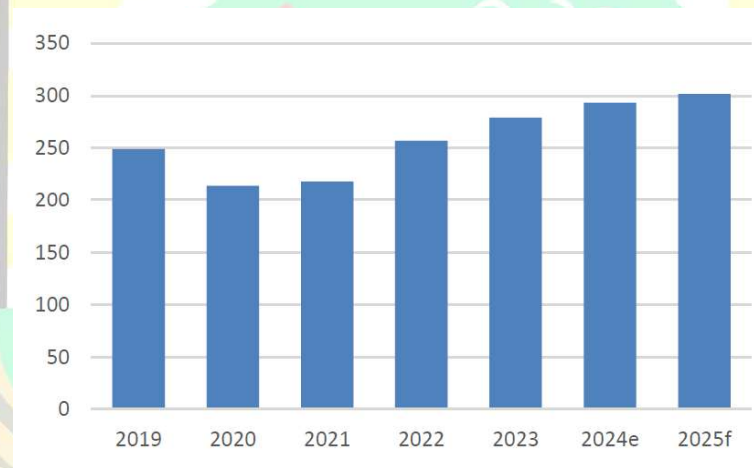


Figure 1. Ready-to-Drink Coffee Sales Volume (million liters) in Indonesia

Source: United States Department of Agriculture (USDA), Indonesia Coffee Annual Report

In line with the national trend, the coffee industry in Indonesia has experienced significant expansion over the past decade (Qotrunnada et al., 2025). Not only have large-scale coffee shops dominated the market, but small and medium-sized enterprises have also grown by developing more flexible coffee industry concepts, including street coffee vendors (Santosa et al., 2025). This

concept offers a more casual approach, more affordable prices, and more accessible locations for consumers, especially in large and medium-sized cities (Sunarharum et al., 2024).

Padang City, as one of the major cities on Sumatra Island, has also shown rapid growth in its coffee industry (Ayuni & Pasaribu, 2024). The emergence of various types of coffee industry show the increasing public interest in coffee. One notable business model is street coffee vendors, which involves serving and selling coffee using carts, simple booths, or tents on roadsides (Santosa et al., 2025). The flexible nature of street coffee vendors, along with its adaptability to urban mobility, has made it increasingly popular, especially among younger consumers, who increasingly dominate the coffee market (Andriawan et al., 2023).

The term street coffee vendors refers to a coffee-selling and serving business carried out directly in public spaces such as sidewalks, roadsides, city parks, or other strategically crowded areas (Sunarharum et al., 2024). Unlike conventional coffee shops that generally have permanent seating and specially designed interiors, street coffee vendors are more flexible, using semi-permanent facilities such as carts, small booths, or portable stands. Street coffee vendors emphasizes ease of access, fast service, and relatively affordable prices without compromising taste quality (Santosa et al., 2025). This concept has grown rapidly, particularly in urban areas, because it adapts well to the dynamic lifestyle of the community and offers a new alternative for enjoying coffee without having to enter a traditional coffee shop (Fachri Albar et al., 2025). Therefore, Street coffee vendors has not only become an

innovation in the coffee industry but also a part of the urban lifestyle that is increasingly popular in many cities across Indonesia, including Padang City.

This growing trend is clearly reflected in the field. Based on observational data collected by the researcher in early 2025, there are several active street coffee vendors operating in various strategic locations in Padang City. The diversity of these brands indicates the importance of understanding consumer preferences in order to survive and grow in this dynamic market. Table 2 presents a sample of identified Street coffee vendors observed in the field.

Table 2. Street coffee vendors in Padang City

NO	BRAND NAME
1.	Kopi Jojo
2.	Kopi Pablo
3.	Kopi Oz Keliling
4.	Kopi Jaya
5.	Kopi Ajoe
6.	Kopi Malin
7.	Kopi Aspal
8.	Kopi Andara
9.	Kopi Azol
10.	Bengras Kopi
11.	Barizta to go
12.	Komunal

Note: There are more brands available, but only those that appeared most frequently and visibly during the field observation conducted by the researcher were included due to limited data.

Source: Field Observation by Researcher, 2025

In the midst of this rapid growth, street coffee vendors in Padang City often face challenges in deeply understanding consumer preferences, and they also compete each other in marketing their product (Ayu Aristawati et al., 2024).

However, according to Oyatoye et al. (2013), in an increasingly competitive business environment, understanding the attributes most considered by consumers is a key factor in winning the market. This is supported by pilot survey data (Figure 2) conducted by the researcher to 19 street coffee vendors consumers, showing that 94.7% of respondents believe it is important for street coffee vendors to understand consumer preferences.

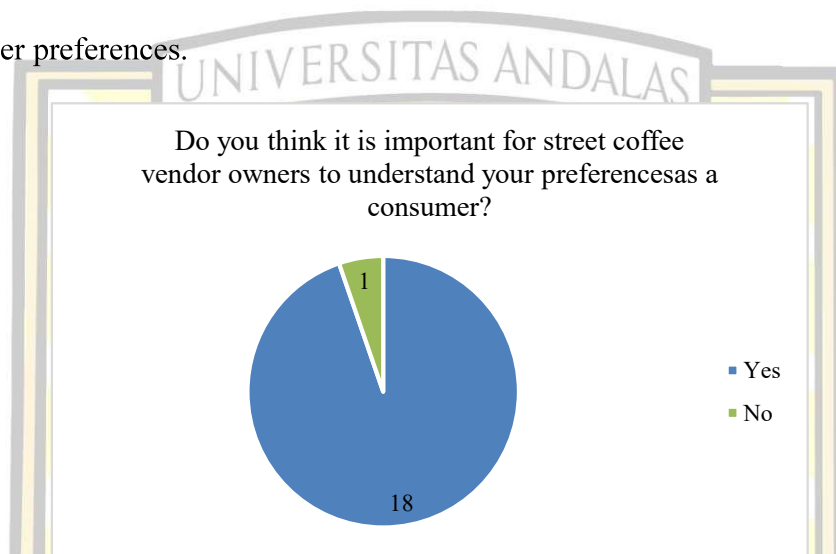


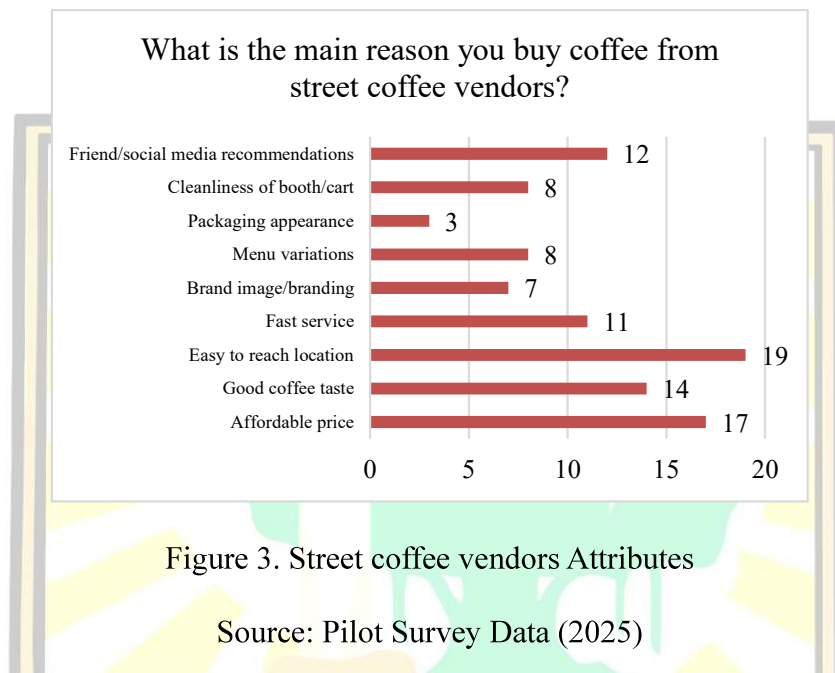
Figure 2. Importance Level of Understanding Consumer Preferences

Source: Pilot Survey Data (2025)

So far, research on consumer preferences for coffee industry has mostly focused on coffee shops, while studies specifically on street coffee vendors remain limited. However, based on the pilot survey results (Figure 3) conducted to 19 street coffee vendors consumers, the researcher has identified several key attributes that consumers consider when choosing street coffee vendors, such as Location, Price, Taste, and Promotion. These attributes are closely related to Marketing Mix (4P) framework, which is a fundamental concept in marketing strategy. Location corresponds to the Place element, referring to accessibility and strategic positioning of the vendor. Price reflects the cost consumers are willing to pay and their



perceived value, aligning directly with the Price component. Taste represents the product's quality and variety, which are central to the Product element. Lastly, Promotion includes discount offers or loyalty incentives, reflecting the efforts made to communicate value and attract customers under the Promotion component.



Based on this background, this research is important to conduct. The purpose of this research is not only to explore consumer preferences regarding the attributes of street coffee vendors but also to provide practical contributions for business owners in developing data-driven strategies that meet market needs. The results of this research are expected to provide a comprehensive overview of what street coffee vendors consumers truly want, as well as encourage improvements in quality and competitiveness of street coffee vendors at both local and national levels.

Considering the various factors influencing consumer preference, an appropriate analytical method is needed to capture their true preferences

comprehensively. To achieve this, the researcher will employ conjoint analysis as the primary method, which is widely used to measure consumer preferences by analyzing the trade-offs individuals make between different product attributes. This method is suitable for this research because it can identify the relative importance of key street coffee vendors attributes such as price, taste, location, and promotion, based on real consumer preference patterns (Asioli et al., 2014). This is also explained in the research by Hong et al. (2024), where conjoint analysis is considered an appropriate method for understanding how consumers make preference based on combinations of product attributes, thus making it highly relevant in the context of consumer preference analysis.

## **1.2 Research Problem**

The problem formulation that becomes the focus of this research can be outlined as follows:

1. What are the forms or characteristics of each attribute and the levels of street coffee vendors that are most preferred by consumers in Padang City?
2. To what extent is the importance or priority level of each attribute in street coffee vendors, according to consumer preference in Padang City?
3. What profile of attribute combination is most preferred by consumers of street coffee vendors in Padang City?
4. Are there any differences in consumer preferences for street coffee vendors in Padang City based on demographic characteristics?

### **1.3 Research Objectives**

The objectives to be achieved in this research are formulated as follows:

1. To identify the forms or characteristics of each attribute and the levels of street coffee vendors that are most preferred by consumers in Padang City.
2. To assess the perceived importance or priority level of each street coffee vendors attribute according to consumer preference in Padang City.
3. To determine the profile of attribute combinations that are most preferred by consumers of street coffee vendors in Padang City.
4. To analyze the differences in consumer preferences for street coffee vendors in Padang City based on demographic characteristics.

### **1.4 Research Benefits**

The results of this research are expected to provide valuable contributions for various stakeholders. The benefits are as follows:

#### **1.4.1 For Street coffee vendors Owners**

This research can serve as a valuable source of information for street coffee vendors owners, especially those operating in Padang City. The information provided through the analysis includes an understanding of consumer preferences based on marketing mix (4P) attributes most considered when choosing street coffee vendors. Therefore, the findings of this research are expected to be used as a reference or guide for conducting more targeted market surveys or research, in order to enhance competitiveness and attract consumer interest more effectively.



#### 1.4.2 For Consumers

This research is also expected to provide a better understanding for consumers, particularly street coffee vendors enthusiasts, regarding marketing mix (4P) attributes that are commonly considered the main factors in choosing a street coffee vendors. Additionally, the findings of this research may encourage consumers to more actively recommend street coffee vendors that aligns with their preferences to others. This can lead to increased visits and purchases, positively impacting the sustainability of the street coffee vendors.

#### 1.4.3 For Future Researchers

This research is expected to serve as an initial reference or foundation for future researchers who wish to further research consumer preferences of street coffee vendors. Future researchers are encouraged to expand the scope of the research, both in terms of the attributes analyzed and the geographical areas covered, in order to obtain more comprehensive and relevant results, particularly in other locations.

### 1.5 Scope of the Research

The researcher defines the scope of this research to ensure that its implementation is focused, systematic, and free from deviations or the expansion of irrelevant issues. This research is focused on exploring consumer preferences towards street coffee vendors in Padang City.

The main focus of this research is to identify and analyze marketing mix (4P) attributes that shape consumer preferences. This research does not discuss the internal managerial aspects of the business, overall marketing strategies, or preferences towards other types of coffee industries such as modern coffee shops or traditional coffee stalls.

The object of this research are the consumers of street coffee vendors in Padang City, using a quantitative approach through surveys aimed at exploring their preferences regarding marketing mix (4P) attributes offered within the context of street coffee vendors. By defining this scope, it is hoped that the results of the research will provide a more specific, in-depth, and relevant understanding of the issues being studied.

### **1.6 Structure of the Thesis**

This research is organized into five main chapters, each consisting of several subsections. The structure of the thesis is as follows:

#### **CHAPTER I: INTRODUCTION**

This chapter provides an overview of the research background, problem formulation, research objectives, research benefits, and the scope of the research that is the focus of the investigation.

#### **CHAPTER II: LITERATURE REVIEW**

This chapter presents a review of relevant literature related to the research problem, including theoretical foundations (grand theory), theories related to the research

variables, and the development of attributes and levels based on the analysis of previous studies and the research model used.

### CHAPTER III: RESEARCH METHODS

This chapter outlines the research approach and methodology used, including research design, sampling techniques, data collection methods, variable operationalization, and data analysis techniques applied in this research.

### CHAPTER IV: RESULTS AND DISCUSSION

This chapter presents the data analysis results obtained from the research, along with an in-depth discussion of the findings.

### CHAPTER V: CONCLUSION

This chapter provides the conclusion from the research results, theoretical and practical implications, research limitations, and suggestions that can serve as input for future research.

