Opportunity Recognition on Business models in Wiyung District: a Thorough Analysis on a Café's Potential Growth

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Abstract
With the Food and Beverage industry in Surabaya rapidly expanding from the growing number of foreign investors willing to take advantage of the existing resources and its abundant culinary culture, the idea of a flourishing feasible Café business start-up in one of Surabaya's most busy districts, Wiyung, might just be a reality. Whether or not it will be possible or not, this research paper seeks to present the factors and possibilities of its success rate. By examining the current business environment through an existing Café's business performances and challenges as it continues to navigate through the market with an increasing number of competitors of various brands. The highlight of our findings would be our business model's strategic plan to navigate through the competitive Café market in Surabaya, Wiyung.

Keywords: Food and Beverage, market, business performance, strategic plan

1. Introduction

The Food and Beverage (FnB) sector is currently considered to be one of the fastest growing industries in Surabaya, driven by the increasing number of foreign investors who are willing to invest in it due to its geographically advantageous location with a large population of over 3 million people and a diversified culinary culture (InCorp, 2025). This growing trend has led to multiple evident projections that there would be a promising opportunity to invest in the FnB industry in Surabaya as a business start-up. With this statement at hand, our team has come to a mutual agreement on the decision that our business model would take place in the field of FnB in the form of a Café shop.

After some further consideration, through the intensive recognition of the advantage we might gain in terms of our business district, we have also reached a definite conclusion that the Wiyung district in the West region of Surabaya would be the most appropriate district for our Café's business model to operate in. In spite of the current condition of the Wiyung district (i.e. an area still in development), it still holds significant potential for our business to grow and expand in both short and long-term due to its proximity towards multiple different of commercial activities and growing residential areas (Kecamatan Wiyung | Kelurahan Cinta Statistik Surabaya, 2025). Not to mention, the Wiyung district has also been recognized as a highly-concentrated area of both commercial and industrial activities itself with busy roads which is a result of both the heavy transporting activities performed around the area and as the major roads acts as a medium to the entrance and exit of a toll road nearby in Gunungsari (Dwi Khoirotunni'mah et al., 2025). Now this could potentially provide our business start-up with high levels of public exposure in the early stages of our Café operations due to the large mass of vehicles regularly passing by the district area from time to time.

Additionally, the Café might also just gain a large client base from the existing client base which are currently engaging with other direct competitors or unrelated businesses in trade actively in and

around the Wiyung district area. In this scientific paper, we aim to highlight the feasibility of our potential Café business start-up on the basis of the most recent external opportunities as well as threats present in the current market structure found in or around the Wiyung district. The final result of our findings would be presented through the fundamental concepts of demand and supply. This study would include a clear insight on the current niche market stability in terms of the market equilibrium concept in the Wiyung district. We will also be taking account of the elasticity of demand and supply of existing Café's products in the Wiyung district, to help us formulate our potential Café business' pricing methods and other long-term strategies which could be applied for its successful integration and future expansion in the current niche market dynamics.

2. Literature Review

The concepts of demand and supply in a market as well as its elasticity has been considered a compulsory and systematic concept required to be taken to consideration for the analysis of the FnB market dynamic in the Wiyung district. According to (Lianovanda, 2025), demand is referred to as the aggregate amount of products which consumers are willing to purchase at different levels of price. Changes in price would cause a movement along a demand curve (Kenton, 2024), while shifts in the demand curve would be a result of non-price determinants (Britannica, 2024). We have concluded that the identification of a suitable pricing strategy and non-price factors holds a vital role in understanding demand patterns and the profitability of our Café business throughout the year. This process we have conducted through both primary and secondary research which we will further explain in our methodology. Additionally from this section of the market, we would be able to gain insight on the overall profitability of the Café if it were to operate and supply similar products as the existing Café's around the Wiyung district. From supply, which is the amount of products that producers are willing to produce and sell at a particular price and period of time (Lianovanda, 2025), the ease at which the level of supply could be increased or decreased at a period of time according to the potential future fluctuations in the levels of demand of the Café product could be analysed.

The elasticity of both demand and supply of popular Café products would be vital in determining the most effective pricing strategy used to integrate into the market and to set the right price to maximise profit earnings (How to Use Price Elasticity to Optimize Your Price Point, n.d.) while considering consumer's effective demand. Other than that income elasticity and cross elasticity of demand, would allow us to identify the most secure products to supply and sell, as it evaluates the range of products which would be least affected by external factors (i.e clients level of disposable income and changes in price of related products.)

On top of this, the point where the market is at equilibrium has also been deemed a useful conceptual tool for us. The point where demand and supply of Café products meet at equilibrium (Salish & McClung, 2020) would help us identify promotion and discount strategies to boost sales during moments of severe market failure or disequilibrium which tend to often happen due to certain conditions (Lueken, 2018). Additionally, it would also help us identify the potential effects which market trends acting as determinants of supply and demand in the market could have on our business performances in terms of price and quantity sold. Thus, multiple contingency plans could be formulated to combat the possible problematic scenarios in the current market structures on the basis of data on current trends in the industry. The overall concepts would allow us to set strategic plans to survive in any potential unfavorable market conditions in the future.

3. Methods

3.1. Primary Data Collection

In support of our own business potential analysis, we have conducted an extensive primary research of an existing Café currently operating in the Wiyung District: ABC café. This aims to provide us with primary data regarding ABC's management structure, performance, and challenges as they continue to operate in the market with growing competition. We have collected the primary data by 2 means, an interview with the supervisor of the ABC outlet in Wiyung and a direct observation of their Café itself. Our reason to choose ABC as our focus is because it has had relative success in the district, despite having lots of competitors such as DEF, GHI, and many more;

Our interview with Mr. Gunawan, the supervisor of ABC, has provided us with most of the primary data we currently hold. During the short interview, we asked a total of 5 open-ended questions and some closed-ended questions to re-confirmation. The open-ended questions include:

1. Are there any challenges in operating ABC as it competes with the existing competitors (Name them)?
2. Ever since competition began to grow in the market, what has become of ABC's sales performance (Any minor or major problems)?
3. What is/are the target age group(s) of ABC's business (Any evidence of supporting strategies implemented which is relevant to attract the particular age group)?
4. What are ABC's sources of supply for their Café products (how does their supply chain work)?
5. What are the hardest internal matters faced since the start of the Café operations (Elaborate on the details)?

The results from the interview gave insight towards the weight of competition in the area, as well as giving an idea on the standard that would As for our direct observation at ABC Wiyung, we obtain a direct visual input on both the exterior and interior design of the Café, the Customer flow patterns and the type of their products. The details of our primary data from both the interview and direct observation would be expressed clearly in the results and discussions section within this paper to provide an understanding of the characteristics which our business model must adopt to integrate within this niche.

3.2. Secondary Data Collection

As for the secondary data, we rely majorly on published public journals, published papers, and official stated information regarding the Wiyung/Surabaya district. Indonesia's industrialisation/modernism has come to a spectrum where bigger and more populous cities are more catered to global tastes while smaller cities that are considered "rural" are more conservative in terms of personality. Surabaya, Jakarta, and Bandung for example; are considered 'big cities', where industrialisation and modernism have been planted firmly due to high economic activity from said high population. Restaurants, eateries, and 'Warung Makan' are abundant all over the city, making it a very competitive area to establish a culinary business. Surabaya's population is calculated to be around 2.9 million people, and the area is measured at 326.81km2, meaning that the population density would be around 8795 people per km2. The population itself having an increase of 2% per year, meaning that the citizens themselves are majorly millennials. From this information, it can be said that the high competition does not openly satisfy the total market demand, proving that there is a varying diaspora that caters to certain tastes rather than an entire consensus on one single preference.

According to Morphology Development of West Surabaya by Wisnu Listyaputri, the west area of the Surabaya metropolitan area has been of great interest towards investors particularly from real estate companies, namely X Group, Y Group, and Z Group. These are indications of a high economic class concentration, meaning that the west of Surabaya is home to a powerhouse of economical activity; this is something of much interest to take note of.

4. Results and Discussion

4.1. Primary Data Insight

ABC faces challenges in competing with other cafés in Wiyung District, such as D, E, F, etc. ABC was the first café to exist in Wiyung District, Surabaya, and then followed by new cafés that also opened on the same street as time went by. ABC experienced a decrease in sales after the emergence of competitors. Monthly sales fell by 10% from 600 orders to around 540 orders. This happened because customers chose to spend their time elsewhere. However, it is not a significant number to be considered as a problem.

What makes ABC different from other cafés is because its target market, which is college students, so the cafe's design is aesthetic. In addition, in terms of comfort of the place, it is very conducive for customers to spend their time here. Unlike other cafés that only provide a place to sit, ABC has an outdoor area that customers can use to refresh themselves and relax at the same time.

There are monthly targets that ABC employees must reach, and each division has different ones. There are multiple divisions in ABC organizational structure, such as Purchasing, Human Resource,

Accounting, etc. Each outlet has one supervisor and for the supervisors itself is 720 orders per month. However, this is the maximum target or 100%, so it is not necessary to meet this quota. The minimum sales target is 0.2%, which is 440 orders.

As for the responsibility of those present in the outlet of ABC Wiyung, all they have to do is serve the customers and reorder stock to the central warehouse where supplies and stocks are held altogether. One of the largest problems they face is that if a customer has a bad experience in the café whether from the product or from the services provided, sometimes they do not give direct feedback. But they record it and criticize on social media and give bad ratings on the google rating and review, which could significantly affect future performance.

4.2. Secondary Data Insight

The research according to the secondary data that we have gathered shows us that since Surabaya's western areas are of great interest, the consensus proves that it will be favourable for the following industrialisation and advancement in terms of business and culture. This means that our business needs to be interesting towards younger generations to last, in all areas such as aesthetic, menu, style, and culture. As observed in the data, the competition for food and beverage based businesses is very high and very abundant; there is a lack of variety and such is the reason for cafés like ABC and E to excel in these areas, because these businesses have what sets them apart from the abundant and non varietal competitors. They openly show what advantage they have against their competition, and possibly even investors; this is very important, because the data combined shows that Surabaya itself is in the midst of focus as an important economical zone for not just middle to low class citizens, but rather to interest the upper middle and high class market.

Our business as a café, serving food, beverages, and snacks; will directly conform with the modernisation of Surabaya as a whole, starting from the highest point, being the western area. Wiyung, sitting at the southwest corner of the city, is yet to be expanded into by any of the 3 groups mentioned previously, but that doesn't mean that it has not been a point of interest in terms of real estate. Pt. BCD particularly have the biggest influence on Wiyung's real estate; with RR and WBM considered as main competitors.

This means that as the real estate and population grows according to the consensus, the more people that live in these more modern neighbourhoods need convenience, in terms of food/water, supplies, entertainment, etc. There are reasons that show the potential in opening a new cafe in Wiyung District.

1. Population and Demographic

The customer base is increasing due to the high and spreading population in Surabaya which is 2,9 million with 2% of annual growth.Young generation is the one that makes up the majority of the population which this demographic is actively associated with café culture, social media usage, and lifestyle spending. This will provide ready customer for a new cafe especially when its has instagramable interiors and trending menus that in line with time

2. Economic Concentration in West Surabaya (including Wiyung)

Wiyung District is not just an ordinary district. The existence of real estate giants such as C, P, D indicates the existence of business opportunities that can be exploited due to its economic center with middle to high incomes people where those people are willing to pay for quality, branding, and experience, so a new ones will attract their attention.

3. Schools Nearby

West Surabaya, including Wiyung, is surrounded by universities, colleges, and private schools such as Universitas N, S School, SMA M, etc. Students have a habit where they go to a cafe for hangouts, study, or even a place to do meetings for certain projects. This also creates a consistent base of customers where they do not only go for occasional but the one who will come daily. Due to its closeness to schools, cafes in Wiyung can be targeted by students to hold events there because of their close distance to schools.

4.3. Economic Analysis

4.3.1. Related Business in the District

Within the Wiyung district, our team plans to establish a new coffee shop business that we take inspiration from ABC Café ,which operates in highly competitive cafe environments but connecting to each other. There are many businesses with the same type of industries who were also present in this

district such as FC, GAC, and TRC — each of them are direct competitors in the premium café segment. Those cafés have similar audience targets, especially for college students and Gen Z , who prioritize calm atmosphere, accessibility, and digital connectivity while choosing the cafe (Putri & Yuliana, 2021). As ABC has experienced, competition from these cafe has resulted in a slight decrease in sales–aproximately 10% according to Mr. Gunawan, ABC Wiyung supervisor–indicating that while the demand is stable, market share is fragmented.

Moreover, student oriented coworking spaces such as G and R who's located near Wiyung acts as a business complement, attracting the same demographic who gives flexibility for study and social interaction. Partnership between cafe and shared workspace are becoming more common, because both of them benefit from a customer base that is looking for a safe and calm environment for productivity (Rahardjo, 2020). For our upcoming coffee shop, understanding ABC approach and making the same connection can help to sustain the market relevancy and attract our target audience.

Meanwhile, local food stalls and mini restaurants that help with substitution, offer an affordable alternative for consumers who prioritize budget over atmosphere. Because ABC targets demographics relatively young and sensitive with the price. In the conditions with this kind of substitution can help to attract future customers within an economical crisis period. Within that, this competitive environment also simulates innovation, as our team can learn from ABC differentiation strategy–focusing on quality, ambience, and experience rather than keep looking about the price.

In summary, despite the competition from similar cafes give challenges, complementary businesses give chances for partnership. By studying ABC's position in the Wiyung cafe ecosystem, our coffee shop can design strategies to emphasize collaboration, innovation and adaptability to ensure sustainable growth.

4.3.2. Factors Determining Demand

Product demand for our planned coffee shops and services in Wiyung are influenced by at least 3 main factors such as consumer demography, lifestyle trends, and digital engagement. In analyzing these factors, our team refers to ABC café as a case study and reference for understanding local market behaviour. The first one, consumer demography plays a key role. The majority of ABC consumers are college students with the range of age 18-22 years, who come from nearby universities. The researcher that Putri and Yuliana does (2021) found out that college students in Surabaya more love cafes with aesthetic design interior and comfy environment that are conducive to study or socializing. This is in line with our goals to design a café environment similar to ABC's approach, combining indoor and outdoor aesthetic attractiveness. Therefore, to protect the identity of the young label and dynamical it is very important to attract and maintain this demography segment.

The second one, lifestyle trends that significantly affect the cafe demand. City-based modern consumers, especially from Gen Z, commonly saw cafes as a "third place"—a location separate from house or school as their place to socialize, relax, or work (Rahardjo, 2020). Cultural shifts from pure cafes that provide food service change into lifestyle destinations that have increased demand for quality ambience and social media appeal. Inspired by ABC's success in creating a visually engaging space, our café also aims to build an inviting and instagram-worthy environment that appeals to this trend.

The third one, digital engagement and online visibility becoming key partnership determinants. Many consumers, especially for younger generations, rely on Google Reviews and instagram to assess the cafe reputation and find the new cafe location that is trending on the internet. Filieri et al. (2021) emphasized that online reviews significantly build customer confidence and consumer purchase intention. Therefore, our team recognizes the importance of maintaining a strong digital presence—learning from ABC's strategy of using online feedback and reviews to build brand trust. Managing digital reputation and consistent social media engagement will be critical to sustaining demand in our target market.

4.3.3. Key Supply Challenges

In developing our coffee shop businesses, our team refers to ABC café's operational experience to identify potential supply-related challenges. Based to our analysis two main challenges related with supplies that is labor availability and supply chain dependency, Firstly, the cafe labor availability industry in Surabaya is increasingly limited. Increasing the number of coffee shops has created a competition to get a barista and staff with professional skills. Based on the Indonesian Coffee

Association (2022), labor shortages in urban coffee industries are becoming common, which cause wage inflation and higher employee turnover rates. Similar to ABC's experience, our future coffee shop may face challenges in recruiting and retaining qualified employees, especially as we aim to maintain consistent service quality and customer satisfaction. To mitigate this, we plan to implement early barista training programs and offer incentives to improve employee retention.

Secondly, supply chain dependency gives other operational challenges. ABC café's model—where supplies and raw materials are stored in a central warehouse-offers efficiency but also shows potential risk in stock delays and logistics disruption. As noted by Pratama & Permana (2020), the food and beverage business industry in Indonesia needs to adopt supply strategies that are flexible to adapt within variation in logistics costs and localized supply limitations. Therefore, our team intends to collaborate with local suppliers and adopt a semi-decentralized inventory system to reduce delays and ensure a more reliable supply chain.

In conclusion, by analyzing ABC's current supply challenges, our coffeeshop can proactively design solutions to minimize labor and logistical risks, ensuring smoother operations and sustainable growth in Surabaya competitive café market.

4.3.4. Market Balance

In analyzing the Wiyung coffee market, our team uses ABC café as a reference to assess market balance and entry opportunities for our planned coffee shop. Nowadays, the coffee market in Wiyung shows signs of slight oversupply. The opening for some cafes in recent years, including FC, GAC, and TRC, shows that supply growth may outpace demand among students. However, this does not imply market saturation. Statista (2023) reported that the Indonesian coffee shop sector always grows fast with average 7.2% per year, showing a strong national demand. But, local oversupply can affect a competitive price and the thinner margins. For our team, understanding this balance between supply and demand is crucial in determining whether Wiyung can sustain a new café entrant or if strategic adjustments—such as niche targeting or partnership programs—are needed to remain viable. By studying ABC's strategy, we plan to focus on differentiation through unique branding, personalized service, and customer experience to stand out in an already competitive market.

4.3.5. Price Elasticity

Drawing insights from ABC's café's pricing model, our team expects our products to also exhibit elastic demand characteristics. Since our café will primarily target student—a group with relatively limited disposable incomex—small price changes are likely to cause significant shifts in purchasing behaviour (Pratama&Permana, 2020). Young consumers in Indonesia's café market are highly responsive to discounts, bundle deals, and promotional offers, making price elasticity a key factor in our pricing strategy. Therefore, our café aims to maintain competitive yet profitable pricing by balancing affordability with equality and customer experience.

4.3.6. Opportunity Cost

For our team's planned coffee shop in Wiyung, analyzing ABC café's business model helps us understand the opportunity costs involved in resource allocation. Establishing or maintaining a cafe in Wiyung involves opportunity costs in resources allocation. Capital Significant investment that could alternatively be directed toward other ventures, such as online beverage delivery services or student oriented co-working spaces, which may offer higher profit margins with lower fixed costs (Indonesian Coffee Association, 2022). Considering the post-pandemic shift toward digital consumption and flexible working environments, our team recognizes that prioritizing a physical café means forgoing potential gains from these growing sectors. However, ABC's experience shows a strong brand and consumer loyalty that can still create long-term value through physical operations. Therefore, our business strategy is to integrate both physical and digital elements, such as online ordering system, delivery partnership, and digital marketing. To minimize opportunity costs while maximising market reach. Hybrid approach allows us to maximize our café model strength in a line to adapt with consumer behaviour that always grows.

5. Conclusion

Based on analysis, ABC café experiences give and provide valuable for our team to make a strategy for our coffee shop. The Café niche in this district is very competitive but promising, with the strong demand from student colleges and Gen-z. Even though ABC had a sales decrease of around

10% because of a new competitor, its success in maintaining the loyal consumer showed the importance of atmosphere, good quality services, and digital involvement.

For our businesses, differentiation and adaptability is a main key. We want to create a café concept that is unique and inspired by ABC—combining aesthetic design, low price so everyone can afford it, and online shopping. Supply management that is efficient and supplies with the local market can help to reduce operational risk, moreover the promotion that focusing on student and media social can strengthen the brand name.

Our coffee shop can grow faster in the Wiyung café market that is still growing with balancing the innovation, quality, and consumer experience, based on study that gained from ABC café strategy that's already proved.

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