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A Qualitative Exploration of Challenges in Implementing the 4P Marketing Strategy at Sugi Coffee House in Palu City

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Abstract

Objective: This study aims to identify the obstacles faced by Sugi Coffee House in implementing the 4P marketing strategy, focusing on product, price, place, and promotion. It provides insights into how these factors affect the café's market reach and overall performance.
Design/Methods/Approach: Using a qualitative approach with descriptive analysis, data were collected through in-depth interviews with managers and direct observation. The study examines the real-world challenges faced by the café in a competitive environment in Palu City, Indonesia.
Findings: The research identifies key obstacles in each of the 4P areas: in product, there are challenges with raw material storage due to limited cooling facilities; in price, an initial high price was adjusted to make it more affordable for a broader market; in place, limited parking space affects customer comfort; and in promotion, intense market competition from neighboring cafés is a significant barrier to attracting customers' attention.
Originality/Value: This study contributes to the literature on marketing strategies in the context of small and medium-sized enterprises (SMEs), especially in the food and beverage sector in Indonesia. It emphasizes the practical constraints faced by SMEs and offers insights into how the 4P strategy can be adapted to better address these challenges.
Practical/Policy Implication: The study suggests that café owners should enhance storage facilities, improve parking arrangements, and explore more diverse promotional strategies, including paid ads. Additionally, policymakers could assist SMEs by providing support in marketing and operational improvements to ensure the sustainability of local businesses.

Keywords: 4P Marketing Strategy, Constraints, MSMEs, Palu Café

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Introduction

Marketing is an important element in the sustainability and growth of a business. In the modern business world, the success of a product or service is not only determined by quality alone, but also by the extent to which its marketing strategy can reach and influence consumers. One of the approaches commonly used by business actors is the marketing *mix* strategy, known as the 4P: product, price, place, and promotion. This strategy is considered the foundation for designing effective and efficient marketing activities, especially for small and medium enterprises (SMEs) that have limitations in capital, human resources, and market access.

In the context of business growth in the culinary sector, especially in the café industry, market competition continues to intensify in line with changing lifestyles. Cafés are no longer seen solely as places to eat and drink, but have become social spaces and venues for various activities. In Palu City, this phenomenon is evident through the increasing number of food and beverage businesses adopting contemporary concepts to attract the younger generation. Based on research conducted by Toffin in 2020, there has been a significant increase in the number of coffee shops in Indonesia over the past three years. Data shows that in August 2019, the number of coffee shops has reached more than 2,950 outlets, or almost three times compared to 2016 which was only around 1,000 outlets. This number is likely to be smaller than the actual condition, considering that the data collection only includes chain coffee shops in major cities, while independent shops, both modern and traditional, in various regions have not been included in the calculation. One local example that has emerged in the midst of this competitive landscape is Sugi Coffee House, which was established as a form of business exploration by its owners and aims to provide an alternative space for the community to relax and socialize.

Although Sugi Coffee House has potential in terms of location and high market interest in hanging out culture, in practice, this business still faces a number of challenges, especially in terms of the implementation of the 4P marketing strategy. Obstacles such as limited raw material storage facilities, product price adjustments, limited parking spaces, and intense market competition in promotion are real obstacles that affect the effectiveness of their marketing strategy. This shows that there is still a gap between ideal marketing strategies and practices on the ground, especially in small businesses that are still growing.

Based on this phenomenon, this research was conducted to identify the obstacles faced by Sugi Coffee House in implementing the 4P marketing strategy. This research focuses on the introduction of problems from the perspective of business owners to obtain a clearer picture.

This research is expected to contribute both academically and practically. From an academic perspective, the study adds to the body of knowledge related to marketing strategy implementation in small-scale culinary businesses, particularly in the context of developing cities such as Palu. It highlights the gap between theoretical marketing concepts and their real-world application, which is often shaped by local conditions and resource limitations. Practically, the findings of this research can serve as a reference for other small and medium-sized business owners in the culinary sector who face similar constraints, enabling them to design more adaptive and realistic marketing strategies that align with their operational capacities and market dynamics.

Literature Review and Hypotheses Development

4P (Product, Price, Place, Promotion) marketing strategy

For companies that use marketing strategies as a means to achieve their business goals, this strategy is a very important element. This is because the ability to offer a product or service depends heavily on the extent to which people know its existence and advantages. A strategy can be understood as a series of systematic and ambitious plans designed to direct a company's operations to achieve a specific goal. Therefore, especially for small business actors, it is important to design a mature marketing strategy. This is even more relevant when facing uncertain economic conditions, where small businesses have a vital role in supporting people's economic growth. The marketing strategy itself includes all systems related to goal setting, planning, pricing, promotion, and distribution of products or services that are able to meet the needs of consumers, both existing and potential (Hindratmo 2019).

In the context of marketing strategy, the concept of a marketing mix is known as a set of variables that can be controlled and utilized by companies to effectively achieve the target market. Marketing mix is a strategic tool used to influence consumer decisions and bring products closer to the target market. Generally, the marketing mix is classified into four main elements popularly known as the 4Ps: product, price, venue (distribution), and promotion (Single 2020).

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These four elements in the marketing mix must be designed in an integrated and mutually supportive manner so that marketing goals are aligned with the achievement of the company's vision. Proper implementation of each element of the marketing mix not only impacts marketing effectiveness, but also contributes significantly to increased customer satisfaction. The description of each element of the marketing mix is as follows:

A. Product

A product *is* defined as something that is offered to the market to attract attention, use, or consumption to meet the needs or desires of consumers. Products are not only limited to physical goods, but also include services, ideas, or other forms of value that can be provided to customers.

B. Price

Price is a key component in the marketing mix because it directly influences consumer purchasing decisions. Price is the amount of money that consumers have to pay to obtain a product or service. Therefore, the right pricing greatly determines the competitiveness of the product and the perception of value from consumers towards the product.

C. Place

Place or Distribution *(Place).* This element concerns how the product is distributed until it reaches the consumer. Companies need to consider physical locations, distribution channels, and other supporting infrastructure, such as warehouses or transportation, so that products can be available at the right place and time for consumers.

D. Promotion

Promotion is a means of communication between companies and consumers to introduce and persuade consumers to be interested in the products offered. An effective promotional strategy is able to increase product visibility and form a positive perception in the minds of consumers, thereby driving purchase decisions (Mas'ari, Hamdi, and Safira 2020).

Definition of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are a form of productive economic activities carried out by individuals, households, and small-scale business entities that have certain characteristics, especially in terms of the amount of assets, business income, and the number of workers involved. MSMEs include a wide variety of business forms, ranging from home-scale businesses such as snack and handicraft production businesses, to small and medium business units such as workshops, grocery stalls, and service providers. In the structure of the national economy, MSMEs have a very strategic role because they can absorb large numbers of workers, reduce the unemployment rate, and make a significant contribution to the Gross Domestic Product (GDP).

Research conducted by Deby Laras Wati and his colleagues (2024) revealed that MSMEs contribute 61.07% to Indonesia's GDP, worth around IDR 8,573.89 trillion. In addition, MSMEs are also recorded to be able to absorb up to 97% of the national workforce and collect investment of 60.4%. This data shows that MSMEs are an important foundation in sustaining national economic growth.

In terms of regulations, the definition and classification of MSMEs have been officially regulated in the Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. Based on the law, Micro Enterprises are defined as businesses with a maximum net worth of IDR 50 million (excluding land and buildings where the business is located) and have an annual turnover of no more than IDR 300 million. Meanwhile, Small Enterprises are businesses that have a net worth of more than IDR 50 million to a maximum of IDR 500 million (also excluding land and buildings where the business is located), with an annual turnover ranging from more than IDR 300 million to IDR 2.5 billion. Meanwhile, Medium Enterprises include businesses with a net worth of more than IDR 500 million to IDR 10 billion, without taking into account the value of the land and buildings where the business is located, and have annual sales results between more than IDR 2.5 billion to a maximum of IDR 50 billion.

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Method

This study employs a descriptive analysis method with a qualitative approach. The choice of this method is based on its ability to describe the background and gain an in-depth understanding of the obstacles encountered in the implementation of the 4P marketing strategy (Product, Price, Place, Promotion) at Sugi Coffee House. Data were collected through in-depth interviews with the manager or business operator and direct observation at the location, ensuring that the information obtained is factual and reflects real field conditions. To enhance data validity, the researcher conducted member checking with the informants after the transcription and initial data analysis process. The informants were asked to confirm whether the researcher's interpretations aligned with their experiences and perspectives. Based on the results of the member checking, all informants stated that the interpretations were accurate, and no revisions to the data were necessary.

The informants in this study were selected purposively by considering their direct involvement in the implementation of marketing strategies at Sugi Coffee House. The designated informants consist of business owners and managers. The criteria for selecting informants include: (1) having a strategic role in marketing planning and implementation which includes aspects of products, prices, venues, and promotions; (2) have been actively involved in business operations for at least six months; (3) have an adequate understanding of the dynamics of applied marketing; and (4) willing to be a participant and able to provide information in detail, open, and relevant to the focus of the research.

Results and Discussion

Sugi Coffee House is a small-scale café business located at Jl. Kolonel Sugiono No. 08, Besusu Tengah, East Palu District, Palu City. The café was established by two individuals who were motivated by the intention to explore opportunities in the business sector. Based on interview findings, the inception of this café was not driven by a comprehensive vision or a long-term strategic plan. Rather, it originated from a desire to experiment with entrepreneurship and generate supplementary income alongside their main occupations.

In the initial phase, the owners searched for a location they considered strategic and suitable for the nature of the business. The current premises were secured through a personal connection, specifically a friend of one of the owners. This particular location was selected due to its strategic accessibility and its presence within an area known for a high concentration of cafés and similar establishments. This was perceived as an opportunity to capture customer traffic and enhance market visibility.

At the beginning of its operations, the primary target market of Sugi Coffee House consisted of the owners' social and professional circles. Consequently, the pricing strategy initially reflected premium rates. However, as the business evolved, adjustments were made to lower the prices in order to appeal to a broader demographic segment. This shift demonstrates the owners' responsiveness to market dynamics and their willingness to adapt to consumer purchasing power.

In terms of physical attributes and interior design, Sugi Coffee House does not emphasize distinctive or elaborate aesthetics. Instead, its core competitive advantage lies in the quality of customer service. According to the owners, many patrons have expressed a high level of satisfaction with the service provided by the staff, which is characterized as fast, friendly, and capable of creating a welcoming atmosphere. This service experience contributes significantly to customer retention, with some customers describing the café as a "home-like" environment where they feel comfortable staying for extended periods.

In conclusion, Sugi Coffee House represents a form of organically developed small business that leverages personal networks, prioritizes service excellence, and applies adaptive strategies in response to consumer behavior and market conditions.

A. Product

Sugi Coffee House adopts a participatory and collaborative approach in determining its product offerings. The development of new menu items is not solely the responsibility of management but actively involves the entire team. Employees are encouraged to contribute their ideas for new products during regular internal meetings. Each proposed idea undergoes a trial process, during which the suggested items are tested and evaluated. Menu items that are deemed to have the best combination of taste, suitability for the café's identity, and price affordability are selected for official inclusion in the menu. This inclusive method reflects a democratic and team-oriented approach to product innovation, fostering a sense of ownership and creativity among employees.

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Despite this innovative process, the business faces operational challenges, particularly in the area of raw material storage. The café is currently constrained by the limited capacity of its refrigeration equipment, which is insufficient to store large volumes of perishable ingredients. As a solution, Sugi Coffee House implements a just-in-time purchasing strategy, wherein raw materials are procured on a daily basis based on projected consumption. This approach not only addresses storage limitations but also supports the objective of maintaining freshness and ensuring consistent product quality. However, it also requires precise demand forecasting and efficient supplier coordination to avoid shortages or overstocking.

These findings are in line with the results of Sidik Anshori (2024) research on MSMEs in Surakarta showing that obstacles in the procurement and management of raw materials are critical factors that affect the effectiveness of product strategies. Therefore, innovative strategies such as just-in-time implemented by Sugi Coffee House are adaptive solutions to common obstacles faced by many MSMEs.

B. Price

The pricing strategy implemented by Sugi Coffee House shows that there are adaptive efforts to market conditions and customer segmentation. At the beginning of its operation, the price of the product was positioned relatively high because it targeted the professional segment. However, based on the employee's direct observation of customer responses, management decided to adjust the price to be more affordable and reach a wider range of consumers. Currently, Sugi Coffee House uses a benchmarking approach, which is comparing prices with competitor cafes in the surrounding area, as well as the cost-based pricing method by calculating the Cost of Goods Sold (COGS). This combination allows businesses to maintain profit margins while remaining competitive in the market.

This finding is in line with the results of research conducted by Sidik Anshori (2023) regarding the challenges of MSMEs in Surakarta in implementing marketing mix strategies. In his study, Sidik found that many MSME actors set prices intuitively without data-based calculations, both in terms of cost structure and market prices. This causes some businesses to experience stagnation and even losses due to prices that do not meet consumer expectations and the economic value of the product. Meanwhile, Sugi Coffee House shows a more systematic and analysis-based approach, where price evaluations are carried out periodically taking into account market purchasing power and operational sustainability. Thus, Sugi Coffee House's pricing strategy reflects the application of more ideal practices as recommended in the Sidik study, namely the importance of logical, competitive, and accountable pricing in supporting the success of MSME marketing.

C. Place

The selection of Sugi Coffee House's location was influenced by a recommendation from a friend of one of the owners. The chosen site is situated in an area known for its high density of cafés and similar establishments, which has become a recognized social hub for leisure and coffee consumption. This environmental context presents a strategic advantage, as the area naturally attracts consumers seeking café experiences. This is in line with the findings of Dian Sudiantini et al (2023) who said that having a strategic location can help consumers find a location easily and efficiently, and with a strategic location, the company will get raw materials easily. The existing customer traffic in the vicinity increases the likelihood of spontaneous visits and enhances the visibility of the café within a competitive cluster.

From a strategic standpoint, the decision to operate within a café-saturated zone can be interpreted as a form of agglomeration strategy, wherein businesses benefit from being located near competitors by leveraging shared customer flows and increasing market exposure. In this case, Sugi Coffee House capitalizes on the area's reputation as a popular hangout destination.

Despite this locational advantage, the café faces a notable constraint in the form of limited parking availability. The inadequacy of designated parking space can hinder customer convenience, particularly during peak hours or weekends, potentially affecting overall customer satisfaction and retention. This challenge underscores the importance of accessibility in location planning and highlights the need for adaptive strategies, such as collaborating with nearby businesses or optimizing off-peak marketing, to mitigate spatial limitations.

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D. Promotion

In terms of promotion, Sugi Coffee House implements a simple but consistent strategy, including through bundling promotions (such as "buy two get one free") and regular campaigns on social media, especially Instagram. This strategy has proven to be effective in reaching consumers, as evidenced by the increase in customer visits and consumer engagement through user-generated content on platforms like TikTok. Despite this, Sugi Coffee House faces the challenge of promotional competition from many other cafes in the same area and is also actively promoting digitally. This finding has relevance to the research of Maraya Dhabitah et al. (2023) entitled "STP Analysis and 4P Marketing Mix in an Effort to Increase Sales Volume in MSMEs in Culinary Group After the Covid-19 Pandemic". In the study, it was explained that culinary MSME players experienced an increase in sales after implementing a digital-based promotional mix, such as social media and e-commerce platforms, as well as discount strategies and promotional packages. The research confirms that the use of digital media is an important tool in reaching a wider market and boosting sales, especially after the pandemic. Therefore, the promotional practices carried out by Sugi Coffee House have been in line with the strategies that have been proven effective in the research. However, to maintain a competitive advantage in the midst of fierce competition, Sugi Coffee House needs to continue to evaluate the effectiveness of the digital promotions used and consider paid strategies or content differentiation as a further step, although this aspect has not yet been the main focus in the research of Dhabitah et al.

Conclusion

The results of the study show that the implementation of the 4P marketing strategy at Sugi Coffee House has been carried out in stages and adjusted to conditions in the field. Although the approach is still simple and faces some technical and operational obstacles, this business shows that it is quite adaptable to market dynamics and consumer needs. This reflects the general characteristics of MSME actors who tend to prioritize flexibility, efficiency, and proximity to customers as the main capital in maintaining business existence.

The implication is that the success of MSMEs does not always depend on the scale of the business or the sophistication of the strategy, but on the ability to read opportunities, conduct periodic evaluations, and develop approaches that are in accordance with the local context and the resources they have. The courage to adjust pricing strategies, establish direct interaction with customers, and take advantage of simple digital promotions shows that relevant and realistic strategies can still have a positive impact on business competitiveness.

Sugi Coffee House is advised to strengthen operational capacity through gradual investments in supporting facilities, such as raw material storage and service infrastructure. Promotional strategies also need to be upgraded from just organic to more targeted by utilizing paid digital approaches, promotional partnerships, or more focused branding strategies. In addition, service innovations based on consumer convenience, such as pre-order systems and location collaboration, can be a solution to the physical limitations faced.

The results of this study show the need for local government and local SME stakeholders intervention in the form of digital marketing training, the provision of micro business infrastructure, and strategic mentoring programs so that MSMEs are not only able to survive, but also develop sustainably in an increasingly competitive business ecosystem.

Involvement

Theoretical Implications: This study contributes to the theoretical understanding of the 4P marketing strategy by addressing the specific challenges faced by SMEs in Indonesia, particularly in the food and beverage sector. The research highlights gaps in the current literature regarding the application of the 4P strategy in small businesses operating in a competitive environment. It challenges traditional assumptions about the uniformity of the 4P framework and suggests that local business contexts, such as storage and parking limitations, should be considered in strategic marketing models. These findings pave the way for future research into how the 4P strategy can be adapted to fit the unique needs of SMEs.

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Managerial Implications: For managers of small businesses, particularly in the café sector, the study offers actionable insights into overcoming the obstacles of limited resources. Managers can use the findings to improve operational efficiency, such as by optimizing product pricing, enhancing storage capacity, and addressing customer comfort issues through better parking arrangements. Moreover, the study highlights the importance of refining promotional strategies to stay competitive in a crowded market. These managerial recommendations are crucial for improving business practices and ensuring long-term success.

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