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“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

**Analysis of SMEs Development in Cafe Business and the Behaviour of People in the Industrial Revolution 4.0 Era in Medan City****Rifkah Ainun Br Tanjung<sup>1\*</sup>, Hastina Febriaty<sup>1</sup>**<sup>1</sup>Universitas Muhammadiyah Sumatera Utara

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**\*Email:** [ainunrifkah28@gmail.com](mailto:ainunrifkah28@gmail.com)**ABSTRACT**

In this era of rapid technological development and the rapid dissemination of information, as it is today, it greatly influences the patterns and lifestyles of almost all people, especially for the millennial generation. The development of the cafe business in the city of Medan is dominated by young people who are considered the millennial generation. The facilities provided by the cafe in the form of free wifi and unique interiors are liked by millennial visitors. The consumer style behavior of the current generation (millennials and z) in this digital era has positive and negative impacts. From the mushrooming of the cafe business, it can increase employment opportunities in the city of Medan. With the consumption style behavior of the millennial and z generations, it can increase the innovation of independent entrepreneurs for young people in Indonesia, especially in the city of Medan.

**Keyword :** SMEs Development, Café Business and the Behaviour, Industrial Revolution 4.0

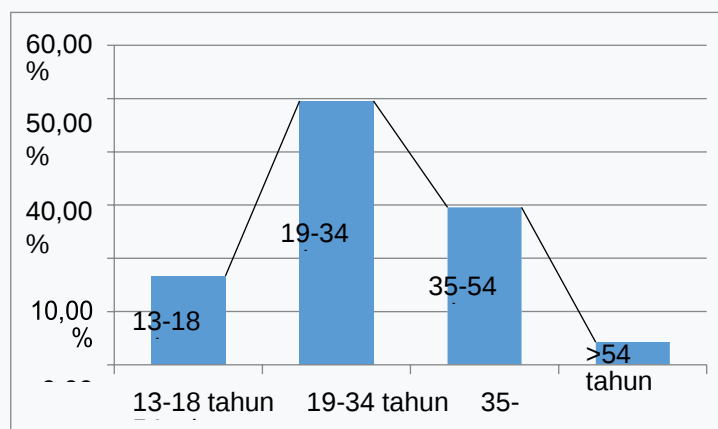
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### INTRODUCTION

The development of globalization also affects the aspect of food. Previously, food was made in simple ways, such as making tempeh, tofu, tapai. Now food can be made quickly. This makes the food we have been consuming more and more scarce and makes food that has recently returned to become more widespread, namely ready-to-eat food or also known as fast food. In this era of rapid technological development and the rapid dissemination of information, as it is today, it greatly influences the patterns and lifestyles of almost all people in the world. Of course this interesting fact must be put to good use and the current younger generation who are used to a new lifestyle as it is now must be used as a driving force for the economy of various countries. The emergence of various kinds of technology makes it easier for people to access information. A survey conducted by the Association of Indonesian Internet Service Providers (APJII) with the theme "Penetration and Behavior of Indonesian Internet Users 2017" stated that the number of internet users in Indonesia reached 143.26 million people or 54.7% of Indonesia's total population. This figure has increased from the previous year, namely 132.7 million users in 2016, and 110.2 million users in 2015.



**Figure 1.** figure has increased from the previous year, namely 132.7 million users in 2016, and 110.2 million users in 2015.

Source: [www.apjii.or.id](http://www.apjii.or.id)

From the data above, the highest internet users come from the Millennial generation or aged 19-34 years, namely 49.52%. The second highest internet consumption is from generation X or aged 35-54 years, namely 29.55%. While the Z generation or those aged 13-18 years are only around 16.68%, and the Baby Boom generation is 4.24%. The composition of internet use in Gen Z is less when compared to generation Y and generation X, because most of Gen Z are children and adolescents, where internet use is still limited. In contrast to Generation Y, who are of productive age and have their own income, they have freedom in using the Internet. The development of Internet users indirectly influences lifestyle patterns.

Hangout culture is a medium for socializing, usually hangouts are held in places that are comfortable for gathering with colleagues, friends or family such as cafes, coffee shops, and other places. This encourages lifestyle changes to become a necessity. This culture has entered the millennial generation, especially in Medan City because of the

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influence of social life. This is of course followed by many cultures that follow it, both positive and negative (Prabowo, 2010).

MSMEs have a very important role in national and regional economic development. The great opportunity that is owned by the MSME sector is considered very large and MSMEs are able to survive more from the crisis. MSMEs have received less attention in Indonesia, which has undermined many large businesses, but the majority of MSMEs have survived, and their numbers have even increased very rapidly. MSMEs are also the backbone of the people's economy which is able to eradicate poverty and absorb labor. MSMEs also create jobs faster than other business sectors, and MSMEs also make an important contribution to exports and trade. MSMEs play a role in the distribution of development results. Another important role is that MSMEs encourage the emergence of new entrepreneurs. Entrepreneurs have two functions in a country's economy, namely macro and micro functions. In the macro role, entrepreneurs function as movers, controllers and drivers of a nation's economy. All businesses, both large businesses and MSMEs, start from the initial idea implemented by the entrepreneur. For MSMEs, this function can move more quickly because of the ease of entering the industry. Innovation and creative ideas are easier to implement than if you are engaged in a big business. Where in general it has bureaucratic lines and more complicated procedures. While on the micro side, the entrepreneur's function in the company includes taking risks and uncertainties, combining resources in new and different ways, creating added value, creating new businesses, and creating new opportunities (Suryana, 2013).

**Table 1.** Recapitulation Data for the Number of MSMEs in Medan City 2018

| Sektor usaha             | Jumlah UMKM | Persentase (%) |
|--------------------------|-------------|----------------|
| Produksi                 | 301 usaha   | 38,94          |
| Kuliner                  | 438 usaha   | 56,66          |
| Jasa                     | 31 usaha    | 4,02           |
| Peternakan dan perikanan | 3 usaha     | 0.38           |
| Jumlah                   | 773 usaha   | 100            |

**Source:** Medan City Office of Cooperatives and SMEs 2018

In the table above it is explained that the presence of MSMEs in the city of Medan varies greatly. The data obtained shows that the culinary business sector is the business sector that has the highest percentage in the city of Medan, namely 56.66% and the livestock and fishery business sector is the business sector that has the smallest percentage, namely 0.38%.

Based on the information that there are a large number of MSMEs, this is also not a determinant in solving unemployment in the city of Medan. Based on data from the Central Bureau of Statistics for the city of Medan, the open unemployment rate by area of residence in 2015-2017 shows that the unemployment rate in urban areas is always higher. As in 2017, the unemployment rate in cities was 62.8%, while in rural areas the unemployment rate was 37.2% (BPS, 2018). Apart from being unemployed, MSME actors choose to become entrepreneurs because they have made decisions from the start since they graduated from school.

The existence of this entrepreneurial spirit has a significant effect on economic growth. Especially in the current conditions where globalization has become commonplace. To face the challenges of globalization, it requires the ability to be open to new ideas, dare

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to take risks and not give up easily. These three characteristics are generally found in individuals who have an entrepreneurial spirit (Wennekers & Thurik, 1997).

**METHOD**

This study aims to analyze production descriptively for cafe owners in developing their business in a competitive market in the city of Medan and to analyze the determinants to see changes in the behavior of consumers who are active in cafes in the era of digital technology in the city of Medan by using a qualitative approach, namely data in the form of verbal sentences and qualitative data that cannot be measured on a numerical scale (Kuncoro, 2013). The data collected covers the area of the city of Medan and its surroundings.

The data collection technique used in this study was the snowball sampling technique. This technique is used to search for informants continuously from one informant to another so that the data obtained is considered to be saturated or if the data does not develop anymore. Primary data was obtained using a questionnaire (questionnaire), which is a list containing a series of questions regarding a problem or area to be studied, which aims to obtain the information needed, relevant information, as well as the information needed simultaneously (Kuncoro, 2013). In this study the questionnaire was used as a companion tool in collecting data. The list of questions is made semi-open which gives the respondent a choice of answers and provides the explanations needed by the researcher.

**RESULT AND DISCUSSION**

Changes in people's behavior and lifestyles that are increasingly developing and do not know place and time have made digitalization easy for the world community to accept. The ease of internet access has proven to make it easier for people to do anything, anywhere and anytime. There are new instruments in the millennial generation and this situation creates needs not only for clothing, shelter and food. Wifi or internet signal also now has a role like a necessity like eating every day. The lifestyle of today's people, especially the millennial generation, has undergone changes and developments. If in the past, people were not too concerned with matters of appearance and lifestyle, but now, the conditions are different. Lifestyle, is no longer limited to appearance, "Hangout" activities are now also joining in as activities for young people and adults to do in a place to gather and do activities to fill their spare time.

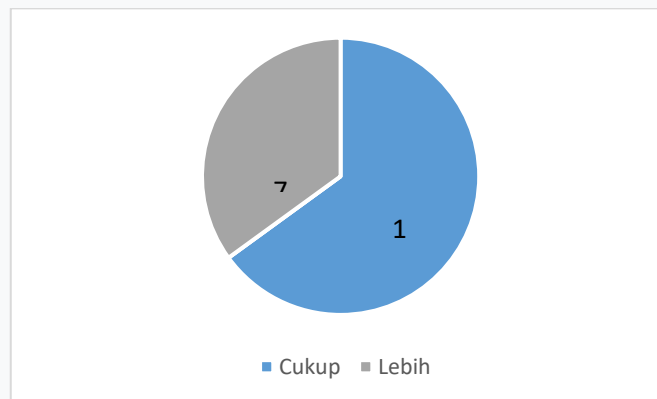
This hangout activity is carried out quite often a week, because in doing hangouts they don't just spend free time, but usually this millennial generation, especially students, will often do hangout activities and choose cafes that provide free Wifi because they need a fast Wifi connection to complete tasks, besides completing assignments, other activities carried out are playing online games with friends. Because of this phenomenon, Hangout places such as cafes and restaurants are getting more creative in improving, creating fun hangout places and making visitors feel at home according to the needs of the visitors. It's no wonder, now, more and more contemporary hangout places are mushrooming. In accordance with the era that completely relies on smartphone technology, social media also plays a role in making places to hang out more popular. Indirectly, through social media, many people are participating in promoting hangout places, especially since these places have an instagramable atmosphere.

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According to the results of the respondents, from the data of the 20 cafe samples that I collected, there are several things that are driving factors for business development, namely production, technology, availability of raw materials, availability of supporting facilities, and government policies. As many as 7 cafes said production, 9 cafes said technology, 5 cafes said availability of raw materials, 18 cafes said availability of supporting facilities, and 1 cafe said government policy was a driving factor for cafe business development. It can be assumed that, on average, the driving factor for cafe business development is the availability of supporting facilities. In this case the intended supporting facilities include wifi, cafe facilities, live streaming, live music, and interior design. The existence of these supporting facilities can attract consumer interest, especially the millennial and gen z generations.



Source: Questionnaire, data processed

According to the results of the respondents, from the data of 20 cafe samples that I data, more dominant cafe business owners say sales results in 1 year are sufficient compared to existing capital, namely 13 cafes and as many as 7 cafes say sales results in 1 year are more than the existing capital .

### DISCUSSION

The development of the cafe business has various processes. Starting from the production system, marketing system, and distribution system. The number of cafe businesses that have sprung up has resulted in increasingly stringent competitiveness and has resulted in cafe business owners having to have even more advanced innovations, especially in the era of the industrial revolution 4.0.

According to the results of questionnaires and interviews with cafe business owners, business experience has a major influence on the business processes of the cafe business. Production capacity fluctuates and there are constraints faced in the production process such as the availability of raw materials, labor, and production time can be felt by cafe business owners in the process of developing the cafe business.

The existence of e-commerce services is very helpful in the marketing system and distribution system. In this study, the e-commerce services obtained were Grabfood and Gofood. There are various payment systems in the cafe business, namely cash, debit, ovo

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and transfer systems. In the marketing system there are several obstacles, namely unstable market prices, lack of connectivity, and lack of knowledge of digital technology.

Promotion/advertising is very easy to do in this industrial revolution 4.0 era. The reason is, through social media we can promote any product, especially the menus that are in the cafe business. These social media include Facebook, Instagram, Whatsapp, Telegram, Youtube, and so on.

According to the results of the respondents obtained, Millennials tend to like to do Hangout activities, and the results obtained for the Hangout places they choose include a cafe which can provide access to fast Wifi connections, so that millennials can easily access the internet as their needs.

This adds to the creativity of cafe business owners in developing the cafe business. Cafe business owners can change the interior design of the cafe to make it look attractive, install wifi, live music is also an attraction for consumers, especially the millennial and gen z generations.

From the results of the analysis above, it can be seen that changes in people's behavior, especially the millennial and gen z generations, can make the cafe business grow and indirectly open up job opportunities for people around them. According to the results of the data obtained by direct field observation, the development of the cafe business is said to be very rapid due to changes in behavior through people's lifestyles in the era of the industrial revolution 4.0. According to the results of respondents to business owners, their market strategy is to provide what young people need now, such as free Wi-Fi access services and contemporary cafe designs. With the increasingly rapid development of the cafe business, especially in the city of Medan, it has a huge impact on people, especially nature, in absorbing labor, especially in the informal sector, so that it can help the government to reduce the level of unemployment in the city of Medan.

**IMPLICATIONS**

With the mushrooming of the cafe business in the region, it turns out that it can automatically absorb labor and help eradicate unemployment, especially in the city of Medan. Based on the results of the respondents obtained during the field evaluation, it turns out that there are many employees or workers in each cafe. Starting from cafes on a small, medium and large scale; With new habits and lifestyles, humans can now become business opportunities for entrepreneurs and other people to work.

**CONCLUSION**

The development of the cafe business in the city of Medan is said to be very rapid, based on field evaluations there are many cafes that are standing where consumers are dominated by young people who are considered Millennial Generation. The types of cafe businesses that stand are very diverse, starting from small, medium and large scale with their respective characteristics. As for the marketing strategy used by several cafe businesses to attract visitors, namely by providing free Wifi facilities and unique interior designs that are liked by visitors, especially among the Millennial Generation and Gen Z.

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