

MARKETING STRATEGY AND FINANCIAL LITERACY IN CONTEMPORARY COFFEE BUSINESSES IN MEDAN CITY

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Abstract

The contemporary coffee business in Medan City is experiencing significant growth in line with the increasing lifestyle of urban people who make coffee not only as a consumption need, but also as part of social and lifestyle trends. This study aims to examine in-depth the marketing strategies applied by contemporary coffee businesses and how the level of financial literacy affects the management and sustainability of their businesses. The research used a descriptive qualitative approach with data collection techniques in the form of in-depth interviews with several coffee business owners and managers in Medan City, direct observation in the field. The results showed that although most business owners have been able to effectively utilize modern marketing strategies to increase brand visibility and sales volume, there are significant weaknesses in terms of business financial management. The low level of financial literacy means that many businesses do not have systematic financial reports, have difficulty separating personal and business finances, and have difficulty planning for business expansion. Therefore, improvement efforts are needed through training, workshops, and mentoring from related institutions. The integration of innovative marketing strategies with good financial management is believed to optimize the competitiveness and sustainability of contemporary coffee businesses Medan City.

Keywords: *Marketing Strategy, Financial Literacy, Coffee Business, Culinary MSME, Digital Marketing*

INTRODUCTION

Contemporary coffee refers to coffee products that are created with innovative flavors, modern packaging, affordable prices, and creative marketing, which are usually targeted at millennials and Gen Z. Contemporary coffee is a term for types of coffee-based drinks that follow modern trends, with innovations in taste, presentation, and business concepts. Usually, contemporary coffee offers not only classic black coffee, but also new variants such as palm sugar milk coffee, espresso with unique toppings, coffee with fruit flavors, or coffee in the form of contemporary iced drinks. In addition, contemporary coffee is often associated with the concept of "lifestyle" - not just about the drink, but also the experience of hanging out in an aesthetic cafe, attractive packaging, creative branding, and marketing through social media. Simply put, contemporary coffee combines traditional coffee with a modern lifestyle.

The contemporary coffee business has become a trend among the younger generation in various big cities, including Medan. This phenomenon is triggered by lifestyle changes, easy access to technology, and increasing interest in experience-based products. On the other hand, the financial literacy of business owners is key in managing and developing the business sustainably. This study focuses on two important aspects: marketing strategies used and the level of financial literacy in contemporary coffee businesses in Medan City. In recent years, the growth of contemporary coffee businesses in Medan City has shown a very positive trend. Changes in people's lifestyles, especially the younger generation, who make coffee not only as a consumption need but also as part of social activities, have helped drive the development of this business. Various coffee shops have sprung up with modern

concepts, interesting product innovations, and creative marketing strategies to attract consumers' attention amid increasingly fierce competition.

Marketing strategy is a key factor in attracting new customers and maintaining consumer loyalty. Contemporary coffee businesses utilize social media, build collaborations with local influencers, hold various community events, and create unique promotional campaigns to increase brand awareness. However, business success is not only determined by effective marketing strategies. Good financial management also plays an important role in ensuring business sustainability. Unfortunately, many small and medium enterprises (MSMEs) in this sector do not have adequate financial literacy. Low understanding of financial recording, cash flow management, investment planning, and debt management, often become obstacles in business development. Low financial literacy can lead to difficulties in making strategic decisions related to expansion, cost management, and risk control. Based on this background, this study aims to analyze how marketing strategies are implemented by contemporary coffee businesses in Medan City and how the level of financial literacy affects business performance and sustainability. By understanding the relationship between these two factors, it is expected that a more effective and sustainable development strategy for contemporary coffee businesses can be found in the future.

LITERATURE REVIEW

Marketing Strategy

According to Kotler and Keller (2016), a marketing strategy is a series of integrated efforts made to introduce, promote, and sell products or services to the target market.

Common strategies used in the contemporary coffee business include:

Social Media Marketing (Instagram, TikTok)

Contemporary coffee businesses rely heavily on social media to build branding and attract young consumers. Platforms such as Instagram and TikTok are used to:

- Sharing aesthetic photos and videos of coffee products, shop atmosphere, and customer testimonials.
- Creating creative content such as challenges, coffee-making tutorials, behind the scenes, and viral trends to attract engagement.
- Use features such as Instagram Stories, Reels, and TikTok Live for direct and real-time interaction with the audience.
- Social media marketing aims to increase awareness, strengthen brand image, and create an emotional connection with customers.

Influencer Endorsement

Influencers, whether food bloggers, lifestyle influencers, or local celebrities, are invited to promote coffee products through:

- Honest reviews of coffee products.
- Creating content to visit a cafe or outlet.
- Sharing special promos or discount codes.
- This strategy is effective because followers tend to trust recommendations from influencers they follow, thus increasing brand credibility and accelerating purchasing decisions.

Event and Collaboration

Contemporary coffee businesses often hold:

- Events such as soft opening, mini concert, pop-up market, or coffee brewing workshop.
- Collaborations with other brands, such as local clothing, artists, or musicians to create special editions (special drinks, merchandise).
- These events and collaborations create hype, expand the target market, and give consumers new experiences.

Loyalty Program

To retain customers, many contemporary coffee businesses implement loyalty programs such as:

- Giving stamps or points for every purchase, which can be exchanged for free coffee or discounts.
- A special mobile app to manage rewards and provide promo notifications.
- Referral program: invite friends to join and get rewards. Loyalty programs increase repeat orders, build customer loyalty, and make consumers feel valued.

Financial Literacy

Financial literacy refers to the ability of individuals or businesses to understand and use various financial skills effectively, including financial management, budgeting, investment, and debt and savings management. In the

context of the current coffee business, financial literacy is key so that business owners can maintain financial stability, optimize profits, and expand the business in a sustainable manner.

According to Lusardi and Mitchell (2014), financial literacy is the ability of individuals to understand basic financial concepts and manage their finances well. In a business context, financial literacy includes the ability to manage cash, create simple financial reports, and plan business finances.

The Role of Financial Literacy in Contemporary Coffee Businesses

- **Initial and Operational Capital Management**
Business owners must understand how to manage capital, calculate operational costs (such as raw materials, employee salaries, and space rent), and allocate funds for business development.
- **Financial Recording and Reporting**
Financial literacy helps businesses record cash inflows and outflows in detail. This is important to know the financial position of the business and make accurate business decisions.
- **Long-term Financial Planning**
With good financial literacy, business owners are able to make financial projections, such as expansion planning, opening new branches, or investing in product innovation.
- **Risk and Debt Management**
Contemporary coffee businesses often require loans for expansion. A good understanding of healthy debt and financial risks helps prevent financial overload.
- **Profit Optimization through Financial Strategies**
Financially literate entrepreneurs can identify the right pricing strategy, determine break-even points, and arrange discounts or promotions with careful calculations to remain profitable.

Financial Literacy in Medan City

In Medan City, the development of contemporary coffee businesses is very rapid, but the level of financial literacy among MSME players still varies. Many businesses are creative in terms of products and marketing, but still lack structure in their financial management. This makes businesses vulnerable to financial problems despite high market demand. Therefore, improving financial literacy is important so that contemporary coffee entrepreneurs not only focus on marketing aspects, but also on the financial resilience of their businesses.

Relationship between Marketing Strategy and Financial Literacy

A great marketing strategy needs to be balanced with strong financial literacy. Without good financial management, even a successful marketing campaign can end in losses. Conversely, with proper financial management, the results of marketing strategies can be capitalized for sustainable business growth.

The Importance of Financial Literacy in Contemporary Coffee MSMEs

- **Effective Cash Flow Management** Many contemporary coffee entrepreneurs do not realize how important it is to manage cash flow well. Poor cash flow can cause the business to be hampered, even forced to close despite high sales. Good financial literacy helps entrepreneurs to monitor income and expenses, so that they can make more informed decisions in the allocation of funds.
- **Financial Data-Driven Decision Making** With a better understanding of financial statements, such as profit and loss, balance sheet, and cash flow, contemporary coffee MSME entrepreneurs can make smarter decisions. For example, in determining the right product selling price, investing in new equipment, or developing business branches.
- **Financial Planning for Business Growth** In the business world, especially for MSMEs, it is very important to have a long-term financial plan. Financial literacy provides the basis for planning business expansion, working capital management, and savings for future needs.
- **Avoiding Excessive Debt** Many MSME entrepreneurs, including those in the contemporary coffee sector, are trapped in debt problems because they do not understand the basic principles of healthy debt management. With good financial literacy, they can understand how to choose and manage debt wisely, so that the business continues to run smoothly without being burdened by excessive financial obligations.
- **Better Tax Compliance** MSME businesses are often disorganized when it comes to tax administration. Good financial literacy helps entrepreneurs understand their tax obligations, so they can avoid fines or legal issues in the future.

METHOD

Descriptive quantitative research is a type of research that aims to describe phenomena that occur in a particular context using numerical and statistical data. In the context of scientific work on "Marketing Strategy and

Financial Literacy in Contemporary Coffee Businesses in Medan City,” this research will focus on collecting and analyzing data related to two main things:

First Marketing Strategies in Contemporary Coffee Businesses: This research will identify and describe the various marketing strategies used by contemporary coffee businesses in Medan City. This could include analyzing the ways of promotion, branding, use of social media, events, and others applied by businesses to attract customers. **Second Financial Literacy of Contemporary Coffee Businesses:** On the other hand, this research will also look at the extent to which contemporary coffee business owners or managers in Medan City have an understanding of financial literacy, such as cash flow management, investment, financial planning, and others. This aims to determine whether adequate financial literacy affects the continuity and success of their business. Some of the steps generally involved in descriptive quantitative research: **Data Collection:** Typically, data is collected through surveys or questionnaires given to owners or managers of contemporary coffee businesses in Medan City. Questions can cover various aspects of marketing strategies and their understanding of financial literacy. **Data Analysis:** Once the data is collected, it is analyzed to see any patterns, relationships or overviews that emerge. For example, is there a relationship between certain marketing strategies and the level of business success, or do business owners with better financial literacy tend to be more successful? **Results and Conclusions:** After analysis, the research will produce findings that describe the existing conditions and phenomena related to marketing strategies and financial literacy in contemporary coffee businesses in Medan.

RESULTS AND DISCUSSION

Based on the results of research conducted through observations, interviews, and documentation studies of several contemporary coffee businesses in Medan City, it was found that the marketing strategies used generally refer to digital marketing approaches, local branding, and customer experience.

Marketing Strategy for Contemporary Coffee Businesses in Medan City

- **Social Media Utilization:** Almost all contemporary coffee businesses in Medan actively use platforms such as Instagram, TikTok, and WhatsApp Business to promote their products. The content created focuses on attractive visuals, storytelling about the origin of the coffee, as well as promotions such as discounts and giveaways to increase consumer interaction.
- **Collaboration with Local Influencers:** Businesses regularly collaborate with local food bloggers, lifestyle influencers, and celebgrams. This strategy is proven to increase brand awareness and accelerate word-of-mouth marketing.
- **Innovative Product Development:** Many coffee shops have created unique menus such as palm sugar milk coffee, coffee mocktails, or seasonal drinks to attract the youth market. These innovations strengthen product differentiation amidst intense competition.

Loyalty Program: Many contemporary coffee businesses in Medan have adopted loyalty programs such as member cards, point reward systems, or buy 10 get 1 free promos. This encourages more repeat customers.

Participation in Local Events: Participating in bazaars, pop-up markets, and community events is one strategy to expand customer networks and increase brand exposure.

Discussion: This marketing strategy shows that businesses understand the importance of tailoring marketing approaches to the demographic characteristics of young people in Medan, who are highly active on social media and seek new experiences. Adapting digital technology proves to be the key to maintaining the existence of a contemporary coffee business amidst the rapidly changing trends.

Financial Literacy in Contemporary Coffee Businesses in Medan City

From the results of in-depth interviews and questionnaires distributed to contemporary coffee business owners, several important findings were obtained regarding the level of financial literacy:

- **Business Financial Planning:** Most business owners already have basic financial planning such as budgeting and monthly income targets. However, only around 40% have made long-term financial projections (1-3 years).
- **Financial Recording:** There is an imbalance in the application of financial records. Franchised businesses or larger brands generally use simple accounting software or POS (Point of Sale) applications. Meanwhile, more small-scale businesses are still keeping manual records.

- Working capital management: Businesses showed a fairly good understanding of the importance of daily cash management, raw material purchases, and stock management. However, there are still weaknesses in managing accounts payable and reinvestment.
- Understanding of Business Credit: Only about 35% of businesses understand the procedures and benefits of small business credit from banks or other financial institutions. Most still rely on personal capital or informal loans.
- Separation of Personal and Business Finances: The biggest challenge is found in this aspect. Most micro merchants have not fully separated their business and personal finances, which risks jeopardizing the financial stability of the business in the long run.

Discussion:

The mixed level of financial literacy among contemporary coffee entrepreneurs in Medan suggests the need for educational interventions, especially for small-scale businesses. Weaknesses in financial management can be a major obstacle to scaling up a business. By improving financial record-keeping, cash management, and understanding access to formal capital, business sustainability and growth can be more assured.

Tabel 1. Marketing Strategy Types and Percentage of Use

Strategy Type	Percentage of Usage
Instagram Ads	85%
Influencer Marketing	65%
EventOffline (Launching, Workshop)	40%

The majority of businesses use Instagram as their main promotional medium due to its wide reach and relatively low cost compared to conventional media. Influencer marketing is also a popular choice to increase brand awareness.

Financial Literacy Level of Business Actors

Tabel 2. Financial Literacy Aspects and Average Score

Financial Literacy Aspect	Average Score (%)
Daily Financial Recording	70%
Budget Planning	60%
Understanding Financial Statements	65%
Investment and Business Development	55%

Based on the data provided:

- Daily Financial Recording recorded the highest score (70%), indicating that businesses are fairly routine in recording daily financial transactions.
- Understanding Financial Statements (65%) came in second. This indicates that although record-keeping is quite good, understanding in reading and analyzing financial statements can still be improved.
- Budget Planning scored 60%, indicating that budget management is still suboptimal, most likely due to a lack of skills in allocating and projecting funds. Investment and Business Development had the lowest score (55%). This shows the lack of understanding or courage of business actors in developing their business through investment.

Most business owners already understand the importance of daily financial records, but are still weak in the aspect of long-term budget planning and investment for business expansion.

CONCLUSION

Social media, especially Instagram, is the most effective marketing strategy for contemporary coffee businesses in Medan. The level of financial literacy of business owners is still moderate and needs to be improved, especially in the aspects of investment and financial planning. Financial literacy plays an important role in the success of contemporary coffee MSMEs in Indonesia. With a better understanding of financial management, entrepreneurs can avoid fatal mistakes and can grow their businesses in a more planned and professional manner. Therefore, it is important to continuously improve financial literacy among MSME players, whether through training, access to technology, or support from various related parties. In general, basic aspects such as financial recording are good enough, but more strategic aspects such as planning, understanding reports, and investment still need improvement through more in-depth financial literacy training. Digital-based marketing strategies and product innovation are the main strengths in winning the contemporary coffee market in Medan. Meanwhile, financial literacy is still a challenge, especially in the aspects of financial recording and capital management, so a more structured financial assistance and training program is needed for business actors.

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