

Participatory Empowerment: Enhancing Rural Coffee Shop Competitiveness through Innovation and Digital Marketing

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Abstract: *This community service program addresses the challenges faced by rural coffee MSMEs in Indonesia's hyper-competitive market, specifically focusing on Empati Kopi in West Lombok. Many rural businesses struggle with digital literacy gaps and limited product innovation, which hinders their ability to compete with larger franchises. Utilizing a participatory empowerment approach, the program engaged the owner and staff through situational analysis, collaborative planning, and intensive mentoring. The results demonstrate significant improvements in product innovation, including the development of new beverage variants and refined packaging that strengthened the shop's brand identity. While basic digital marketing practices were successfully introduced to improve online visibility, participants continued to encounter challenges in producing high-quality visual content and maintaining consistent digital engagement. The program reveals that while product-based improvements can be effectively implemented through short-term interventions, mastering digital marketing requires continuous technical assistance. Ultimately, this initiative fostered greater entrepreneurial confidence, demonstrating that tailored empowerment strategies are vital for sustaining rural MSMEs in a digital economy.*

Keywords:

Coffee MSME, Digital Marketing, Participatory Empowerment, Product Innovation, Rural Business Competitiveness.

Introduction

The coffee shop industry in Indonesia has undergone a massive transformation over the past decade, with the number of establishments projected to surpass 11,000 in the near future (Salsabila, 2026). This rapid growth is propelled by shifting lifestyles, urbanization, and a significant increase in coffee consumption among the younger generation. Coffee shops are no longer merely places to consume beverages, but have evolved into social environments that exist between the formality of the

workplace and the privacy of the domestic sphere, functioning as workspaces, literacy hubs, and lifestyle centres (Hidayat & Hasbi, 2022; Thompson & Arsel, 2004; Triolo et al., 2023). As a leading global coffee producer, Indonesia has seen this culture permeate all levels of society, from urban centres to rural villages (Purnomo et al., 2021; Sunarharum et al., 2021).

Economically, Micro, Small, and Medium Enterprises (MSMEs) in the coffee sector are vital backbones of the national economy, contributing to the Gross Domestic Product (GDP) and workforce employment (Murdifin, 2024; Sari et al., 2023; Susanti et al., 2023). In regions like West Nusa Tenggara (NTB), the business has grown significantly, reaching an estimated 1,000 establishments ranging from traditional stalls to modern shops (Yani, 2026). However, this expansion has brought hyper-competitive market conditions where local MSMEs not only must compete among them but also against dominant global franchises (Triolo et al., 2023).

Despite their potential, many rural coffee MSMEs face significant barriers to growth. Several issues that often faced by small business including technological anxiety, low digital literacy, and limited marketing knowledge (Ahmad & Rasheed, 2025). Research indicates that in the modern era, businesses must achieve high resilience and agility through continuous innovation and digital transformation to maintain their market position (Enrique Bigné et al., 2009; Lu & Shaharudin, 2024; Sagala & Öri, 2025). To remain competitive, coffee shops are increasingly expected to adopt marketing strategies that focus not only on the product itself but also on creating positive consumer experiences and fostering emotional connections with customers (Meeprom & Kokkhangplu, 2025).

Empowerment programs are therefore essential to bridge the digital literacy gap and enhance the human resource capacity of such rural businesses (Alexandro, 2025). This community service activity utilizes a participatory empowerment approach to actively involve the business owner and staff in identifying their unique story to be used in marketing. By focusing on the optimization of digital marketing strategies and product innovation, the program aims to strengthen the competitiveness and business identity of Empati Kopi. Ultimately, this community service is expected to contribute not only to the individual development of Empati Kopi but also to broader local economic empowerment in the Lombok region. Strengthening the capacity of rural coffee shop MSMEs supports regional economic vitality by ensuring that local entrepreneurs can thrive in an increasingly digital and competitive global market.

Methods

This community service program utilized a participatory empowerment approach, positioning the MSME partner not merely as a subject of the study but as an active participant in developing proper improvement strategies. This method emphasizes knowledge co-creation, where academics and MSME owner and staff work together to identify unique business "stories" and competitive advantages. The program was executed through a four-stage process.

Firstly, the situational analysis and problem identification. The program began with a situational assessment of Empati Kopi using purposive sampling to ensure the partner met the criteria of a rural coffee MSME with high potential but limited digital integration and innovation. Data were collected through triangulation techniques, including in-depth interviews with the owner and staff, direct observation of daily operations, and documentation analysis of existing marketing materials. This assessment focused on marketing practices, branding identity, and product diversification.

Secondly, collaborative program planning. This step ensured that the intervention addressed the actual operational capacity and financial constraints typical of rural MSMEs. Thirdly, educational socialization. This stage involved discussion to improve the staff's understanding of branding concepts, digital marketing strategies, and the importance of customer engagement. Fourthly, is the mentoring and implementation. The core of the program will divide into two main practical focus, which are marketing strategy and product innovation.

Lastly, is the monitoring and evaluation. This final stage assessed the program's effectiveness through follow-up interviews and observations. Evaluation indicators included increased proficiency in social media management, the consistency of digital content, the successful launch of new menu variants, and observable shifts in the owner's entrepreneurial mindset and confidence. Through this participatory, educational, and practical approach, the community service program was expected to improve Empati Kopi's business competitiveness through improvement on the innovation and digital marketing capacity as a rural coffee shop MSME in Keru Village, Narmada District, West Lombok.

Results

The community service program implemented at Empati Kopi generated several important outcomes related to strengthening product innovation and improving digital marketing capacity among rural coffee-based MSMEs. In line with the issues identified in the introduction, the findings demonstrate that rural coffee businesses must continuously adapt to changing consumer preferences and increasing market competition through innovation and digital transformation. The results is organized according to the five stages of the participatory empowerment framework applied throughout the program.

A. Situational Analysis and Problem Identification

The initial assessment revealed that Empati Kopi, a relatively new coffee shop established in 2020, possessed significant potential for business development through the utilization of locally sourced coffee beans from Lombok and/or beans from other Indonesian regions. As a growing MSME operating in an increasingly competitive coffee market, the business was still in the process of strengthening its market position and expanding its customer base. Although Empati Kopi had successfully established its presence within the local community, several operational and marketing challenges limited its ability to achieve broader business growth and competitiveness.

One of the primary issues identified was the limited utilization of digital marketing as a tool for promotion and customer engagement. Marketing activities remained largely dependent on conventional methods and customer referrals, resulting in limited online visibility and market reach. This condition reduced the café's ability to capitalize on the growing influence of digital platforms in consumer decision-making processes. Furthermore, discussions with the owner and staff revealed limited knowledge and confidence in managing social media platforms and producing promotional content, which constrained efforts to build a stronger digital presence.

In addition to digital marketing challenges, the assessment highlighted the need for greater product innovation to respond to evolving consumer preferences. The menu offered relatively limited variations, reducing opportunities to attract new customer segments and encourage repeat purchases. Moreover, the business had not yet explored the potential of bottle packaged coffee products as an additional source of revenue and brand exposure. These findings indicate that product innovation and digital marketing were closely interconnected challenges affecting business

competitiveness. Consequently, strengthening product diversification, developing packaged coffee products, and improving digital marketing capacity were identified as the primary focus areas of the community service program.

B. Collaborative Program Planning

Based on the challenges identified during the initial assessment, the program adopted a participatory planning approach that actively involved the business owner and staff in designing intervention strategies. This collaborative process ensured that the proposed activities were aligned with the operational capacity and development needs of the MSME. The planning stage focused on two key areas: product innovation and digital marketing development, both of which were considered essential for improving business competitiveness and expanding market reach.

Regarding product innovation, discussions centred on menu diversification through the introduction of new food and beverage variants as well as the development of packaged coffee products to increase the value of locally sourced coffee beans. Particular attention was given to packaging diversification and design, as well as the branding elements that could strengthen product identity and enhance consumer appeal. At the same time, digital marketing activities were incorporated into the program plan to support the promotion of both new menu offerings and packaged coffee products through social media and other digital platforms. By integrating product diversification, packaging development, and digital marketing strategies, the program aimed to establish a stronger foundation for business growth and sustainability.

C. Educational Socialization

Following the collaborative planning stage, educational socialization and discussion activities were conducted to strengthen participants' understanding of the key intervention areas, namely product innovation and digital marketing. The sessions were designed to address the knowledge gaps identified during the initial assessment and to prepare participants for the subsequent mentoring and implementation stages. Discussions emphasized the importance of innovation as a strategy for maintaining competitiveness in the coffee shop industry, particularly in responding to changing consumer preferences and increasing market competition. Participants were introduced to the concept of value-added products through menu diversification and a variations of packaged coffee products, highlighting how innovation can create new market opportunities while maximizing the potential of

locally sourced coffee beans.

In addition to product innovation, the socialization activities focused on the role of digital marketing in supporting business growth and market expansion. Participants were introduced to the functions of social media platforms, digital branding, and online customer engagement as essential tools for promoting products and building business visibility. Particular emphasis was placed on the integration of product innovation and digital marketing, demonstrating how newly developed products and improved packaging could be effectively communicated to consumers through digital channels. This approach aimed to encourage participants to view digital marketing not merely as a promotional activity but as a strategic component of business development.



Figure 1. Educational socialization and discussions activities

The socialization stage resulted in increased awareness among the owner and staff regarding the importance of continuous innovation and digital adaptation in sustaining business competitiveness. Participants demonstrated a better understanding of the relationship between product quality, packaging, branding, and online promotion in creating value for consumers as all those key issues are important point of marketing mix. However, despite these improvements in conceptual understanding, participants still expressed concerns regarding the practical implementation of digital marketing, particularly in producing visually appealing content and managing social media effectively. These findings highlighted the need for intensive mentoring and hands-on training during the implementation stage to translate newly acquired knowledge into practical business applications.

D. Intensive Mentoring and Implementation

The mentoring and implementation stage focused on translating the knowledge gained during the socialization and discussion activities into practical business applications. Product innovation initiatives resulted in the introduction of several new food and beverage variants designed to better accommodate consumer preferences and enhance menu diversity. In addition, the program supported the initial development of packaged coffee products as a strategy to increase product value and expand market opportunities beyond in-store consumption. Improvements in packaging design and product presentation were also implemented to strengthen brand identity and create a more professional image that could attract potential consumers.

Alongside product innovation, intensive mentoring was provided to improve digital marketing practices through the utilization of social media platforms, particularly Instagram. Participants received hands-on guidance on content planning, product photography, promotional communication, and basic digital branding techniques. Although the owner and staff demonstrated progress in understanding the operational aspects of Instagram platforms, the implementation process revealed continuing challenges in creating high-quality visual content and maintaining consistent digital engagement. Nevertheless, the mentoring activities enabled participants to begin integrating digital marketing into their business operations, thereby establishing an important foundation for future business growth and broader market reach.

E. Monitoring and Evaluation

The monitoring and evaluation stage was conducted to assess the effectiveness of the implemented interventions and identify areas requiring further improvement. The results indicated positive progress in both product innovation and digital marketing adoption. Empati Kopi successfully expanded its product portfolio through the introduction of new beverage variants and packaged coffee products, providing additional opportunities to attract customers and generate revenue. Furthermore, improvements in packaging and product presentation contributed to a stronger and more consistent business identity, enhancing the overall appeal of the café's offerings.

Despite these achievements, the evaluation also revealed that digital marketing capabilities remained at an early stage of development. While the owner and staff demonstrated increased confidence in utilizing social media platforms for

promotional purposes, challenges persisted in content creation, visual design, and maintaining regular online engagement. These findings suggest that although the program succeeded in establishing a foundation for digital marketing and product innovation, continued mentoring and capacity-building initiatives are necessary to ensure long-term sustainability. Overall, the program achieved its primary objectives by strengthening business competitiveness through product diversification and fostering greater awareness of the strategic role of digital marketing in supporting MSME growth.

Overall, the community service activities at Empati Kopi demonstrate that strengthening the competitiveness of a small business can be effectively achieved through product updates and improved service quality. By introducing new menu variants and refining the way products are presented, the partner was able to respond to changing consumer desires so that the offerings did not feel repetitive. This success in product differentiation is vital because, in the coffee shop industry, taste quality and the physical atmosphere are the primary factors that make customers feel satisfied (Lee et al., 2018; Meeprom & Kokkhangplu, 2025). Furthermore, these changes support the role of the coffee shop as a comfortable "third place" for the community to socialize or work, which ultimately strengthens the partner's business identity in a highly competitive market (Purnomo et al., 2021).

However, the results of the mentoring also revealed that utilizing digital marketing still faces significant obstacles. Although the owner and staff have understood the basics of using social media like Instagram, they still struggle to create attractive product photos or videos and manage content on a regular basis. These difficulties align with findings that many small business owners often feel less confident in their technical abilities and have limited time to manage online promotions consistently (Ahmad & Rasheed, 2025; Michaelidou et al., 2011). This indicates that simply having access to digital technology is not enough, small business owners require more in-depth and continuous technical guidance to be able to tell the story of their product advantages visually and attractively to potential customers (Gao et al., 2023; Rita & Nastiti, 2024).

Conclusion

This community service program at Empati Kopi was designed to strengthen the competitiveness of a coffee shop in its early growth stage since 2020 through product innovation and digital marketing development. The program addressed the

main issues identified at the beginning, particularly limited product variation and the underutilization of digital platforms for promotion. To respond to these challenges, participatory activities were carried out through collaborative planning, educational and discussion sessions, and direct mentoring involving the business owner and staff.

The results indicate that the program successfully supported the development of new beverage variants, along with improvements in packaging and branding to increase product attractiveness. Basic digital marketing practices were also introduced to improve online visibility, although the ability to produce consistent and engaging digital content remains limited. Overall, the findings show that product innovation can be achieved effectively within a short-term intervention, while digital marketing skills require continuous support. Therefore, further assistance is needed to strengthen these capacities, and similar programs are recommended for other rural MSMEs to support local economic development.

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