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Innovation and Competitive Advantage: A Case Study on "Jago" Mobile Coffee in South Tangerang

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Abstract: This study examines innovation and competitive advantage in the mobile coffee business Jago operating in South Tangerang, as a response to the growing intensity of competition in the coffee industry and the changing behavior of urban consumers. The purpose of this research is to explain the forms of innovation developed and how these innovations contribute to competitive advantage. The study uses a qualitative approach with data collected through observations, in-depth interviews with owners, baristas, and customers, as well as field documentation. The results indicate that Jago Coffee has successfully implemented innovation in product quality, service systems, operational processes, and business model design. These innovations provide consistent product quality, technology-based service convenience, operational efficiency through a mobile café concept, and enhanced accessibility through flexible mobility. The findings confirm that innovation plays a crucial role in strengthening the competitive position of Jago Coffee in South Tangerang. This research contributes to the development of innovation studies in small businesses operating with high mobility in the digital economy era.

Keyword: Innovation, Competitive Advantage, Mobile Coffee, Business Model, Mobility

INTRODUCTION

The coffee industry in Indonesia in the last decade has experienced significant growth very rapidly, both in terms of production and consumption. Coffee is no longer just an agricultural commodity, but has evolved into an urban lifestyle that has driven the emergence of various business formats, from modern coffee shops to cart-based micro-enterprises and mobile vehicles. MSMEs in the coffee sector play an important role in the regional economy, but at the same time face increasingly fierce competition and rapid changes in consumer preferences. To be able to survive and develop, coffee business actors are required to have sustainable innovation and a clear competitive advantage.

Various studies show that innovation has a significant contribution to the competitive advantage of MSMEs, including in the culinary industry and coffee shops. Innovation capabilities have been proven to affect the competitive advantage of MSMEs, for example

through product updates, service processes, and the use of technology. (Rahmania, 2024) In the context of coffee shops, increasing product innovation, product quality, and service quality is seen as the main step to creating a sustainable competitive advantage (Nurachman, 2021). Other research also confirms that market orientation, innovation, and entrepreneurial orientation affect the competitive advantage of independent coffee shops in Indonesia, so business actors must proactively read consumer needs and respond to them through relevant differentiation. (Simamora, 2022)

Competitive advantage is generally explained through Porter's views on differentiation, low cost, and focus, as well as a resource-based view approach that emphasizes the importance of unique resources and capabilities that are difficult to replicate. In the coffee business, competitive advantage can be built through a combination of entrepreneurial competence, product innovation, business location, and dynamic marketing capabilities (Maulana *et al.*, 2024). Innovation is not only understood as the addition of a new menu, but also includes business models, how to serve customers, and the use of digital technology for ordering and distribution (Vărzaru and Bocean, 2024).

In the midst of the rise of stationary coffee shops, the phenomenon of mobile coffee has emerged that offers easy access for consumers, especially in dense urban areas. In Indonesia, mobile coffee sellers, whether using bicycles, motorcycles, or carts, are a form of adaptation by business actors to consumer mobility and limited business space (AP News, 2023). One example of an innovative mobile coffee business model is Jago Coffee, which positions itself as a "café on wheels" through the use of a fleet of modern coffee carts and carts that are integrated with ordering applications (Jago Coffee, 2024). In addition, Jago Coffee also develops a motorcycle-based mobile coffee partnership or franchise scheme that allows for a wider range of services with hundreds of fleet units in various regions, including South Tangerang (BFI Finance, 2024).

South Tangerang as part of the Jakarta buffer area is an area with high population density, middle-class growth, and intense daily mobility patterns, making it a potential market for mobile coffee businesses. Competition comes not only from large coffee shop chains and independent coffee shops, but also from traditional mobile coffee players. In this condition, it is interesting to study how the "Jago" Mobile Coffee in South Tangerang builds innovation and converts it into a competitive advantage. The case study on one business object allows researchers to delve deeper into the innovation strategies applied, the forms of differentiation offered, and how consumers respond to the modern mobile coffee business model.

Based on the description above, the main problems that can be identified are: (1) how to innovate the "Jago" Mobile Coffee in South Tangerang in terms of products, services, and business models; and (2) how these innovations contribute to the competitive advantage of the business in the midst of increasingly fierce competition in the coffee industry. In line with that, this study aims to analyze the innovations developed by Kopi Roving "Jago" in South Tangerang and explain the relationship between these innovations and the formation of competitive advantages.

Practically, the results of the research are expected to be input for the owners and managers of "Jago" Mobile Coffee and other coffee MSME actors in designing more effective innovation strategies. Theoretically, this research is expected to enrich the study of innovation and competitive advantages in coffee MSMEs in Indonesia, especially those that carry a technology-based and partnership-based mobile coffee business format

METHOD

Research Design

This study employs a qualitative descriptive approach to explore the forms of innovation and competitive advantage developed by Kopi Keliling “Jago” in South Tangerang. A qualitative design is appropriate because it allows the researcher to understand social phenomena naturally and holistically, focusing on meanings, experiences, and processes rather than numerical measurement. According to (Creswell, 2020), qualitative research is used to explore and understand individuals’ or groups’ meaning attributed to a social or human problem. This approach is also suitable for case studies in business and entrepreneurship, where context-specific insights are essential (Yin, 2018).

Research Subject

The research subjects consist of:

1. Owners/management of Kopi Keliling “Jago” in South Tangerang
2. Jago Coffee mobile baristas operating cart or motor-based units
3. Customers who frequently purchase coffee from Jago Coffee mobile units
4. Supporting informants, such as nearby vendors or community members familiar with the presence of Jago Coffee

Subjects were selected using purposive sampling, a technique commonly used in qualitative studies to select participants who possess relevant knowledge or experience related to the research topic (Patton, 2015).

Time and Location of the Study

The research was conducted in South Tangerang, specifically in areas where Kopi Keliling “Jago” frequently operates, such as Bintaro, BSD, Ciputat, and Pamulang. Data collection was carried out between October–September 2025, allowing the researcher to observe the business during regular operational periods.

Data Collection Instruments

In qualitative research, the main instrument is the researcher. Supporting instruments used in the field include:

1. Semi-structured interview guides
2. Observation sheets
3. Field notes
4. Documentation tools, such as camera or smartphone for photos, and application screenshots related to Jago Coffee operations

Semi-structured interviews allow flexibility while still focusing on the research objectives (Merriam & Tisdell, 2016).

Data Collection Procedures

Data were collected through three primary techniques:

1. Observation
The researcher conducted direct observations of the Jago Coffee mobile units, including customer interactions, service flow, equipment used, mobility patterns, and unique features that represent innovation or competitive advantage.
2. Interviews
In-depth interviews were conducted with owners, baristas, and customers to gather insights into:
3. Documentation
Documentation was used to collect supporting materials such as operational photos, promotional materials, app interfaces, and business profiles.

Triangulation of observation, interviews, and documentation was applied to ensure the credibility of the findings, consistent with recommendations by (Sirunyan *et al.*, 2020)

Data Analysis Techniques

The data were analyzed using Matthew B Miles, A Michael Huberman and Johnny Saldana, (2014) qualitative analysis model, which includes:

1. Data condensation: selecting, focusing, and simplifying raw data
2. Data display: organizing information into narrative descriptions or charts
3. Conclusion drawing/verification: interpreting the findings and confirming patterns

This iterative process allows themes related to innovation and competitive advantage to emerge naturally.

Research Ethics

Ethical considerations were maintained by:

1. Asking for informed consent prior to interviews
2. Ensuring confidentiality of participants
3. Avoiding manipulation or misrepresentation of data
4. Presenting findings honestly and transparently

RESULT AND DISCUSSION

The results of the study show that Kopi Keliling "Jago" in South Tangerang develops various forms of innovation that directly contribute to the formation of competitive advantage. Based on field observations, interviews with owners/operations, baristas, and customers, as well as documentation from the application, it was found that these innovations include product innovation, service innovation, process and business model innovation, and innovation in operational mobility. All of these innovations support each other and result in a strong competitive position for Jago Coffee in the highly competitive local coffee industry.

Product Innovation

The results of the study confirm that Jago Coffee innovates products by presenting consistent drink quality even though operating using mobile vehicles. The use of portable espresso machines and standard digital recipes helps baristas maintain flavor consistency at each sales location. The operational owner explained that the standard is applied to ensure that the quality that is no different from the café can still be felt by customers. This is reinforced by his statement:

"We want customers to feel the same quality as when buying coffee at a café, even if we operate from a motorbike or cart. That's why all of our recipes are standardized, and baristas use an in-house app for measurement guides." (*Interview, Jago Coffee Operational Manager, February 12, 2025*)

Customers also confirmed the same by stating that the taste of the coffee they bought at various Jago operational points was maintained and did not show disturbing variations. A customer said:

"Even though the sales are mobile, the taste of the coffee is stable. I often buy at BSD and Ciputat, it feels the same." (*Interview, Subscriber, February 20, 2025*)

These findings show that the product innovations carried out by Jago Coffee have been verified through customer perception and operational processes in the field.

Service Innovation

This research also verifies that Jago Coffee develops technology-based service innovations that focus on ease and speed of service. In-app ordering services, cashless

payment systems, and real-time unit location tracking features provide a more modern and convenient experience for customers. This is reinforced by the barista's statement that most customers use the app to order drinks before coming to the location. He said:

"Customers usually order first through the application, so they just have to come and pick it up. It only took us two to three minutes to prepare the drinks." (*Interview, Barista Jago Bintaro Unit, February 18, 2025*)

A customer also emphasized that the ease of finding the location of the unit through the application makes Jago Coffee more accessible. He stated:

"What makes me like Jago is not only the coffee, but it is easy to order. Even at home, I can see the position of the nearest cart." (*Interview, Subscriber, February 24, 2025*)

Based on these findings, service innovation has proven to be an important factor in increasing customer satisfaction and loyalty.

Business Model Innovation

The results of the study show that Jago Coffee implements business model innovation through the concept of a mobile café that is integrated with a partnership system. This business model allows for rapid expansion without the need for physical space like a conventional coffee shop. The barista interviewed confirmed that he not only acts as an employee, but also as a partner with revenue sharing so that he has the flexibility to determine sales locations according to crowd conditions. He explains:

"I am not just an employee, but a partner. There is a distribution of results, and I can choose the location according to the crowd for example in the morning at the station, in the afternoon I move to housing." (*Interview, Barista Partner Jago, February 28, 2025*)

This business model has proven to provide cost advantages and flexibility that coffee shops that operate stationary do not have.

Advantages of Operational Mobility

The research also verifies that mobility is one of the main advantages of Jago Coffee. Based on the results of observations, the unit moves from one point to another following the flow of community activities, for example being at a bus stop or station in the morning, moving to an office area during the day, and operating in a public area at night. Observation records on February 11, 2025 show that one unit of Jago Coffee moved from the BSD City bus stop in the morning to the Green Office Park office area during the day. This mobility increases the visibility and accessibility of services, while expanding the market potential.

Customer Perception

Interviews with customers show that they have a positive perception of Jago Coffee. Consumers feel that Jago offers easy access, quality of taste equivalent to a café, and a more affordable price. These findings reinforce that Jago Coffee's innovations are truly accepted and appreciated by the community of customers who are their target markets.

This discussion relates field findings to innovation theories. The innovations carried out by Jago Coffee are in accordance with the innovation concept of key figures such as Schumpeter, Galloway & Weinstein, and the OECD through the Oslo Manual. The product innovations implemented by Jago Coffee are in line with Schumpeter's theory (1934) (Langroodi and Langroodi, 2021) regarding product value and quality updates. App-based service innovation is consistent with theory regarding service innovation that occurs when service processes and interactions are significantly updated (Tsou, 2012). Innovation in processes and business models involving technology and partnership systems is in line with the Oslo Manual (OECD, 2018) which places innovation as a change in production, distribution, and management methods.

All of these innovations contribute to competitive advantage as stated by Ambec *et al.*, (2013) who explains that differentiation and cost advantages can be obtained through effective innovation strategies. In the context of Jago Coffee, differentiation is achieved through the quality of modern products and services, while efficiency is achieved through a mobile café business model and partnerships that reduce the burden of operational costs.

CONCLUSION

Research on innovation and competitive advantage in "Jago" Mobile Coffee in South Tangerang concluded that innovation is the main factor that determines the success of the modern mobile coffee business in facing increasingly complex competition in the coffee industry. Based on field findings and analysis, this study shows that Jago Coffee has succeeded in building structured innovation in terms of products, services, operational processes, and business models. All of these innovations have proven to support each other and produce a sustainable competitive advantage.

Product innovation carried out through the use of modern equipment and the application of standard recipes allows Jago Coffee to provide consistent beverage quality even though operating on mobile. The contribution of technology-based service innovation is clearly seen through the ease of ordering, speed of service, and digital payment systems that facilitate consumer interaction. The innovative business model that integrates the café on wheels concept with a partnership system provides cost efficiency as well as operational flexibility, which has an impact on a wider market reach. The operational mobility observed in the field also strengthens Jago Coffee's competitive position because it is able to follow the pattern of community activities and provide services at the time and location that is most needed.

The theoretical view of the relationship between innovation and competitive advantage as put forward by Schumpeter, Porter, as well as the theory of process and service innovation outlined in the framework of the Oslo Manual and modern business literature. The findings of this study contribute to the development of insights in the field of business management, especially in the study of mobile-based business model innovation. The results show that consistently designed and customer-based innovations are able to create a competitive advantage that is not only relevant in the context of the mobile coffee business, but also in other small business sectors facing similar market dynamics.

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