

Competitiveness Strategy of Culinary Msmes Based on Swot Analysis: A Case Study of Bathok's Coffee

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Abstract: Micro, small, and medium enterprises (MSMEs) are required to continuously adapt to dynamic market conditions and increasing competition. This study aims to analyze the internal and external environments of Bathok's Coffe and to formulate appropriate business development strategies using an integrated SWOT analysis approach. A descriptive qualitative method was employed, with data collected through observation, interviews with the business owner, and documentation. The analysis was supported by the Internal Factor Evaluation (IFE) Matrix, External Factor Evaluation (EFE) Matrix, Internal-External (IE) Matrix, and Grand Strategy Matrix. The results indicate that Bathok's Coffe possesses internal strengths related to product quality and customer loyalty, while weaknesses are identified in marketing management and technology utilization. The integration of internal and external factors places the enterprise in a moderate strategic position, suggesting a hold-and-maintain strategy. This study concludes that strengthening internal capabilities and selectively utilizing market opportunities are essential for achieving sustainable business development.

Key Words: SWOT analysis; business development strategy; MSMEs; competitiveness; strategic management

Introduction

Micro, small, and medium enterprises (MSMEs) play a vital role in supporting economic growth and employment generation. However, MSMEs often encounter various challenges, such as limited resources, intense market competition, and rapidly changing consumer preferences. These challenges necessitate the formulation of effective strategies to maintain competitiveness and ensure long-term sustainability.

From a strategic management perspective, business performance is influenced by the alignment between internal resources and external environmental conditions. Organizations that are able to leverage their strengths while effectively responding to external opportunities are more likely to achieve sustainable competitive advantage. Conversely, failure to address internal weaknesses and external threats may hinder business growth.

SWOT analysis is widely used as a strategic planning tool to identify strengths, weaknesses, opportunities, and threats faced by organizations. When combined with quantitative strategic tools such as the IFE and EFE matrices, SWOT analysis provides a structured and objective framework for strategic decision-making. Furthermore, the IE Matrix and Grand Strategy Matrix assist in identifying an organization's strategic position and suitable development strategies.

Bathok's Coffe operates in a competitive business environment that requires continuous strategic adaptation. Despite its potential, the enterprise faces internal and external challenges that must be addressed to support sustainable growth. However, empirical studies focusing on integrated strategic analysis of similar MSMEs remain limited.

Therefore, this study aims to analyze the internal and external conditions of Bathok's Coffe and to formulate appropriate business development strategies using an integrated SWOT-based approach. The findings are expected to provide practical insights for MSME practitioners and contribute to the strategic management literature.

Method

This study employed a descriptive qualitative research approach to analyze the internal and external conditions of Bathok's Coffe. The qualitative method was chosen to obtain an in-depth understanding of the business environment, managerial practices, and strategic challenges faced by the enterprise.

The object of this research is Bathok's Coffe, while the subject of the study is the business owner, who was selected as the key informant due to direct involvement in daily business operations and strategic decision-making.

Data were collected through observation, interviews, and documentation. Observation was conducted to examine production activities, service processes, and interactions with customers. Interviews were carried out with the business owner to gather detailed information related to internal strengths and weaknesses, external opportunities and threats, and business strategies that have been implemented. Documentation was used to support primary data, including sales records, promotional materials, and other relevant business documents.

Data analysis was conducted using SWOT analysis, supported by the Internal Factor Evaluation (IFE) Matrix, External Factor Evaluation (EFE) Matrix, Internal-External (IE) Matrix, and Grand Strategy Matrix. The analysis process involved identifying and classifying internal and external factors, assigning weights and ratings to each factor, and determining the strategic position of the enterprise to formulate appropriate business development strategies.

Results And Discussion

Internal Factor Evaluation (IFE) Analysis

The Internal Factor Evaluation (IFE) Matrix was used to analyze the internal conditions of Bathok's Coffe by identifying key strengths and weaknesses that influence business performance. This analysis aims to evaluate how effectively the enterprise utilizes its internal resources and capabilities while identifying internal limitations that may hinder business development.

Internal factors were identified based on observations and interviews with the business owner. Each factor was assigned a weight according to its level of importance and a rating based on the firm's current performance. The weighted score of each factor was calculated to determine the overall internal strategic position of the business.

The complete results of the IFE Matrix analysis for Bathok's Coffe are presented in Table 1.

Table 1. Internal Factor Evaluation (IFE) Matrix

Internal Factors	Weight	Rating	Weighted Score
Strengths			
Strategic business location	0.15	4	0.60
Distinctive coffee taste and product quality	0.14	4	0.56
Comfortable café atmosphere	0.13	3	0.39
Affordable pricing	0.12	3	0.36
Good customer relationships	0.11	3	0.33
Subtotal Strengths			2.24
Weaknesses			
Limited promotional activities	0.12	2	0.24

Simple marketing management	0.10	2	0.20
Limited human resources	0.08	2	0.16
Inconsistent operational management	0.05	2	0.10
Subtotal Weaknesses			0.70
Total IFE Score	1.00		2.94

Source: Processed Research Data, 2025

The total IFE score obtained by Bathok's Coffe is 2.94, indicating a moderate to relatively strong internal strategic position. This score suggests that the enterprise has considerable internal strengths that support its business operations, although several internal weaknesses still require attention.

The main strengths of Bathok's Coffe lie in its strategic location, distinctive coffee taste, and product quality, which contribute significantly to customer attraction and retention. The comfortable café atmosphere and affordable pricing further enhance customer satisfaction and competitiveness in the local coffee shop market.

However, the analysis also reveals internal weaknesses related to limited promotional activities, relatively simple marketing management, and constraints in human resources. In addition, inconsistencies in operational management may affect service quality and efficiency if not properly addressed.

Overall, the IFE analysis indicates that Bathok's Coffe possesses solid internal potential to sustain its business operations. Nevertheless, strengthening marketing management, improving promotional strategies, and enhancing operational consistency are necessary to optimize internal performance and support future business development.

External Factor Evaluation (EFE) Analysis

The External Factor Evaluation (EFE) Matrix was used to analyze the external environment of Bathok's Coffe by identifying key opportunities and threats that influence business performance. This analysis aims to assess how effectively the enterprise responds to external conditions that may support or constrain business growth.

External factors were identified through interviews with the business owner and observations of market conditions. Each factor was assigned a weight based on its relative importance and a rating reflecting the firm's current response to these external factors. The weighted scores were then calculated to determine the overall external strategic position of the business.

The complete results of the EFE Matrix analysis for BATHOK'S COFFE are presented in Table 2.

Table 2. External Factor Evaluation (EFE) Matrix

External Factors	Weight	Rating	Weighted Score
Opportunities			
Growing coffee consumption trends	0.16	4	0.64
Increasing number of coffee enthusiasts	0.14	3	0.42
Expansion of digital marketing platforms	0.13	3	0.39
Opportunities for collaboration with local communities	0.11	3	0.33
Lifestyle trends supporting coffee shop culture	0.10	3	0.30
Subtotal Opportunities			2.08
Threats			
Intense competition among coffee shops	0.14	2	0.28
Price competition in the market	0.09	2	0.18

Fluctuating raw material prices	0.07	2	0.14
Changes in consumer preferences	0.06	2	0.12
Subtotal Threats	0.72		
Total EFE Score	1.00		

Source: Processed Research Data, 2025

The total EFE score obtained by BATHOK'S COFFE is 2.80, indicating a moderate ability to respond to external opportunities and threats. This result suggests that the enterprise operates in an environment with promising growth opportunities, although it faces notable external challenges.

The main opportunities for BATHOK'S COFFE arise from increasing coffee consumption trends, a growing community of coffee enthusiasts, and supportive lifestyle changes that favor coffee shop culture. In addition, the expansion of digital marketing platforms provides opportunities to reach a broader customer base at relatively low cost.

However, the analysis also highlights significant external threats, particularly intense competition among coffee shops and price competition within the market. Fluctuations in raw material prices and changes in consumer preferences further increase external uncertainty and require adaptive strategic responses.

Overall, the EFE analysis indicates that while BATHOK'S COFFE operates in a favorable external environment, strengthening responsiveness to competition and market dynamics is essential to support sustainable business development.

Internal–External (IE) Matrix Analysis

The Internal–External (IE) Matrix was applied to determine the overall strategic position of Bathok's Coffe by integrating the results of the Internal Factor Evaluation (IFE) Matrix and the External Factor Evaluation (EFE) Matrix. This matrix provides a comprehensive framework for assessing the firm's internal strength and its ability to respond to external environmental conditions, thereby supporting strategic decision-making.

Based on the analysis, BATHOK'S COFFE achieved a total IFE score of 2.94 and a total EFE score of 2.80. These values were subsequently plotted on the IE Matrix to identify the enterprise's strategic position.

Table 3. Internal–External (IE) Matrix

External Factor Evaluation (EFE)	Strong (3.0–4.0)	Medium (2.0–2.99)	Weak (1.0–1.99)
High (3.0–4.0)	Cell I	Cell II	Cell III
Medium (2.0–2.99)	Cell IV	Cell V	Cell VI
Low (1.0–1.99)	Cell VII	Cell VIII	Cell IX

Business Position: Cell V (Hold and Maintain Strategy)

Source: Processed Research Data, 2025

The combination of the IFE score (2.94) and the EFE score (2.80) places BATHOK'S COFFE in Cell V of the IE Matrix, which represents a hold-and-maintain strategic position. This position indicates that the enterprise possesses relatively strong internal capabilities while operating in an external environment characterized by moderate opportunities and competitive pressures.

The hold-and-maintain strategy suggests that Bathok's Coffe should focus on maintaining its current performance level while gradually improving internal efficiency and effectiveness. Rather than pursuing aggressive expansion, the business is encouraged to strengthen its core competencies, particularly in marketing management, promotional activities, and operational consistency.

Strategic alternatives typically recommended for firms in Cell V include market penetration and product development on a limited and controlled scale. In the context of Bathok's Coffe, these strategies may involve enhancing brand visibility through digital marketing, improving service quality, and introducing product variations aligned with customer preferences.

Overall, the IE Matrix analysis confirms that Bathok's Coffe is in a stable strategic condition that supports incremental growth. This position provides a solid foundation for further strategic formulation using the Grand Strategy Matrix and SWOT-based strategic alternatives.

Grand Strategy Matrix Analysis

The Grand Strategy Matrix was utilized to determine appropriate strategic directions for Bathok's Coffe based on its competitive position and market growth conditions. This matrix categorizes organizations into four strategic quadrants, each of which suggests different strategic alternatives depending on internal competitiveness and external market dynamics.

Based on the results of the IE Matrix analysis, BATHOK'S COFFE demonstrates a moderate to relatively strong competitive position and operates in a market characterized by moderate growth. These conditions place the enterprise in a transitional position between Quadrant I and Quadrant II of the Grand Strategy Matrix.

Table 4. Grand Strategy Matrix

Market Growth	Competitive Position
Rapid Market Growth	Quadrant I – Strong competitive position
	Quadrant II – Weak competitive position
Slow Market Growth	Quadrant IV – Strong competitive position
	Quadrant III – Weak competitive position

Business Position: Transitional Quadrant (Between Quadrant I and Quadrant II)

Source: Processed Research Data, 2025

The placement of BATHOK'S COFFE in a transitional area between Quadrant I and Quadrant II indicates that the enterprise has growth potential but has not yet achieved a fully strong competitive position. This condition suggests that the business should prioritize strengthening internal capabilities while selectively utilizing external opportunities.

Strategic alternatives suitable for this position include market penetration, product development, and selective market development. For BATHOK'S COFFE, market penetration may be pursued through intensified digital promotion and improved customer engagement.

Product development can be implemented by introducing new menu variations and enhancing service quality to better meet evolving consumer preferences.

At the same time, internal consolidation remains essential. Improving operational consistency, strengthening marketing management, and optimizing human resource

utilization are necessary to enhance competitiveness and prepare the enterprise for more aggressive growth strategies in the future.

SWOT Strategic Alternatives

Strategic alternatives for BATHOK'S COFFE were formulated using the SWOT Matrix by integrating internal strengths and weaknesses with external opportunities and threats. These strategies were designed to align with the enterprise's hold-and-maintain position and its transitional placement in the Grand Strategy Matrix.

The Strength–Opportunity (SO) strategies focus on leveraging internal strengths, such as product quality, café atmosphere, and strategic location, to capitalize on growing coffee consumption trends and lifestyle changes. Gradual market penetration through digital marketing and community-based promotion is considered appropriate for this strategy.

The Strength–Threat (ST) strategies aim to use internal strengths to mitigate external threats, particularly intense competition among coffee shops. Maintaining consistent product quality, enhancing customer experience, and building strong customer relationships are critical for differentiating the business from competitors.

The Weakness–Opportunity (WO) strategies emphasize addressing internal weaknesses by utilizing external opportunities. Improving promotional activities and marketing management can be supported by the expansion of digital platforms. These strategies help overcome operational limitations while expanding market reach.

The Weakness–Threat (WT) strategies are defensive in nature and focus on minimizing weaknesses while avoiding external threats. These strategies include improving operational management, controlling costs, and reducing dependency on limited human resources. Such actions are essential to maintain business stability in a competitive market environment.

Overall, the SWOT-based strategic alternatives highlight a cautious and capability-driven approach, which is consistent with Bathok's Coffe's current strategic position.

Conclusion

This study analyzed the strategic position of Bathok's Coffe using an integrated SWOT-based framework supported by the IFE Matrix, EFE Matrix, IE Matrix, and Grand Strategy Matrix. The findings indicate that BATHOK'S COFFE possesses relatively strong internal strengths, particularly in product quality, location, and customer experience, while facing internal challenges related to marketing management and operational consistency. Externally, the enterprise operates in an environment with promising growth opportunities alongside intense competition.

The integration of internal and external factors places Bathok's Coffe in Cell V of the IE Matrix, indicating a hold-and-maintain strategy, and in a transitional position between Quadrant I and Quadrant II of the Grand Strategy Matrix. This positioning suggests that stabilization and gradual improvement are more appropriate than aggressive expansion.

Overall, the study concludes that BATHOK'S COFFE should focus on strengthening internal capabilities, improving marketing effectiveness, and selectively utilizing market opportunities to achieve sustainable business development.

Implications

Theoretical Implications

This study contributes to the strategic management literature by illustrating the application of integrated SWOT analysis for MSMEs operating in transitional strategic

positions. The findings emphasize the importance of aligning strategic choices with internal readiness and external conditions, particularly for small businesses in competitive industries.

Practical Implications

From a practical standpoint, the results provide actionable insights for MSME owners and managers. The recommended strategies highlight the importance of enhancing digital marketing utilization, maintaining product quality, improving service consistency, and strengthening operational management. Additionally, policymakers and business development institutions may use these findings as a reference for designing capacity-building programs for MSMEs.

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