

## Formulating Business Development Strategies through SWOT Analysis: A Case Study of Kayffa Store

Dwi Anggraeni<sup>1</sup>, Rita Mutiarni<sup>2</sup>

Institut Teknologi & Bisnis PGRI Dewantara Jombang

Jl. Prof. M. Yamin No 77 Pandanwangi (61471), Jombang, Jawa Timur

E-mail: [dwianggraeni445@gmail.com](mailto:dwianggraeni445@gmail.com)<sup>1</sup>, [ritam@itebisdewantara.ac.id](mailto:ritam@itebisdewantara.ac.id)<sup>2</sup>

Corresponding: [ritam@itebisdewantara.ac.id](mailto:ritam@itebisdewantara.ac.id)

**Abstract:** Micro, small, and medium enterprises (MSMEs) face increasing competitive pressure that requires the formulation of effective and adaptive business strategies. This study aims to analyze the internal and external conditions of **Kayffa Store** 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 **Kayffa Store** possesses several internal strengths related to product quality and customer trust, while weaknesses are identified in marketing management and promotional activities. The integration of internal and external factors places the enterprise in a moderate strategic position, suggesting a hold-and-maintain strategy. The study concludes that strengthening internal capabilities and selectively utilizing market opportunities are essential for sustainable business development.

**Keywords:** SWOT analysis; business strategy; MSMEs; competitiveness; strategic management

### Introduction

Micro, small, and medium enterprises (MSMEs) play a crucial role in supporting economic growth and employment creation. Despite their importance, MSMEs often face various challenges, including limited resources, intense competition, and rapidly changing market conditions. These challenges require MSMEs to adopt appropriate strategies to maintain competitiveness and ensure business sustainability.

From a strategic management perspective, business performance is influenced by the alignment between internal capabilities and external environmental conditions. Firms that are able to effectively utilize their internal strengths while 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 and long-term survival.

SWOT analysis has been widely used as a strategic planning tool to identify strengths, weaknesses, opportunities, and threats faced by organizations. When supported by quantitative strategic tools such as the IFE and EFE matrices, SWOT analysis provides a more systematic and objective basis for strategic decision-making. Furthermore, the use of the IE Matrix and Grand Strategy Matrix allows businesses to identify their overall strategic position and select realistic development strategies.

Kayffa Store operates in a competitive business environment that requires continuous adaptation and strategic planning. The enterprise faces several internal and external

challenges that necessitate a comprehensive strategic analysis. However, empirical studies focusing on the strategic positioning of similar MSMEs remain limited, particularly those that integrate multiple strategic analysis tools.

Therefore, this study aims to analyze the internal and external conditions of Kayffa Store and to formulate appropriate business development strategies using an integrated SWOT-based framework. The findings are expected to provide practical insights for MSME practitioners and contribute to the literature on strategic management in the MSME context.

## METHODS

This study employed a descriptive qualitative research approach to analyze the internal and external conditions of Kayffa Store. 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 Kayffa Store, while the subject of the study is the business owner, who was selected as the key informant due to direct involvement in daily operations and strategic decision-making.

Data were collected through observation, interviews, and documentation. Observation was conducted to examine business activities, production 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 strategies that have been implemented. Documentation was used to support primary data, including business records, promotional materials, and other relevant 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 began with the identification and classification of internal and external factors, followed by weighting and rating each factor to determine its strategic importance. The results of these analyses were then used to identify the strategic position of the business and formulate appropriate business development strategies.

## RESULTS AND DISCUSSION

### 1. Internal Factor Evaluation (IFE) Analysis

The Internal Factor Evaluation (IFE) Matrix was used to analyze the internal conditions of **Kayffa Store** by identifying key strengths and weaknesses that influence business performance. This analysis aims to evaluate how effectively the enterprise utilizes its internal resources 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 condition. The weighted score was then calculated to determine the overall internal strategic position of the business.

The complete results of the IFE Matrix analysis for Kayffa Store are presented in Table 1.

**Table 1.** Internal Factor Evaluation (IFE) Matrix

Internal Factors	Weight	Rating	Weighted Score
<b>Strengths</b>			
Diverse and high-quality services	0.15	4	0.60
Creative and customized designs based on customer requests	0.13	3	0.39
Broad target market	0.12	3	0.36
Satisfactory and responsive customer service	0.11	3	0.33
High competitive value	0.10	3	0.30
<b>Subtotal Strengths</b>			<b>1.98</b>
<b>Weaknesses</b>			
Dependence on human resources and skills	0.12	2	0.24
Limited equipment and technology	0.10	2	0.20
Production and time management issues	0.09	2	0.18
Brand awareness still developing	0.08	2	0.16
<b>Subtotal Weaknesses</b>			<b>0.78</b>
<b>Total IFE Score</b>	<b>1.00</b>		<b>2.76</b>

Source: Processed Research Data, 2025

The total IFE score obtained by **Kayffa Store** is **2.76**, indicating a **moderate internal strategic position**. This score suggests that the enterprise has a relatively adequate ability to utilize its internal strengths, although several internal weaknesses still require improvement.

The main strengths of **Kayffa Store** lie in the diversity and quality of its services, as well as its ability to offer creative and customized designs tailored to customer needs. These strengths are supported by responsive customer service and a broad target market, which contribute positively to the firm's competitive value.

However, the analysis also reveals several internal weaknesses that may constrain business development. Dependence on human resources and individual skills, limited equipment and technology, and challenges in production and time management reduce operational efficiency. Additionally, brand awareness is still in a developmental stage, limiting the firm's market visibility.

Overall, the IFE analysis indicates that **Kayffa Store** possesses sufficient internal potential to support business sustainability. Nevertheless, improvements in resource management, technological support, and branding efforts are necessary to strengthen internal performance and support future strategic development.

## 2. External Factor Evaluation (EFE) Analysis

The External Factor Evaluation (EFE) Matrix was used to analyze the external environment of **Kayffa Store** by identifying key opportunities and threats that influence business performance. This analysis aims to assess how well the enterprise responds to external conditions that may support or hinder business development.

External factors were identified through interviews with the business owner and observations of market conditions. Each factor was assigned a weight based on its level of 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 Kayffa Store are presented in **Table 2**.

**Table 2.** External Factor Evaluation (EFE) Matrix

External Factors	Weight	Rating	Weighted Score
<b>Opportunities</b>			
Rapid development of digital technology	0.15	4	0.60
Increasing market demand	0.14	3	0.42
Expansion of online marketing platforms	0.13	3	0.39
Opportunities for collaboration with partners	0.11	3	0.33
Consumer lifestyle trends supporting services offered	0.10	3	0.30
<b>Subtotal Opportunities</b>			<b>2.04</b>
<b>Threats</b>			
Intense competition from similar businesses	0.14	2	0.28
Rapid changes in consumer preferences	0.09	2	0.18
Rising operational costs	0.08	2	0.16
Price competition in the market	0.06	2	0.12
<b>Subtotal Threats</b>			<b>0.74</b>
<b>Total EFE Score</b>	<b>1.00</b>		<b>2.78</b>

*Source: Processed Research Data, 2025*

The total EFE score obtained by Kayffa Store is **2.78**, indicating a **moderate ability to respond to external opportunities and threats**. This score suggests that the enterprise has begun to take advantage of favorable external conditions, although its responsiveness to certain external challenges remains limited.

The main external opportunities for Kayffa Store arise from the rapid development of digital technology and the expansion of online marketing platforms, which provide broader market access and new promotional channels. Additionally, increasing market demand and supportive lifestyle trends offer potential for gradual business growth.

However, the analysis also highlights significant external threats, particularly intense competition from similar businesses and price competition within the market. Rapid changes in consumer preferences and rising operational costs further increase environmental uncertainty and require adaptive strategic responses.

Overall, the EFE analysis indicates that Kayffa Store operates in an environment with promising opportunities but also faces considerable external challenges. Strengthening responsiveness to market changes and improving competitive positioning are essential to support sustainable business development.

### 3. Internal–External (IE) Matrix Analysis

The Internal–External (IE) Matrix was used to determine the overall strategic position of Kayffa Store by integrating the results of the Internal Factor Evaluation (IFE) Matrix and the External Factor Evaluation (EFE) Matrix. This matrix provides a comprehensive overview of the firm's internal capabilities and its ability to respond to external environmental conditions, which serves as the basis for selecting appropriate strategic directions.

Based on the analysis, Kayffa Store obtained a total **IFE score of 2.76** and a total **EFE score of 2.78**. These values were subsequently plotted on the IE Matrix to identify the firm'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	<b>Cell V</b>	Cell VI
Low (1.0–1.99)	Cell VII	Cell VIII	Cell IX

*Source: Processed Research Data, 2025*

The integration of the IFE score (2.76) and the EFE score (2.78) places Kayffa Store in **Cell V of the IE Matrix**, which indicates a **hold-and-maintain strategic position**. This position reflects a condition in which the enterprise possesses moderate internal capabilities and operates within an environment that offers moderate opportunities alongside manageable threats.

The hold-and-maintain strategy suggests that Kayffa Store should prioritize maintaining its current performance while gradually improving internal efficiency and effectiveness. Rather than pursuing aggressive expansion strategies, the firm is encouraged to focus on strengthening core competencies, improving operational management, and enhancing marketing effectiveness.

Strategic alternatives commonly recommended for businesses in Cell V include **market penetration** and **product development** on a limited and controlled scale. In the context of Kayffa Store, these strategies may involve optimizing digital marketing utilization, improving service quality, and enhancing brand awareness without significantly increasing operational risk.

Overall, the IE Matrix analysis indicates that Kayffa Store is in a relatively stable strategic condition. This position provides a solid foundation for gradual business development and serves as an important reference for further strategic analysis using the Grand Strategy Matrix and SWOT-based strategic formulation.

#### 4. Grand Strategy Matrix Analysis

The Grand Strategy Matrix was employed to identify appropriate strategic directions for **Kayffa Store** based on its competitive position and the growth rate of the market. This matrix categorizes organizations into four quadrants, each suggesting different strategic alternatives depending on internal competitiveness and external market dynamics.

Based on the results of the IE Matrix analysis, Kayffa Store demonstrates a **moderate competitive position** and operates within 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

*Source: Processed Research Data, 2025*

The positioning of Kayffa Store 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 avoid overly aggressive growth strategies and instead focus on strengthening internal capabilities while selectively utilizing market opportunities.

Strategic alternatives suitable for this position include market penetration, product or service development, and selective market development. For Kayffa Store, market penetration can be pursued through improved digital marketing utilization and enhanced customer engagement. Product or service development may involve service innovation and quality improvement to better meet evolving customer needs.

At the same time, internal consolidation remains a priority. Strengthening operational management, improving resource utilization, and enhancing brand recognition are essential steps to improve competitiveness and prepare the enterprise for more growth-oriented strategies in the future.

## 5. SWOT Strategic Alternatives

Based on the integration of internal and external analyses, strategic alternatives for Kayffa Store were formulated using the SWOT Matrix. These strategies were designed to align with the firm's hold-and-maintain position and its transitional placement within the Grand Strategy Matrix.

The Strength–Opportunity (SO) strategies focus on leveraging internal strengths to capitalize on external opportunities. Kayffa Store can utilize service diversity and creative capabilities to respond to increasing market demand and the expansion of digital platforms. Gradual market penetration through online promotion and service differentiation is considered appropriate for this strategy.

The Strength–Threat (ST) strategies emphasize using internal strengths to mitigate external threats, particularly intense competition and price pressure. Maintaining service quality, enhancing customer satisfaction, and building long-term customer relationships are critical to sustaining competitiveness in a crowded market.

The Weakness–Opportunity (WO) strategies aim to overcome internal weaknesses by taking advantage of external opportunities. Improving technology utilization and strengthening digital marketing can be supported by rapid technological development and growing online marketing channels. These strategies help address 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 include improving time and production management, controlling operational costs, and reducing dependency on limited resources. Such strategies are essential for maintaining business stability in a dynamic and competitive environment.

Overall, the SWOT-based strategic alternatives emphasize a cautious, incremental, and capability-driven approach, which is consistent with Kayffa Store's current strategic position.

## Conclusion

This study analyzed the strategic position of Kayffa Store using an integrated SWOT-based framework supported by the IFE Matrix, EFE Matrix, IE Matrix, and Grand Strategy Matrix. The results indicate that Kayffa Store possesses moderate internal strengths, particularly in service diversity, creativity, and customer responsiveness, while facing internal limitations related to resource dependency, technology, and brand awareness. Externally, the enterprise operates in an environment with promising opportunities alongside increasing competitive pressure.

The integration of internal and external factors places Kayffa Store 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 Kayffa Store should focus on strengthening internal capabilities, improving operational efficiency, and selectively utilizing market opportunities. Such a strategic approach provides a realistic pathway toward sustainable business development.

## Implications

### 1. Theoretical Implications

The findings of this study contribute to the strategic management literature by demonstrating the relevance of integrated SWOT analysis for MSMEs operating in transitional strategic positions. The results emphasize the importance of aligning strategic recommendations with actual internal readiness and external conditions, particularly for small businesses seeking sustainable growth.

### 2. Practical Implications

From a practical perspective, this study provides actionable insights for MSME owners and managers. The recommended strategies highlight the importance of enhancing digital marketing utilization, improving service quality, strengthening brand awareness, and optimizing internal resource management. Additionally, policymakers and business development agencies may use these findings as a reference for designing support programs aimed at improving managerial and technological capabilities among MSMEs.

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