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Formulating a Competitive Advantage Strategy Using a SWOT Analysis Approach at XYZ Coffee Shop

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Abstract: The intense competition in the coffee shop industry requires Coffee shop XYZ to possess a strategic advantage. This study aims to formulate a competitive advantage strategy for Coffee shop XYZ using a SWOT analysis approach. The research method applied is descriptive quantitative, with data collection through field observation and literature review. Analysis is conducted by evaluating internal and external factors using the IFAS and EFAS matrices, converting variables into calimatl form to determine the strategic position on the SWOT matrix. Results indicate primary strengths in the grab-and-go concept and strategic locations, despite constraints from dine-in facilities and raw material price fluctuations. Recommended strategies include digital market penetration, service optimization, and product diversification to strengthen brand identity. The study concludes that the company is positioned for aggressive growth by leveraging internal strengths to capture market opportunities.

Keywords: Competitive Advantage, SWOT Analysis, Coffee Shop, Business Strategy.

INTRODUCTION

The food and beverage industry in Indonesia, especially the coffee shop sector, has experienced very massive growth in recent years. The shift in the lifestyle of urban people, especially the millennial generation and Gen Z, has made coffee consumption part of their daily routine "The results of Toffin's research with Mix Magazine show that the number of coffee shops in Indonesia in August 2019 reached more than 2,950 outlets, an increase of almost three times compared to 2016 which was only around 1,000." (Indonesia, 2020). This trend has led to the emergence of various coffee business models, one of which is the grab-and-go concept that offers time efficiency and practicality for consumers with high mobility.

Coffee shop XYZ is one of the main players that adopts the grab-and-go concept in an integrated manner with the minimarket network. Despite having the advantage of wide accessibility and competitive prices, Coffee shop XYZ faces very stiff competition from various local and international coffee brands that continue to expand and price wars. (D. A. Hapzi Ali, n.d.) To survive and win market share, companies cannot rely solely on physical expansion, but must formulate a sustainable competitive advantage strategy (Porter, 2008).

Therefore, an evaluation of the company's strategic position is indispensable. One of the most effective analytical instruments for mapping this position is the SWOT Analysis. Through the internal identification of Strengths and Weaknesses, as well as evaluating Opportunities and Threats from the external environment, companies can formulate targeted strategies (Rangkuti, 2019). Based on this description, this research focuses on the formulation of an adaptive business strategy for Coffee shop XYZ to strengthen its competitive advantage in the midst of market dynamics. (Anggraini et al., 2025)

This research has the following objectives: 1) Internal Environmental Analysis and External Environment; 2) Analysis of SO, ST, WO, and WT strategies; 3) Implementation of formulation and strategy selection.

METHOD

The method used in this study is quantitative descriptive with a focus on analyzing the strategic position of Coffee shop XYZ. A quantitative approach is applied through the conversion of internal (strengths and weaknesses) and external (opportunities and threats) factors into numerical form using Internal and External matrices. Once the weights and ratings are calculated, the results are integrated into the SWOT Matrix to formulate four alternative competitive advantage strategies, namely:

- 1) SO (Strengths-Opportunities) Strategy: Using internal strengths to take advantage of opportunities.
- 2) ST (Strengths-Threats) Strategy: Using force to avoid threats.
- 3) WO (Weaknesses-Opportunities) Strategy: Minimizing weaknesses by taking advantage of opportunities.
- 4) WT (Weaknesses-Threats) Strategy: Minimize weaknesses and avoid threats.

Through the calculation of the total score in each quadrant, the most optimal strategy will be chosen as the basis for the formulation of the company's competitive advantage precisely.

RESULT AND DISCUSSION

Based on the background, objectives, and methods described in this article, the following results were obtained:

Internal Environment Analysis and external Environment

Table 1. Internal Environment and External Environment

<i>Strength</i>	<i>Weakness</i>	<i>Opportunities</i>	<i>Threat</i>
1 Strategic Location in many Minimarkets	1 Limitations of Dine-in Facilities	1 Coffee Consumption Increases	1 Aggressive competition of competitors
2 Konsep "Grab and Go"	2 Limited Companion Menu Variations	2 Digital Services Expansion	2 Fluctuations in the price of raw materials
3 Product Quality Standardization	3 Dependence on the Minimarket	3 Seasonal Collaboration Menu Innovations	3 Macroeconomic Conditions
4 Competitive Pricing	4 Image Brand "Kopi Minimarket"	4 Inovasi Grab and Go	

Internal environmental analysis needs to be carried out because it serves to find out the Strengths and Weaknesses that Coffee shop XYZ has in running its business in the community. Based on the results of the research, it can be found that in internal factors there are advantages that are the strategic foundation of the company. Among them is a very strategic location because it is integrated and widely available within the minimarket network. This gives it a great accessibility advantage over independent competitors. Furthermore, the speed of service through the Grab and Go concept is a sure solution for consumers with high mobility. The selection of raw materials that use 100% Indonesian Arabica coffee beans ensures high quality

standardization. As well as competitive pricing—not too cheap to damage the image of quality, but not too expensive so that it remains affordable for the main target market.

However, there are also weaknesses in Coffee shop XYZ that can be an internal problem. First, the area is limited for dine-in, because the business model does focus on the Grab and Go concept. For some consumers who are looking for a coffee shop as a place to socialize or work (working space facilities), this is an obstacle. Second, the variety of accompanying menus such as snacks (pastry or bread) is still very minimal. Third, operational dependence on the management of the minimarket where the outlet is located. And fourth, there is a consumer perception of the "image of minimarket coffee" which makes some prospective first-timer consumers less interested because they consider it not a specialty coffee.

This study also pays attention to external factors that include Opportunities and Threats faced by XYZ Coffee shops in their competition. The biggest opportunity is the trend of growth in coffee consumption that continues to skyrocket, especially in the Gen Z and millennial segments. The existence of expansion space through digital services or third-party applications (GoFood, GrabFood, ShopeeFood) also opens up a wider market. The concept of Grab and Go is now increasingly relevant to the fast-paced lifestyle. In addition, there is a great opportunity in beverage menu innovation by conducting seasonal collaborations with other brands (for example, collaborations with well-known biscuit or chocolate brands) that serve to attract the interest of potential consumers.

This is in line with research conducted by Khairani et al. (2023) from Bhayangkara University of Greater Jakarta on MSMEs of Kedai Kopi Cinta in Bekasi. The study states that in-depth identification of market opportunities, combined with the strength of location, can encourage coffee shops to implement aggressive growth strategies to maintain their existence and increase their sales amid the rise of new coffee shops.

On the other hand, Coffee shop XYZ has to face a threat, namely aggressive competition from similar competitors, both from local chains and international brands that dare to burn money (predatory pricing). This makes Coffee shop XYZ have to innovate more to stay relevant. Another threat is the fluctuation in global raw material prices, especially coffee beans and milk, which can suddenly reduce profit margins and make Coffee shop XYZ hampered in maintaining production costs. As well as macroeconomic conditions (inflation) which directly affect people's purchasing power for secondary products such as coffee.

This research is in line with previous research, including: (Abidin, 2025), (Alifia Nabila & Andhika Anandya, 2022), (Hernikasari et al., 2022), (D. A. Hapzi Ali, n.d.), and (Nur Faizah & Majid, 2024)

Analysis of SO, ST, WO, and WT Strategies

Table 2. Strategy

INTERNAL	EXTERNAL	
	<i>Opportunities (Peluang)</i>	<i>Threat</i>
<i>Strength</i>	SO Strategy Massively penetrate the market Aggressive digital promotion through Grab and Go services	ST Strategy Maintain price stability without degrading quality Leverage operational efficiencies

<i>Weakness</i>	WO Strategy Overcoming the limitations of dine-in facilities and optimizing drive-thru services Interesting companion menu innovations	WT Strategy Improving the brand image as a quality coffee chain Product diversification
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The results of the processing of internal and external factors are formulated in the form of a SWOT matrix. This matrix is designed to produce strategies that are applicable to increase the competitiveness of the company. Broadly speaking, the strategy is focused on utilizing operational efficiencies and digital ecosystems to cover the physical limitations of outlets, while fortifying the company from the pressure of price competitors in the coffee industry.

Based on the results of the SWOT mapping, the following alternative strategies were formulated:

SO (Strengths-Opportunities) Strategy: XYZ coffee shops are required to penetrate the market progressively and massively by taking advantage of the proximity of retail outlet locations. This strategy must be supported by digital promotional campaigns that are integrated directly with online delivery services (GoFood, GrabFood). With the strength of the Grab and Go concept and the high consumption opportunities of Gen Z, companies can create digital loyalty programs or app-based discounts to capture market share that prioritizes speed and practicality.

WO (Weaknesses-Opportunities) Strategy: Through this strategy, the company seeks to minimize the limitations of dine-in facilities by optimizing and expanding drive-thru or pick-up in-store ordering services through applications. In addition, the limitations of product variety are overcome by innovating companion menus (such as the coffee bundling system with snack minimarkets) that are attractive and relevant to the current market tastes. This menu innovation strategy is strongly supported by the findings of Rismawan (2022) from Bhayangkara University of Greater Jakarta on Just The Drip Coffee, which recommends the addition of different menu variants and have distinctive characteristics (based on the QSPM matrix) as the main step to differentiate themselves from other existing coffee shops.

ST (Strengths-Threats) Strategy: In the face of the threat of price competition that knocks each other down and fluctuations in raw material costs, XYZ Coffee shop must intelligently leverage the strength of its operational efficiency. The strategy implemented is to lock in long-term supplier price contracts to maintain the stability of selling prices to remain competitive without sacrificing the quality of their Arabica products. The use of automatic espresso machine technology is the main key in maintaining precision flavor consistency while reducing labor overhead operating costs, so that the company still has a healthy profit margin amid inflationary pressures.

WT (Weaknesses-Threats) Strategy: This defense strategy is focused on strengthening brand identity (branding) and public relations. Companies must conduct product quality education campaigns to avoid the trap of perception in the eyes of the public as "just a complementary coffee to minimarkets". Product diversification towards superior non-coffee beverages is also a priority to reduce the risk of dependence on one type of basic commodity, so that Coffee shop XYZ is able to survive and adapt to the potential for a decrease in purchasing power or shifts in consumption trends in the future.

This research is in line with previous research, including: (Septiani et al., 2025), (Prayoga et al., 2025), (Nasution et al., 2025), and (Suryani, 2026)

Implementation and Strategy Selection

The formulation of the strategy for Coffee shop XYZ does not stop at the matrix, but is compiled through an integrative implementation approach that puts the company in a position of growth. Based on the results of weighting and assessment on the internal-external matrix,

the main strategy chosen is the Aggressive Strategy (SO) which is tactically backed up by Diversification measures (WO and ST).

The decision to choose this strategy is based on the managerial logic that the massive location strength and technological efficiency that Coffee shop XYZ already has is the main intangible asset that must be immediately converted into dominating market share through digital platforms.

In practice, the implementation of this strategy can be divided into several stages:

- 1) Short-Term Stage: Focusing on hyper-local digital advertising penetration (targeting consumers within a radius of 2-3 km from the nearest minimarket) and optimizing product bundling promos.
- 2) Medium-Term Stage: Made improvements to the packaging aesthetic and visual rebranding to slowly shed the stigma of "minimarket coffee", as well as launch a seasonal collaboration menu.
- 3) Long-Term Stage: Securing the coffee bean supply chain to protect the cost structure from macroeconomic fluctuations.

This formulation not only focuses on blind point of sale expansion, but also simultaneously builds brand resilience and equity through product innovation. The implementation of this aggressive marketing growth strategy is also in line with and strengthened by Pratama and Ali (2023) from Bhayangkara University, Greater Jakarta, who empirically prove that the use of SWOT analysis in the marketing of XYZ coffee shop branches is very crucial and effective as a foundation for executing strategies to seize the market in competitive areas.

Thus, this strategy design is expected to create a sustainable competitive advantage for Coffee shop XYZ. The company will not only excel in terms of ease of physical accessibility, but also win the hearts of customers in terms of product lifestyle relevance and price rationality in the eyes of a wide range of consumers.

This research is in line with previous research, including: (Rachmasari & Suprapti, 2022), (Yulianto & Iryani, 2024), (Alifia Nabila & Andhika Anandya, 2022), (S. R. Hapzi Ali, 2025), and (Ali & Saputra, 2025)

CONCLUSION

T Based on the results of the research and discussion that has been presented, the following conclusions can be drawn:

Internal and External Environmental Analysis: The results of the evaluation show that Coffee shop XYZ is in a very advantageous strategic position (Quadrant I), where the company's main strength lies in the accessibility of the location in the convenience store network and the efficient grab-and-go concept. Despite the challenges of limited dine-in facilities and the threat of aggressive competition, the company has a great opportunity to dominate the market through massive market penetration and the utilization of the digital ecosystem.

Based on the SWOT matrix mapping, four alternative strategies were formulated. SO (aggressive) strategy in the form of market penetration and digital promotion; ST (stabilization) strategy in the form of maintaining price stability and operational efficiency; WO (turnaround) strategy in the form of optimizing drive-thru services and innovating companion menus; and WT (defensive) strategy in the form of brand image enhancement and product diversification. These four strategies are designed to complement each other in facing the dynamics of competition in the coffee industry.

The main strategy chosen and implemented is the Aggressive Strategy (SO) which is supported by diversification measures (WO and ST). The implementation of this strategy focuses on converting location strength and technology efficiency into market share control through digital platforms, accompanied by sustainable product innovation and branding strengthening. Thus, Coffee shop XYZ is expected to be able to strengthen its position in the market, not only superior in terms of accessibility, but also in terms of product relevance and price efficiency, so that sustainable business growth can be realized.

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