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An Analysis of SWOT to Improve Competitiveness of Coffee SMEs

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Abstract: SWOT analysis has become an important tool in planning business strategies, especially for coffee SMEs in Sidoarjo. By understanding their internal strengths, weaknesses, market opportunities and threats, SMEs can identify concrete steps to increase their competitiveness. By focusing on product quality development, market expansion, managerial skills training, product innovation, and industry collaboration, coffee SMEs can strengthen their position in local and regional markets. SWOT analysis provides an in-depth and holistic view of the internal and external factors that influence the growth and success of coffee SMEs, making it a very useful tool in strategic planning.

Keyword: Swot Analysis, Competitiveness, UMKM Coffee

INTRODUCTION

Small and Medium Enterprises (SMEs) are currently one of the economic mountains in many countries, including Indonesia. This is because SMEs can contribute significantly to economic growth, job creation, local finance, innovation, economic diversification, and income printing. In addition, SMEs also provide times more innovative and flexible nature to adjust and market encroachment and consumer needs. They can more quickly adapt their products and services to market trends and demands (Maulana, 2024).

But it is easy to form a business without using sufficient capital and easy to reach to get a great opportunity to achieve successful business both internationally and nationally. This is what makes people currently compete to form an SME to take advantage of this opportunity. Of course, in this case, SMEs, both old and new pioneers, need to improve their strategies to meet competitiveness, especially selling the same products, need a proper strategy to distinguish sellers from other sellers. So that in this case, increasing the competitiveness of SMEs is the key to ensuring sustainable economic sustainability and growth in the future. Strong support from the government, access to resources and markets, and sustainable innovation will be key factors in strengthening the role of SMEs in the global economy (Rosidi, 2023).

In addition, increasing the competitiveness of SMEs can maintain and develop in increasingly competitive markets, increase employment, and make greater contributions to overall economic growth. Factors such as globalization, technological development, and

changes in consumer needs also encourage SMEs to continue to innovate and increase efficiency in their operations, one of which is coffee business. Seeing the increasing number of coffee entrepreneurs, this is in accordance with what Herdiyanti and Hawa (2021) revealed that in Indonesia there is a lot of coffee land as a potential for development and production. Indonesia also has a coffee area of 1.302 million ha, of which 95.96% is people's coffee and 4.04% is a large plantation in 2017. This is a huge potential for Indonesia to improve the coffee industry. And there are many coffee enthusiasts, especially for the younger generation who always explore the taste of coffee in Indonesia. So many businessmen, one of them is SMEs that want to produce MSMEs such as in Sidoarjo (Kholifah, 2023).

With the competition causing the coffee production players in Sidoarjo to be more competitive, this competition also causes problems in MSMEs, The problem comes from external and internal, the problem that coffee business owners commonly experience is marketing. Most MSMEs can increase product capacity but not in their marketing even though this is the determinant of competitiveness. In general, Kopi is one of the main agricultural commodities in Indonesia, which has gained international recognition for its high quality. Indonesia is known for some of its superior coffee types, such as arabica coffee from Aceh, Sumatra, and Flores, and robusta coffee from Lampung and Kalimantan. The coffee production process in Indonesia starts from seed planting, plant maintenance, to processing processes that include picking, peeling, drying, and sorting seeds (Bastomi, 2022). Indonesian coffee has an important role in the country's economy, both as a source of income for farmers and in commodity exports.

So, in this case, based on the background above coffee, which is one of the popularity for Indonesian people by using it by businesses to produce coffee so that there is a need for Swot Analysis strategies that can help realize competitiveness both nationally and internationally. Therefore, this scientific paper entitled "Swot Analysis to Improve the Competitiveness of Coffee MSMEs in Sidoarjo" with the aim of identifying the advantages, weaknesses, opportunities, and threats of an organization in coffee production. By understanding these factors, Sidoarjo Coffee SMEs can develop more effective strategies to increase competitiveness in the market.

METHOD

The methodology of this study is to use qualitative research. Moleong (2017), thing. 8) revealed that qualitative research is used to understand the phenomena or conditions of a naturalistic object and that the presentation of data is not done numerically because the presentation of data is quantitative. Qualitative research findings are also more in-depth to understand phenomena from a complex and contextual perspective. The findings of qualitative research are often descriptive and interpretive, which provides an in-depth understanding of various aspects of the phenomenon studied. And identify the main themes that arise from the data and the patterns that might be in it. This can be helpful in understanding relevant issues and the relationship between different variables.

The data collection of this study used the Study of Literature. The use of this data is to support relevance data on scientific writing works without direct field research. This is in line with the purpose of literature study techniques where it can help researchers to develop critical analysis of existing studies, identify weaknesses or strengths in previous studies, and understand how their research can contribute to the same topic.

In addition, the explanation of the Swot Analysis that this study will use is as follows:

1. Advantages (Strengths): Identify the internal strengths of an organization or business that can be used to face competition. By understanding these advantages, organizations can make optimal use of them to strengthen their position in the marketplace.

2. Weaknesses (Weaknesses): Realizing internal weaknesses that may hinder competitiveness. Knowing these deficiencies allows organizations to take steps to improve or address existing problems so that they become more competitive.
3. Opportunities (Opportunities): Identify external factors that can be utilized to improve performance and growth. By understanding these opportunities, organizations can take strategic steps to take advantage of changes in existing markets or trends.
4. Threats (Threats): Identify external factors that can hinder performance and growth. By knowing the threat, organizations can take proactive steps to reduce their negative impact or even turn the threat into an opportunity.

By understanding these four aspects through SWOT analysis, Sidoarjo SMEs can develop more effective and adaptive strategies to increase competitiveness in the market.

RESULTS AND DISCUSSION

Definition of Competitiveness Analysis

Competitiveness analysis is an important tool for evaluating internal strengths and weaknesses as well as external opportunities and threats faced by an organization, industry, or country. Using methods such as SWOT, Porter's Five Forces, PESTEL, and benchmarking, entities can identify competitive advantages and areas that need to be improved. The results of this analysis help to formulate effective strategies to improve competitive positions in the market, promote innovation, adaptability, and maintain customer satisfaction and loyalty. Through a systematic and comprehensive approach, entities can achieve sustainable growth and long-term success.

In addition, by implementing a comprehensive competitiveness analysis, organizations, industries, or countries can develop better strategies to navigate a dynamic and competitive market landscape. Some further steps that can be taken after conducting a competitive analysis include (Anatasia, 2021)

- Differentiation Strategies
Developing unique products or services to stand out in the marketplace. This can be an innovative feature, superior quality, or an extraordinary customer experience.
- Operational Efficiency
- Improve operational efficiency to lower costs and increase profit margins. These include process optimization, adoption of new technologies, and effective supply chain management.
- Market Development
Exploring new markets or unserved market segments to expand customer base and increase revenue.
- Continued Innovation
Encourage a culture of innovation to continue to introduce new products, services, or processes that can provide long-term competitive advantages.
- Risk Management
- Identify and manage risks that can affect competitiveness, including market, operational, financial, and reputation risks.
- Human Resources Development
Improve workforce capabilities and skills through training, career development, and talent management to ensure organizations have competent and competitive human resources.
- Customer Service Improvement
Improve customer service quality to build loyalty and improve customer retention, which can ultimately support business growth.

By following these steps, the entity can strengthen its position in the market, overcome competitive challenges, and achieve long-term success. Effective competitiveness analysis not

only helps to understand current conditions but also provides guidance for better strategic planning and decision making. In addition, by carrying out comprehensive competitiveness analysis, entities can form better strategies to navigate tight market competition. Further steps that can be taken include product differentiation, increased operational efficiency, new market exploration, sustainable innovation, risk management, human resource development, strategic collaboration, and improved customer service. Implementation of these strategies helps strengthen position in the market, overcome competitive challenges, and achieve success and sustainable growth (Rindiani, 2023)

Eksternal and Internal Analysis of Coffe Business Environment

Table 1. Analysis of External and Internal Factors of Coffee Business Environment

No	Internal and External Factors	Power	Weakness
1	Products	1. Use 100% original seeds 2. Strengthen the quality of taste and aroma to attract customers. 3. Reachable to all quarters. 4. Relatively stable prices of raw materials. 5. Simple and interesting design.	1. There's nothing in all the stores. 2. Limited coffee beans of choice. 3. It's not far from the competitor's price.
2	Raw Material Availability	1. High demand for robusta coffee. 2. Easy-to-search raw material stock. 3. A lot of suppliers are working together.	1. Harvest failure in extreme weather. 2. Suppliers have standard raw materials.
3	Business Competition	1. Many sellers with similar products became opportunities to open discussion forums. 2. Open with creative ideas. 3. Can work with resellers.	1. Showed up competitors selling cheaper prices. 2. Struggling for customers with other competitors.

Quadrant And SWOT Matrix

The SWOT matrix quadrant is a strategic analysis tool used to identify and evaluate internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats) that affect an organization, project, or business. The matrix consists of four quadrants each assisting in the formulation of effective strategies. In addition, through a deep understanding of the SWOT matrix quadrant, organizations can identify key areas that need to be improved or utilized. It allows them to formulate more focused and effective action plans to improve performance, address challenges, and take advantage of opportunities in their business environment. In addition, the SWOT matrix can also assist in better strategic decision making, as it strengthens understanding of the relative position of the organization in the market and the factors that influence it. Thus, the SWOT matrix is not only an analysis tool, but also a very valuable tool in developing business strategies and planning (Carina, 2022).

In this case, before making the quadrant swot, it is best to calculate the weights and branches of internal and external factors by using iFE (Internal Factor Evaluation) and EFE (External Factor Evaluation) iterations. The following table is listed below:

Table 2. IFE (Internal Factor Evaluation)

No	Strength	Number	Rating	Score	Weight
1	Make sure 100% of the original coffee beans are used	23	4	0,08	0,10
2	Production design using simple and attractive design	18	3	0,06	0,10
3	Relative raw material prices	20	3	0,07	0,19
4	Not far from the competitor's price	22	4	0,08	0,10
5	Consistent in taste	18	3	0,06	0,10
Number		110	17	0,35	0,59

No	Weakness	Number	Rating	Score	Weight
1	Limitations on the selection of coffee beans	15	2	0,09	0,09
2	A lot of competitors.	14	2	0,05	0,09
3	Prices will rise following the production of coffee beans	18	3	0,06	0,10
4	Price of a reasonably affordable production tool	14	2	0,05	0,13
Number		61	9	0,21	0,41
Total		171	26	0,56	1,00

Based on the table above, it shows that the total results of the IFE matrix of coffee MSME in Sidoarjo by showing the total value in internal factor analysis with a total score of 1.00 points are in the above-average category, indicating that the internal conditions of coffee MSME business in Sidoarjo are in a good position.

Table 3. EFE (Eksternal Factor Evaluation)

No	Opportunities	Number	Rating	Score	Weight
1	There are many competitors that can be joined together	22	4	0,08	0,32
2	Raw materials that are easy to find	18	3	0,07	0,20
3	Many of the same business actors can provide a large forum for discussion	19	3	0,07	0,21
Number		39	10	0,22	0,73

No	Threat	Number	Rating	Score	Weight
1	Crop failure due to extreme weather	14	2	0,05	0,10

2	Present competitors at a lower price	12	2	0,04	0,07
3	Competition takes away customer appeal	15	3	0,06	0,10
Numbber		41	9	0,15	0,27
Total		60	19	0,37	1,00

Based on the table above, it shows that the total results of the EFE MSME coffee matrix in Sidoarjo with a total value of 1.00 shows above average. Thus, the score obtained indicates that coffee MSMEs in Sidoarjo can take advantage of the opportunities they have and avoid External threats. The table of swot matrices follows:

Table 4. COFFEE MSME SWOT MATRIX

Strategy S-O	Strategy W-O	Strategy S-T	Strategy W-T
Coffee MSMEs can use their advantages in the processing of quality local coffee beans to take advantage of the increasing market opportunities for high-quality coffee. In addition, with the strength in knowledge and creativity in coffee processing, MSMEs can create innovative products and unique taste variations to attract customers and take advantage of growing market trends.	Although coffee MSMEs may have limitations in production or distribution infrastructure, they can establish partnerships with local suppliers to ensure the supply of high quality coffee beans, while taking advantage of opportunities from consumers' demand for local products.	Coffee MSMEs can use their strengths in high-quality coffee production to explore new markets, both domestically and abroad, as a way to reduce dependence on one market and overcome the threat of market fluctuations.	Coffee MSMEs can identify weaknesses in their production or distribution processes and make improvements to improve operational efficiency, thus addressing the threat of increased production costs or tight price competition.

By using this strategy effectively, coffee MSMEs can increase their competitiveness, overcome complex market challenges, and achieve long-term success. Thus, the implementation of these strategies is a key step in the growth and sustainability of coffee MSMEs in competitive industries.

CONCLUSION

SWOT analysis provides a deep understanding of the strengths, weaknesses, opportunities, and threats faced by coffee SMEs. With this understanding, SMEs can identify appropriate strategies to improve their competitiveness, such as harnessing internal strengths, overcoming weaknesses, exploiting market opportunities, and anticipating threats. Thus, SWOT analysis can be an important tool in planning effective measures for the growth and success of the coffee business.

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