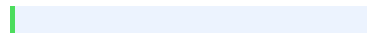




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## ANALYSIS OF SQUARE COFFEE BUSINESS DEVELOPMENT STRATEGY IN INCREASING INCOME

(Case Study of Payakumbuh Square Coffee Business)

### Abstract

**Purpose** – This study aims to analyze the business development strategy of Square Coffee Payakumbuh to improve business income by identifying the internal and external strategic factors influencing its competitiveness. As a Micro, Small, and Medium Enterprise (MSME) in the coffee shop industry, Square Coffee Payakumbuh faces challenges related to fluctuating income, customer loyalty, and increasing market competition despite implementing various promotional activities.

**Design/methodology/approach** – A qualitative descriptive approach was employed using SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Data were collected through observations and semi-structured interviews with the business owner, employees, and customers. Internal and external strategic factors were evaluated using the IFAS (Internal Factors Analysis Summary) and EFAS (External Factors Analysis Summary) matrices before being integrated into the SWOT matrix to formulate business development strategies.

**Findings** – The IFAS score of 2.65 indicates that Square Coffee Payakumbuh possesses relatively strong internal capabilities that outweigh its weaknesses, while the EFAS score of 2.75 suggests that external opportunities are more dominant than potential threats. The SWOT matrix places the business in the Strength–Opportunity (SO) quadrant with the highest strategic score (4.05), indicating an aggressive growth position. The recommended

strategy emphasizes leveraging product diversity, café ambience, competitive pricing, and service quality to capitalize on expanding coffee consumption trends, digital marketing channels, and strategic collaborations.

Originality/Value – This study provides a context-specific SWOT strategy based on IFAS–EFAS analysis for a local coffee shop. The findings offer practical strategic guidance for similar MSMEs operating in competitive local markets.

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## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economy, contributing more than 60% of the national Gross Domestic Product (GDP) and absorbing over 97% of the workforce (Sinha, 2024). These contributions position MSMEs as a key pillar of economic resilience, particularly amid increasing economic uncertainty and market competition (Jayanto, 2025). However, MSMEs continue to face various challenges, including changing consumer preferences, technological advancements, intense competition, and the need to develop effective business strategies to sustain growth and profitability (Susilawati, 2024). Therefore, business development strategies have become essential for improving income, strengthening market position, and enhancing customer loyalty (Kumar, 2025).

The food and beverage sector, particularly coffee shops, has experienced significant growth in recent years due to changing lifestyles and increasing coffee consumption among young consumers (Almizan, 2026). Coffee shops are no longer viewed merely as places to purchase beverages but also as social and recreational spaces (Efendi, 2025). As a result, coffee business owners are required to continuously innovate in terms of

products, services, and marketing strategies to maintain their competitiveness (Efendi, 2025). According to strategic management theory, a business can achieve sustainable competitive advantage by effectively utilizing its internal strengths while responding to external opportunities and threats (Channuwong, 2024).

Payakumbuh is <sup>4</sup> one of the emerging secondary cities in West Sumatra with a growing culinary and tourism sector that has stimulated the rapid expansion of coffee shops. The increasing number of cafés has intensified local competition, requiring businesses to differentiate themselves through product quality, customer experience, and effective marketing strategies (Efendi, 2026). Unlike larger metropolitan markets, local businesses in Payakumbuh generally operate with limited financial and managerial resources, making strategic decision-making particularly important for maintaining competitiveness and business sustainability (Adif, 2021).

Square Coffee Payakumbuh, located in Payakumbuh, represents <sup>4</sup> one of the growing MSMEs in the local culinary industry. The business offers a variety of coffee and non-coffee beverages, a comfortable atmosphere, and active promotional activities through social media platforms. Despite these efforts, the business has experienced fluctuations in its monthly income. Financial records from the last six months indicate revenue ranging from IDR 18,059,000 to IDR 21,567,000. Although the fluctuation may appear moderate, it reflects unstable sales performance and indicates that customer acquisition and retention strategies have not yet produced consistent business growth. In the increasingly competitive local coffee market, such instability may affect cash flow planning, operational sustainability, and future business expansion.

Previous studies have emphasized the importance of strategic planning, digital marketing, service quality, and product innovation in improving MSME performance. However, most of these studies discuss MSMEs from a general perspective or focus on large urban markets. Limited research has specifically examined how SWOT analysis can be applied to identify strategic priorities for independent coffee shops operating in secondary cities such as Payakumbuh, where market characteristics, competitive intensity, and consumer behavior

differ from those of metropolitan areas. This gap indicates the need for a contextual strategic analysis that reflects the actual conditions faced by local coffee businesses. SWOT analysis was selected because it provides an integrated framework for evaluating both internal capabilities and external business environments simultaneously. Compared with approaches such as Porter's Five Forces, which primarily examine industry competition, or the Business Model Canvas, which focuses on business model design, SWOT is more appropriate for this study because it enables the identification of strategic priorities by combining organizational strengths and weaknesses with external opportunities and threats. Furthermore, the integration of SWOT with IFAS and EFAS matrices allows strategic alternatives to be prioritized based on measurable internal and external factors.

Accordingly, this study contributes by providing a context-specific SWOT assessment of Square Coffee Payakumbuh based on actual business conditions and quantified IFAS–EFAS analysis. Rather than proposing broadly generalizable conclusions, the study develops practical strategic priorities that are relevant for local coffee businesses operating in competitive secondary-city markets.

Therefore, this study aims to (1) identify the internal strengths and weaknesses of Square Coffee Payakumbuh, (2) analyze external opportunities and threats affecting its business performance, (3) formulate priority business development strategies using SWOT, IFAS, and EFAS analyses, and (4) develop strategic recommendations to improve income, competitiveness, customer loyalty, and business sustainability.

## LITERATURE REVIEW

### Business Development Strategy

Business development strategy refers to a systematic plan formulated by an organization to achieve sustainable growth and improve its competitive position in the market (Bari, 2022). The strategy involves identifying business opportunities, optimizing internal resources, expanding market reach, improving product quality, and enhancing customer

satisfaction. In the context of Micro, Small, and Medium Enterprises (MSMEs), business development strategies play an important role in enabling businesses to adapt to changes in consumer preferences, technological advancements, and increasing market competition (Edwards, 2021). An effective strategy not only focuses on increasing sales but also emphasizes long-term sustainability through continuous innovation and operational improvement.

The implementation of an appropriate business development strategy enables enterprises to maximize their strengths while minimizing internal limitations. Businesses that continuously evaluate their operational performance and market conditions are better positioned to identify opportunities for expansion and respond to

competitive challenges. Strategic planning also assists business owners in allocating resources efficiently, improving decision-making, and creating added value for customers (Aaker, 2023). Consequently, the successful implementation of business development strategies contributes to increased competitiveness, stronger customer relationships, and sustainable business growth.

## SWOT Analysis

5 **SWOT analysis** is one of the most widely used strategic planning tools for evaluating an organization's internal and external environments. The framework consists of four key components: **strengths, weaknesses, opportunities, and threats**. Strengths and weaknesses represent internal factors that influence organizational performance, whereas opportunities and threats originate from external environmental conditions (Taherdoost, 2021). By systematically identifying these factors, organizations can gain a comprehensive understanding of their current strategic position and formulate appropriate development strategies.

The primary objective of SWOT analysis is to support strategic decision-making by matching internal capabilities with external opportunities while minimizing the effects of

weaknesses and potential threats. The analysis enables organizations to prioritize strategic alternatives that are most relevant to their business conditions (Benzaghta, 2021).

Furthermore, SWOT analysis encourages managers to adopt a proactive approach in responding to environmental changes, market dynamics, and competitive pressures. As a result, SWOT serves as an effective analytical framework for developing business strategies that enhance organizational performance and long-term sustainability.

### IFAS and EFAS Matrix

The Internal Factors Analysis Summary (IFAS) and External Factors Analysis Summary (EFAS) matrices are strategic evaluation tools used to quantify the influence of internal and external factors on organizational performance (Maulana, 2021). The IFAS matrix evaluates the organization's strengths and weaknesses by assigning weights and ratings to each internal factor, while the EFAS matrix assesses opportunities and threats using a similar evaluation process. These matrices provide a structured approach to measuring the relative importance of strategic factors affecting business performance (Mandira, 2023). The combination of IFAS and EFAS analyses enables organizations to determine their overall strategic position more objectively. The resulting scores can be integrated into the SWOT matrix to identify the most appropriate strategic alternatives based on actual business conditions. Organizations with relatively high IFAS and EFAS scores generally possess stronger competitive capabilities and greater opportunities for business expansion. Therefore, the use of IFAS and EFAS enhances the reliability of SWOT analysis by providing measurable evidence to support strategic decision-making (Astika, 2021).

### Customer Loyalty

Customer loyalty refers to a customer's commitment to repeatedly purchase products or services **3** from the same business over an extended period (Singh, 2023). Loyal

customers generally demonstrate positive attitudes toward a company's products, recommend them to others, and are less likely to switch to competitors despite the availability of alternative products (Taufik, 2022). Customer loyalty is influenced by several factors, including product quality, service quality, customer satisfaction, trust, and the overall customer experience (Saputra, 2024).

Maintaining customer loyalty is an essential objective for businesses because retaining existing customers is generally more cost-effective than acquiring new ones. Businesses that consistently provide high-quality products and excellent customer service are more likely to establish long-term relationships with their customers (Basha, 2023). Loyalty programs, personalized services, and continuous communication through digital platforms further strengthen customer relationships and encourage repeat purchases. As a result, higher customer loyalty contributes to stable revenue, stronger competitive advantages, and long-term business sustainability (Dhisasmito, 2020).

## Digital Marketing

Digital marketing refers to the use of digital technologies and internet-based platforms to promote products, communicate with customers, and build long-term business relationships (Watini, 2022). The rapid growth of information technology has transformed the way businesses conduct marketing activities, allowing organizations to reach broader markets more efficiently through social media, websites, online advertising, and digital communication platforms (Soedarsono, 2020). Compared with conventional marketing methods, digital marketing offers greater flexibility, lower promotional costs, and faster interaction between businesses and consumers (Herawati, 2023).

For MSMEs, digital marketing provides significant opportunities to improve brand awareness, attract new customers, and strengthen customer engagement. Social media platforms enable businesses to communicate directly with consumers, promote new products, receive customer feedback, and build brand loyalty (Yani, 2022). In addition, digital marketing supports data-driven decision-making by allowing businesses to monitor

customer behavior and evaluate promotional effectiveness. Consequently, effective digital marketing strategies contribute to improved competitiveness, increased sales, and sustainable business growth (Maspul, 2023).

## Business Income

Business income refers to the financial returns generated from business activities during a specific accounting period. Revenue is commonly derived from the sale of goods or services and serves as **2** one of the primary indicators of business performance (Suryana,

2024). The level of business income is influenced by various internal and external factors, including sales volume, pricing strategies, product quality, operational efficiency, market demand, and competitive conditions. Sustainable revenue growth reflects the ability **2** of a business to adapt to market changes while maintaining customer satisfaction (Hermawati, 2023).

Increasing business income requires effective strategic planning and continuous business improvement. Organizations must regularly evaluate their marketing strategies, operational performance, customer satisfaction, and competitive environment to identify opportunities for growth (Tenriawaru, 2020). Business development initiatives such as product innovation, service improvement, digital marketing, strategic partnerships, and customer retention programs can significantly contribute to revenue enhancement (Ainingsih, 2022). Therefore, business income is not only a financial outcome but also an important indicator of the effectiveness of strategic management and organizational competitiveness.

## METHODOLOGY

This study employed a qualitative descriptive research design to analyze the business development strategy of Square Coffee in Payakumbuh. A qualitative approach was selected because it allows an in-depth exploration of the internal and external factors

influencing business performance and income generation (Efendi, 2025).

The research was conducted at Square Coffee, Payakumbuh, Indonesia, **2** over a period of three months. The study involved eight informants, consisting of one business owner, two employees, and five regular customers. Informants were selected purposively based on their direct involvement and experience with the business. The owner was selected because of responsibility for strategic decision-making and business management, while employees were selected based on their active involvement in daily operations. Customers were selected based on their experience of visiting Square Coffee at least three times within the last six months, ensuring that they had sufficient knowledge of the products and services provided.

Data were collected through direct observation, semi-structured interviews, and documentation. Observation was conducted to examine the physical condition of the business, including the café environment, cleanliness, facilities, customer activities, and service processes (Ryu, 2011). Semi-structured interviews were conducted individually using interview guidelines prepared according to the research objectives. Each interview lasted approximately 30–60 minutes and explored business operations, marketing activities, customer behavior, strengths, weaknesses, opportunities, and threats affecting the business. Supporting documentation, including photographs, business records, and field notes, was collected to complement the findings.

The instruments used in this study included observation guidelines, interview guides, field notes, and supporting documentation (Efendi, 2026). All interview results were transcribed and organized systematically. The collected data were then reduced, coded, categorized, and interpreted according to the objectives of the study (Hafni, 2026). The coding process involved identifying important statements, grouping similar information into categories, and developing themes representing the internal and external strategic factors influencing business development.

To ensure the credibility and trustworthiness of the findings, data validation was conducted through source triangulation and method triangulation. Source triangulation was performed

by comparing information obtained from the business owner, employees, and customers, while method triangulation was carried out by comparing interview results with observations and supporting documentation. Data collection continued until data saturation was achieved, indicated by the absence of new information or themes emerging from subsequent interviews.

Data analysis was conducted using SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Internal factors were classified into strengths and weaknesses, while external factors were categorized as opportunities and threats (Schmidt, 2021). The identified factors were subsequently evaluated using the Internal Factors Analysis Summary (IFAS) and External Factors Analysis Summary (EFAS) matrices. Each strategic factor was assigned a weight ranging from 0.00 to 1.00 according to its relative importance, with the total weight in each matrix equal to 1.00. A rating ranging from 1 to 4 was then assigned to indicate the business performance with respect to each factor. For internal factors, a rating of 4 represented a major strength, 3 a minor strength, 2 a minor weakness, and 1 a major weakness. For external factors, a rating of 4 indicated that the business responded very well to opportunities or threats, while a rating of 1 indicated a poor response. The weighted score for each factor was obtained by multiplying its weight by the corresponding rating.

The weighting and rating process was conducted through discussions with the business owner as the key informant and validated by two employees who were directly involved in the business operations. The final scores were further confirmed by comparing interview findings, field observations, and documentation to ensure consistency among data sources. The total weighted scores of the IFAS and EFAS matrices were then **2** used to **determine** the strategic position of Square Coffee Payakumbuh and were subsequently mapped into the SWOT matrix to formulate appropriate business development strategies.

**1** Based on the SWOT analysis, strategic recommendations were developed to support income growth, improve customer loyalty, and strengthen the competitive position of Square Coffee Payakumbuh in the local market (Miller, 2007).

## RESULTS AND DISCUSSION

### Hasil Dan Pembahasan

After carrying out monitoring and question-and-answers, until recently a SWOT analysis can be built, in this regard it will be to describe the atmosphere and situation of the effort that will be carried out again and what strategies will definitely be inaugurated and applied in carrying out the effort on a SWOT matrix.

#### Strengths

The SWOT analysis identified several internal strengths that support Square Coffee Payakumbuh competitive position in the Payakumbuh coffee market. Based on interviews with the owner, employees, and customers, the business possesses five major strengths: a diverse menu of coffee and non-coffee beverages, a comfortable and aesthetically appealing café atmosphere, active promotion through social media, friendly and responsive customer service, and competitive pricing. These factors contribute positively to customer satisfaction

and differentiate Square Coffee Payakumbuh from many local competitors.

Among these strengths, the café atmosphere and product variety emerged as the most influential factors in attracting customers. Many respondents stated that they visit Square Coffee Payakumbuh not only for its beverages but also because the environment is suitable for social gatherings, studying, and informal business meetings. The availability of both coffee and non-coffee menu options also broadens the customer base by accommodating different consumer preferences.

Active digital promotion through social media further strengthens the business by

increasing customer engagement and brand visibility. Combined with friendly service and affordable prices, these strengths create a positive customer experience that encourages repeat visits and supports business competitiveness. The IFAS analysis confirms that these internal advantages contribute substantially to Square Coffee Payakumbuh relatively strong internal strategic position, providing a solid foundation for implementing growth-oriented strategies.

### Weakness

The SWOT analysis identified three major internal weaknesses affecting Square Coffee Payakumbuh business performance: unstable income, limited supporting facilities, and relatively low customer retention. Among these, income instability emerged as the most critical issue because it directly influences cash flow, business planning, and long-term sustainability. Based on interviews with the owner, fluctuations in monthly revenue were mainly associated with inconsistent customer traffic, the limited effectiveness of promotional activities in generating repeat purchases, and the increasing number of competing coffee shops in Payakumbuh. These findings suggest that existing marketing efforts have been more successful in attracting first-time visitors than in retaining loyal customers.

Another weakness identified through field observations was the lack of supporting facilities, particularly the absence of a prayer room (musholla) and a designated non-smoking area. Several customers indicated that these facilities would improve comfort, especially for families and visitors who spend longer periods at the café. Although these limitations do not prevent customers from visiting, they reduce the overall service experience and may influence customers when choosing between competing coffee shops offering more complete facilities.

The study also found that customer loyalty remains relatively weak. Interviews with the owner and employees revealed that many customers visit during promotional periods but do not consistently return afterward. This condition indicates the absence of a structured

customer retention strategy, such as membership programs or digital loyalty rewards. Considering the growing opportunities in digital marketing and customer relationship management, strengthening loyalty programs and improving customer facilities should become strategic priorities within the proposed WO strategy to enhance repeat visits and achieve more stable revenue growth.

## Opportunities

The SWOT analysis identified several external opportunities that can support Square Coffee Payakumbuh business development. The most significant opportunity is the continued growth of coffee consumption, particularly among young adults, students, and professionals who increasingly view coffee shops as places for social interaction, studying, and remote working. Interviews with customers indicated that, besides product quality, they value a comfortable atmosphere and unique customer experience, creating favorable conditions for market expansion.

Another important opportunity is the rapid development of digital marketing and online food delivery services. Although Square Coffee Payakumbuh has utilized social media for promotional activities, interviews with the owner revealed that digital platforms such as GoFood and GrabFood, <sup>3</sup> as well as targeted online campaigns, have not yet been fully optimized. Expanding digital marketing activities would enable the business to reach broader customer segments, increase brand visibility, and generate additional revenue beyond in-store sales.

The study also identified collaboration with external stakeholders as a promising growth opportunity. Partnerships with local influencers, universities, community organizations, and business groups could strengthen brand awareness and attract new customer segments through joint promotional events and community-based activities. These external opportunities complement the business's internal strengths and provide a strategic basis for implementing the SO and WO strategies, particularly in improving customer acquisition, strengthening loyalty, and achieving more sustainable income growth.

## Threats

Based on interviews and field observations, <sup>4</sup> one of the main external threats faced by Square Coffee Payakumbuh is the increasingly intense competition among coffee shops in the city. Over the past few years, the growth of cafés has accelerated along with the development of the culinary sector in Payakumbuh. Several competitors, such as Janji Jiwa, Kopi Nako, Kopi Kenangan, and a number of independent local cafés, actively compete by offering modern café concepts, attractive interior designs, promotional discounts, loyalty programs, and intensive digital marketing through Instagram, TikTok, GoFood, and GrabFood. According to the business owner, customers, particularly young consumers and students, frequently switch cafés to experience new menus and café atmospheres. This condition increases market competition and makes customer retention more challenging for Square Coffee.

Another significant threat is the continuous increase in raw material prices. Based on information obtained during the interviews, the average price of Arabica coffee beans increased from approximately IDR 95,000 per kilogram in 2024 to around IDR 115,000 per kilogram in 2025, while the price of fresh milk rose from IDR 18,000 to approximately IDR 22,000 per liter during the same period. In addition, fluctuations in the prices of sugar, chocolate powder, paper cups, and other packaging materials have contributed to higher production costs. Although operational costs have increased, raising selling prices is difficult because customers remain highly sensitive to price differences among competing cafés. Consequently, profit margins become increasingly limited, requiring more efficient cost management and procurement strategies.

Changes in culinary trends also represent an important external challenge. Interviews with customers revealed that consumers in Payakumbuh increasingly prefer cafés offering innovative seasonal beverages, matcha-based drinks, signature coffee menus, desserts, aesthetic interiors suitable for social media content, comfortable co-working spaces, and

cashless payment facilities. In addition, promotional campaigns through short-video platforms and online food delivery applications have become major determinants of consumer purchasing decisions. Coffee shops that quickly respond to these trends generally attract higher customer traffic and stronger online engagement. Therefore, failure to continuously innovate products, improve digital marketing, and enhance customer experience may reduce Square Coffee's competitiveness and negatively affect its long-term business performance.

1 Based on the results of interviews and observations, the SWOT analysis provides a comprehensive framework for understanding the current business condition of Square Coffee Payakumbuh. By identifying strengths, weaknesses, opportunities, and threats, management can formulate appropriate strategies that capitalize on internal advantages, overcome existing limitations, exploit market opportunities, and mitigate external risks. Consequently, the SWOT matrix serves as an effective strategic tool for supporting business growth, improving competitiveness, and ensuring the long-term sustainability of Square Coffee Payakumbuh.

Matriks SWOT Kopi Square Payakumbuh

SW

OT

## S

1. S1: Diverse product versions
2. S2: Safe atmosphere **3** as well as aesthetics
3. S3: Advertensi aktif medsos
4. S4: Friendly service & Fast
5. S5: Competitive price

## W

1. W1: Abnormal income & less than maximum
2. W2: Low return rate or customer compliance
3. W3: Lack of facilities (prayer rooms, non-smoking zones)

## O

1. O1: Growth of coffee trends
2. O2: The potential of the digital market
3. O3: Collaboration on other parties

## ST

1. Increase the advertising of the latest product versions through social tools to attract more customers along with the evolution of coffee styles
2. Taking advantage of the atmosphere of the place will be safe and aesthetically pleasing to create campaigns on social tools **3** to attract the digital market will be wide
3. Developing cooperation with local influencers or communities for special events will be important to a safe atmosphere and fast service

## WT

1. Develop a digital-based client compliance program
2. Adding a new facility **1** such as a prayer room or a separate non-smoking zone, and promoting it in a digital way to attract more clients and increase comfort

## T

1. T1: Fierce competition

2. T2: Changing consumer preferences
3. T3: Instability of raw material prices
4. T4: Emergence of new culinary or beverage styles

#### ST

1. Strengthening product differentiation and customer experience will ensure a competitive edge over other coffee shops, which will continue to grow in number.
2. Regularly innovating menus and actively promoting them on social media to quickly track changing customer preferences.
3. Maintaining consistent product and service quality at competitive prices to minimize the impact of raw material price volatility.

#### WT

1. Conduct a global assessment of advertising and service effectiveness to stabilize revenue amidst intense competition and changing consumer preferences.
2. Seek out replacement raw material agents or enter into long-term contracts to mitigate the risk of price instability.
3. Develop a non-coffee menu or trendy snack menu to embrace the emergence of new culinary or beverage trends.

After analyzing each strategy, the next step is to select **4** one of the four pre-determined strategies. To select the strategy, Kopi Square can use a score-weighted approach. This can be used to calculate which strategy will have the highest score among the four pre-determined strategies. The strategy with the highest score will then be used by Kopi Square to formulate policies and decisions that will impact Kopi Square's performance.

#### Table Bobot Score

#### IFAS

EFAS

Strength (S)

Weakness (W)

Opportunities (O)

Total score

S+O

2.05+ 2.00

= 4.05

Total score

W+O

0.60 + 2.00

= 2.60

Threat (T)

Total score

S+T

2.05+ 0.75

= 2.80

Total score

W+T

0.60 + 0.75

= 1.35

1 Based on the IFAS and EFAS matrices, the total internal factor score (IFAS) was 2.65, while the total external factor score (EFAS) was 2.75. The strategic alternatives were subsequently developed by combining the total scores of each SWOT component. The SO strategy obtained the highest combined score of 4.05, calculated from the total Strength score (2.05) and the total Opportunity score (2.00). Likewise, the ST, WO, and WT strategies produced scores of 2.80, 2.60, and 1.35, respectively, based on 2 the combination of the corresponding internal and external factor scores.

The higher SO score indicates that Square Coffee possesses stronger internal strengths than weaknesses and faces more opportunities than threats. This finding suggests that the business is in a favorable strategic position, where its existing strengths can be effectively utilized to capitalize on external opportunities. Compared with the ST, WO, and WT strategies, the SO strategy achieved the highest weighted score, indicating that an aggressive growth strategy 3 is the most appropriate strategic alternative. Therefore, Square Coffee should prioritize market expansion, product innovation, and digital marketing while maintaining service quality and customer satisfaction to strengthen its competitive position and achieve sustainable revenue growth. Nevertheless, the ST and WO strategies should also be implemented to address external threats and gradually reduce existing internal weaknesses.

## CONCLUSION AND SUGGESTION

This study concludes that Square Coffee Payakumbuh possesses a relatively strong strategic position, as indicated by the IFAS and EFAS analyses, with the Strength–Opportunity (SO) strategy emerging as the most appropriate approach for business development. The business benefits from several competitive advantages, including product variety, a comfortable café atmosphere, active social media promotion, responsive service, and competitive pricing. However, these strengths have not fully translated into stable revenue due to inconsistent customer retention, limited supporting

facilities, and increasing market competition.

The findings suggest that maximizing existing strengths while exploiting external opportunities through digital marketing, customer relationship management, and strategic partnerships can improve business competitiveness and support more sustainable income growth. Nevertheless, the results should be interpreted within the context of a single case study and therefore primarily provide practical insights for coffee shops with similar business characteristics.

This study has several limitations that should be considered when interpreting the findings. First, the research was conducted as a single case study at Square Coffee Payakumbuh, limiting the generalizability of the findings to other coffee shops or MSMEs operating in different business environments. Second, the analysis was based on qualitative data collected from a limited number of informants, making the findings dependent on participants' experiences and perceptions. Third, the IFAS and EFAS assessments were developed from the weighting and rating provided by the selected informants and therefore may contain a degree of subjectivity despite the application of source and method triangulation during data validation. Future studies are encouraged to include a larger number of coffee shops, involve more diverse stakeholders, and integrate qualitative and quantitative approaches to produce more comprehensive and generalizable findings.

**1** Based on the findings, business priorities should focus first on strengthening customer retention through a digital loyalty program and more targeted social media campaigns, as these initiatives require relatively low investment while offering immediate potential to increase repeat visits. The second priority is improving supporting facilities, including a prayer room and a designated non-smoking area, to enhance customer comfort and satisfaction. The third priority involves expanding collaborations with local communities, educational institutions, and influencers to increase brand awareness and market reach. To ensure effective implementation, management should evaluate these initiatives periodically using measurable indicators such as monthly revenue trends, repeat customer rates, customer satisfaction, and digital engagement. Considering the limited resources

typically faced by MSMEs, implementation should be conducted gradually according to financial capacity, beginning with low-cost digital marketing initiatives before investing in physical facility improvements. Continuous monitoring and evaluation will enable management to assess the effectiveness of each strategy and make necessary adjustments in response to changing market conditions.

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