



## Competitive Strategies Analysis at MSME'S ID Cake and Bakery Bukittinggi

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### ABSTRACT

Micro, Small and Medium Enterprises (MSME'S) activities are a business sector that is classified as independent and can develop and be consistent in the national economy. With strategies created by each company or MSME'S, companies can compete more effectively to become superior in their market scope. This research aims to determine the competitive strategy set by MSME's ID Cake and Bakery in Bukittinggi City in running their business to be able to face competition. This research uses a qualitative approach with a case study method. Data collection was carried out through interviews and documentation. The research results show that the attraction of buyers to MSME's ID Cake and Bakery is that the prices offered are relatively cheap or affordable with standard to good quality, MSME's ID Cake and Bakery gets raw materials from local suppliers using a pre-order system. New competition has quite an influence on MSME's ID Cake and Bakery, so MSME's ID Cake and Bakery carries out market analysis. MSME's ID Cake and Bakery promotional media is through social media Instagram and Facebook. The economic factor that affects the company is inflation which causes the price of goods to rise, so MSME's ID Cake and Bakery has to increase the price of goods. MSME's ID Cake and Bakery carry out marketing strategies by utilizing technology such as social media.

**Keywords:** Strategy, Competitive Strategy, Cake Shop, MSME's ID Cake and Bakery

### 1. Introduction

Micro, Small and Medium Enterprises (MSME's) are one of the economic sectors that are classified as independent and able to continue to grow in the national economy. MSME's can also create productive jobs for the community. Although MSME's are labor-intensive, starting a business requires creativity, innovation, and courage. In Indonesia, MSME's contribute 28% to GDP. SMEs have always been described as a sector that plays an important role in Indonesia's economic development. This is because the majority of the population has a low level of education and lives on small and medium enterprises, both in the traditional and modern sectors.

All SMEs in Indonesia, especially in Bukittinggi, must have a strategy to develop and support their business so that they can continue to operate. The competition faced by SMEs in Bukittinggi City is competing with other SMEs and also competing with large companies that have already appeared on the market and have their trust in society. Very high competitive forces force every company and MSME'S to prepare competitive strategies in business life.

The success of a company is determined by the leadership's ability to determine the right strategy in managing the company using the environment, namely, selecting the right internal resources. The accuracy of the strategy determined by the leader is based on strategic thinking and learning experiences in constantly changing environmental situations. Business actors must have clearly articulated goals and objectives that can be used to guide the alternatives being considered. The advantages and differences in company performance are closely related to company resources and how well the company can manage them. Company resources are the foundation and pillar of strategy. Without large resources, companies have many problems competing in the market. Unique resources that competitors do not have create a sustainable competitive advantage. Therefore, companies must be able to identify and utilize resources as best as possible to create higher added value for customers while generating profits for the company. The core concept of strategic management is competitive advantage, which involves achieving and maintaining it. Competitive strategies come from having something your competitors don't. Competitive strategies can also be defined as a competitive strategy designed to be used by an organization. Porter also notes that a company's competitive advantage in the industry can be found in its level of competition, i.e. the breadth of a company's business units/target market.

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The internal and external environments play an important role in influencing a company's performance and strategy. The internal environment involves factors within the company, such as management structure, management processes, production processes and human resources. Meanwhile, the external environment includes factors outside the company, such as influences from the economic and social fields, culture and environment as well as from technological influences.

Companies that are able to manage these two environments well can optimize opportunities and overcome challenges. A healthy internal environment can create productive and innovative employees, while a good understanding of the external environment helps companies adapt to market changes and create relevant strategies. Effective integration between these two environments supports a company's long-term success.

MSME's ID Cake and Bakery can survive and develop their products into something unique. Because many SMEs started producing cakes but did not last long. This can happen because of the competitive strategy that is strictly implemented by MSME's ID Cake and Bakery. However, some of the literature obtained does not reveal anything and explains what strategies MSME's ID Cake and Bakery use in their business and competing in the market.

Based on a pre-survey in the field, a problem was encountered about cake shop competition. based on this, problems arise about

1. internal environment analysis at MSME's ID Cake and Bakery.
2. external environment analysis at MSME's ID Cake and Bakery.
3. competitive strategy of the cake production at MSME's ID Cake and Bakery.

Based on these problems, the formulation of the problem in this study is "How is the Competitive Strategy of ID CAKE MSMEs in Bukittinggi".

## 2. Literature Riview

### 2.1 Related Theory

For the research R Wijaya, N Nandang, I Yusuf (2023) with the title Strategic Analysis Of Tasco Minimart In Tasikmalaya City By Porter Five Forces. The growing retail industry sector trend in Indonesia, including in Tasikmalaya, has resulted in an increase in the number of retail businesses which increases from year to year.

For the research of CA Pramestidewi (2022) with the title Competitive Stretegies Critical Success Factors For Small Medium Food and Beverages In Bogor City. This observation is to determine the competitive strategy of small and medium food and beverage businesses in Bogor Municipality.

### 2.2 Competitive Strategy

#### 2.2.1 Competitive Strategy

According to Porter M, competitive strategy is a way that must be done by a company to be able to compete with competitors out there. Which is where this is done so that the products sold by the company can be better known by the public at large and can achieve the goals that the company has set before. There are five competitive forces that will affect the profitability of an industry, namely: the entry of new competitors (potential entrants), the threats of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors. Five competitive forces that determine industry profitability. Competition between companies:

1. Rivalry Between Established Competitors
2. Threats from potential entrants
3. Threat from substitute products
4. Buyer's power
5. Supplier's power

### 2.3 Internal Environment

According to Jauch and Glueck (2003) the internal environment is divided into five factors, among others: Marketing and distribution factors, Research and development factors of an engineering function., Production and operations management factors, Factors of company resources and employees, Finance and accounting factors.

## 2.4 External Environment

David (2011) uses key external forces in analyzing the external environment which include the external environment which includes: Economic forces, Social, cultural, and environmental forces, and Technological forces. The external environment is an environment that is outside the organization and needs to be analyzed to determine the opportunities and threats that will be faced by the company. There are two perspectives for conceptualizing the external environment.

## 3. Research Methodology

### 3.1 Location and Object of the study

#### 3.1.1 Location of the Study

Al Muchtar (2015) the research location is the place where researchers obtain information about the necessary data. The research location is the place where the research will be carried out. This research was conducted at MSME's ID Cake and Bakery.

#### 3.1.2 Object of the study

According to Puspitaningtyas (2016) the object of research is the nature of the state of an object or person who is the center of attention and the target of research or who will be researched in research activities. The object of this research is the competitive strategy of MSME's ID Cake and Bakery.

### 3.2 Types and Sources of Data

#### 3.2.1 Types of the Data

The type of data used in this study is qualitative and quantitative data, based on Sugiyono (2018) qualitative data is to enter objects, by reading various informational writings, images, thinking and seeing objects of activity of people around them and conducting interviews and so on.

#### 3.2.2 Sources of the Data

According to Sugiyono (2015), when viewed from the data source, collection data can use primary and secondary sources. A primary source is a data source that directly provides data to the data collector and a secondary source is a source that does not directly provide data to the data collector, for example through other people or documents. The types and sources of data used in writing this study are:

1. Primary Data

Primary Data is data obtained directly from respondents, primary data can be obtained from direct interviews with several employees.

2. Secondary Data

Secondary Data is data obtained from within the company in the form of documents and archives of company records such as sales volume and company data, which are related to the subject matter.

### 3.3 Population and Sample

#### 3.3.1 Population

Robert B Burns (2000) in Djam'an and Aan (2017) A population can be an organism, a person or a group of people, a society, an organization, a thing, an object of an event, or a report that all have features and must be defined specifically and not ambiguously. The population used in this study was leaders, employees and competitors

#### 3.3.2 Sample

According to Sugiyono (2019) samples are part of the number and characteristics of the population, If the population is large and the researcher cannot study everything in the population due to budget, human and time constraints, the researcher can use a sample taken from a representative population. sample of research is Owner of MSME's ID Cake and Bakery.

### 3.4 Sampling Technique

According to Sugiyono (2018) Sampling techniques can basically be grouped into two, name ly probability sampling and non-probability sampling. The sampling technique used by the author is non-probability sampling.

### 3.5 Data Collection Technique

The data collection techniques used in conducting research on MSME's ID Cake and Bakery competitive strategy analysis are:

1. Interview

2. Documentation
3. Literary Studies

### 3.6 Data Processing Technique

Data processing techniques in this study were obtained from the results of analysis of interview and document data collection from MSME's ID Cake and Bakery.

### 3.7 Types of the study

The research conducted by the author in compiling a thesis is descriptive, qualitative, namely data in the form of opinions. So, that it is not in the form of numbers, but in the form of words or sentences in the competitive strategy analysis at MSME's ID Cake and Bakery.

### 3.8 Concept Definition and Operational Variable

#### 3.8.1 Concept definition

Concept definition is a research element that explains the characteristics of a problem to be studied. Based on the theoretical basis above, a conceptual definition of each variable can be found, as follows:

1. According to Porter M competitive strategy is a way that must be done by a company to be able to compete with competitors out there. Which is where this is done so that the products sold by the company can be better known by the public at large and can achieve the goals that the company has set before.
2. The organizational environment can be distinguished from the internal environment and the external environment. The internal environment consists of management and marketing.
3. The external environment is an environment that is outside the organization and needs to be analyzed to determine the opportunities and threats that will be faced by the company.

#### 3.8.2 Operational Variable

Operational variable is an indication of how a variable is measured. By looking at operational variables, a researcher can find out a variable to be studied.

1. Five Competitive Forces That Determine Industry Profitability: Competition Between Companies, Threats from potential entrants, Threat from substitute products, Buyer's power, Supplier's power.
2. In the internal environment there are 4 things that must be considered, namely management and marketing, Production Activities and Human Resources while in the external environment there are 3 things, namely economic forces, social forces, culture and environment, and technological forces.

## 4 Result and Discussion

### 4.1 History of MSME's ID Cake and Bakery

MSME's ID Cake and Bakery is a cake shop that sells various kinds of wet, dry cakes and typical Minang souvenirs. MSME's ID Cake and Bakery is located on Jalan Soekarno Hatta No.121 Manggis Ganting Mandiangin Koto Selayan, Bukittinggi.



Picture 1 MSME'S ID Cake and Bakery Shop

Source:Processed 2023

This cake shop, which was founded in 2017, has developed very rapidly. This is proven by the fact that from the beginning this cake shop was founded until now it has had 15 permanent partners who work as economic actors as well as trainers. The owners of this shop are Mr. Dasrul and Mrs. Asnida Yeti. MSME's ID Cake and Bakery has also received a halal certificate from LPPOM MUI West Sumatra Province

#### 4.2. Internal Environmental Analysis

##### 4.2.1 Management

The first organizational structure starts from the owner of MSME's ID Cake and Bakery, namely Mrs. Asnida Yeti. Then it continues with the Manager of MSME's ID Cake and Bakery and then there are several teams below, namely the production team, the Service Team in the Store, and then there is the Marketing Team.

##### 4.2.2 Marketing

In marketing there are 4 points that must be considered, namely product, price, place, and promotion:

###### 1. Product

Products are a very important part in the world of marketing, also to fulfill consumer needs and desires. Of course, there are many things that must be considered in a product, including what is produced and the quality of the product.



Figure 2 Product of MSME's ID Cake and Bakery  
Source: Documentation (2023)

###### 2. Price

The pricing strategy used is to provide maximum shopping discounts. For example, if you buy 3 products you will get a discount. Based on the results of interviews with informants, researchers obtained answers regarding prices in the cake industry in Bukittinggi City, prices for MSME's ID Cake and Bakery Products start from Rp32.000-Rp.112.500.

###### 3. Place

In this case, the place becomes a channel for production and distribution of things related to the product to reach consumers and in it consumers need to feel convenience. Therefore, place is an important component in the business world. MSME's ID Cake and Bakery in determining strategic places. MSME's ID Cake and Bakery is located on Jalan Soekarno Hatta No.121 Manggis Ganting Mandiangin Koto Selayan, Bukittinggi.

###### 4. Promotion

Promotion has an important factor to encourage, attracting and influencing consumers to buy a product, using various existing promotional media include in advertising, sales promotions and direct and indirect marketing. The promotional tools used by MSME's ID Cake and Bakery are social media, shop signs and customer reviews.

##### 4.2.3 Production Activities

Production activities are the process of processing raw materials called inputs into finished materials, the production process itself is part of economic activities such as making, creating and producing goods or products that are ready to be sold and marketed.

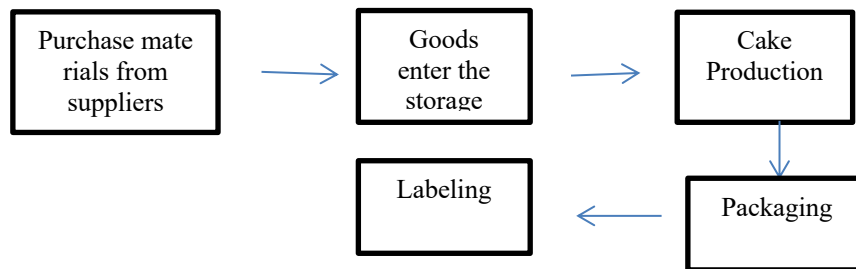


Figure 3. Production flow MSME’s ID Cake and Bakery  
Source: Processed Data (2023)

4.2.4 Human Resources (HR)

Human Resources are very important in business activities and certainly cannot be separated from a company. Managing human resources to be effective and efficient is the most important factor in supporting the success of a company now and in the future. The Cake Owner explained the efforts made by the company to increase the company’s excellence in HR activities effectively.

4.2.5 Financial Data

Financial Data is a record of a company’s financial information in a certain period that can be used to describe the company’s performance situation. Simply put, financial statements are important documents containing the company’s financial records of both transactions and cash.

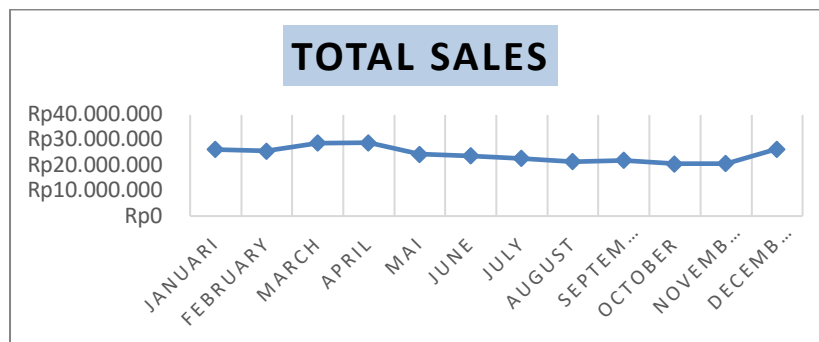


Figure 4 Total Chart of MSME’s ID Cake and Bakery  
Source: Processed Data (2023)

Based on the data above, it can be concluded that the highest total sales at the cake idea shop were in April, amounting to Rp. 29,029,500, while the lowest total sales occurred in October, amounting to Rp. 20,724,000.

4.3. External Environmental Analysis

4.3.1 Economic Strength

Economic power is control over a relevant market by one or more business actors so that they can determine the price of goods. Inflation can affect cake production through increases in prices of raw materials such as flour, sugar and butter. If inflation is high, cake production costs also tend to rise, which can force cake producers to increase selling prices or reduce production. Apart from that, inflation can also affect consumer purchasing power, which can affect demand for cake products.

#### 4.3.2 Social, Cultural and Environmental Forces

The correlation between social, cultural and sales environment factors is that these three can help stores meet customer needs and expectations more effectively.

The types of consumers usually served by MSME's ID Cake and Bakery are as follows

1. General Consumer
2. Loyal Customers
3. Party Customers

Meanwhile, in terms of the environment, the availability of raw materials is taken from the local area so that it can support the economy of the surrounding community. These three factors together form the context of cake production and provide insight into how producers adapt to the social, cultural and environmental dynamics around them.

#### 4.3.3 The Power of Technology

The power of technology is one of the company's external environments that can influence company operations which previously moved entirely manually with the power of this technology, it can help business activities become more instantaneous and faster. The machine or technology used is a large capacity oven, social media namely Facebook, Instagram and MSME's ID Cake and Bakery serving online purchases through Gojek. Technology has a significant effect on the development of this shop because technology can support marketing strategies through social media and e-commerce platforms.

#### 4.4 Competitive Strategy Analysis

according to Porter there are 5 competitive forces that determine industry profitability at MSME's ID Cake and Bakery, namely as follows:

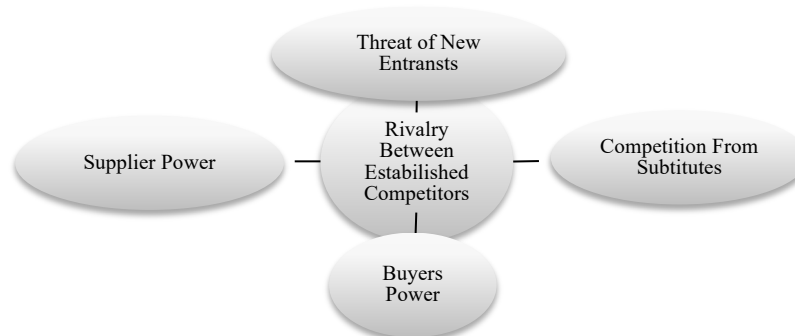


Figure 5 The Five Competitor Forces  
Source. Processed Data (2023)

##### 4.4.1 Rivalry Between Established Competitors

When a company has more competitors, it becomes more difficult for that company to compete for the market. Competitors in this case are actors who produce and sell similar products and compete to win the market. Many other companies operate in the same field. However, every company already has the ability to fight this competition. To compete with competitors, namely by creating innovative products that are not sold in other bakeries, such as bolu basaka and brownma products. These two products are considered attractive to consumers because these products are rarely found in cake shops or other souvenir centers.

##### 4.4.2 Threat of New Entrants

The entry of new players in an industry will tighten competition which in the end can result in decreased profits or profits for all companies, but of course companies have ways to overcome this problem. Informant researchers got answers about the threat of new entrants in the Bukittinggi City cake industry, especially MSME's ID Cake and Bakery Shop. The new threat from MSME's ID Cake and Bakery is the new cake shops around the city of Bukittinggi, so it involves more intense competition, a decrease in market share, or an emphasis on prices. MSME's ID Cake and Bakery strategy in this case is to carry out market analysis.

#### 4.4.3 Competition from Substitutes

Substitute product for MSME's ID Cake and Bakery is a similar product that has a different size. For example, when a buyer wants to buy a long size tapai cake, but because the shop is out of goods, the seller/shop employee will offer a short size tapai cake to the buyer. In several cases it was found that consumers wanted to buy product "A" The product was still sold out in stores. However, this is quite a serious problem because customers do not get the product they are looking for. So MSME's ID Cake and Bakery step is to offer a similar product "B", perhaps with different sizes and fillings.

#### 4.4.4 Buyer's Power

The strength of the buyers at the MSME's ID Cake and Bakery shop is the word of mouth promotion carried out by MSME's ID Cake and Bakery product buyers regarding the specific menu from MSME's ID Cake and Bakery which is unique to this cake shop which is not available anywhere else, namely Bolu Basaka and Brownmal. Based on the results of interviews with informants, researchers obtained answers regarding the power of buyers in the cake industry in Bukittinggi City, especially at the MSME's ID Cake and Bakery Shop and the appearance of the product. Therefore MSME's ID Cake and Bakery responds by offering competitive prices to customers.

#### 4.4.5 Supplier Power

Suppliers can use bargaining power against buyers in the industry by increasing prices or reducing the quality of the products or services purchased. Business actors try to get prices as minimal as possible with high quality and if the company gets such a supplier, then the company will get good competition compared to other companies. One of the suppliers of MSME's ID Cake and Bakery raw materials is a cake ingredient shop in the aur kuning bukittinggi market.

### 5. Conclusion and Suggestion

Based on the results of the discussion described in the previous chapters, researchers can conclude:

1. There are 4 factors included in the internal environment of MSME's ID Cake and Bakery, namely management, marketing, production activities, human resources (HR)
2. There are 3 forces included in MSME's ID Cake and Bakery external environment, namely economic strength( about direct impact on the potential attractiveness of various strategies), social-culture and environment(about all product, services, markets and customers) and technological strength( about machines and technology )
3. There are 5 competitive forces that can increase industrial profitability in MSME's ID Cake and Bakery, namely Rivalry Between Established Competitors, Threat of New Entrants, Competition from Substitutes, Buyers Power and Supplier Power.

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