



DOI: <https://doi.org/10.38035/sijet.v2i4>
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SWOT, IFAS, EFAS, and SPACE Analysis of Competitive Advantage Enhancement Strategies for XYZ Bakery and Pastry UMKM in Facing Market Competition

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Abstract: This study aims to evaluate the competitive advantage enhancement strategies implemented by the XYZ bakery and pastry UMKM amid the rapid growth of the industry in Indonesia, which has reached 7–10% per year. The increasing demand for practical and affordable products has led MSMEs in this sector to face increasingly intense market competition. This research uses a descriptive quantitative method that seeks to provide a systematic overview of the observed conditions and phenomena through numerical data, with the bakery and pastry UMKM as the research subject. The analysis results, using the SWOT, IFAS, EFAS, and SPACE approaches, indicate that the main strengths of the UMKM lie in product quality, innovation, and the use of social media as a promotional tool. However, the study also found that reliance on raw materials with fluctuating prices and suboptimal promotion efforts are the primary weaknesses of the MSME. An IFE score of 3.12 and an EFE score of 3.36 indicate that the implemented strategies have been effective in identifying and capitalizing on external market opportunities.

Keywords: SWOT Analysis, IFAS, EFAS, SPACE, and Competitive Advantage Enhancement Strategy

INTRODUCTION

Micro, Small, and Medium Enterprises (UMKM) have long been the backbone of Indonesia's economy, as evidenced by their vital role in creating jobs and driving economic activity across various regions. However, UMKM are currently facing increasingly intense competition—not only from fellow small businesses but also from large companies that are aggressively expanding into local markets. This situation demands that UMKM no longer rely solely on existing product quality. Instead, innovation and diversification have become essential in order to remain competitive and avoid being left behind by the ever-changing market dynamics. This transformation requires UMKM to be more proactive in understanding and responding to the shifting and increasingly complex consumer preferences in the digital era.

Amid the surge of digitalization, consumer tastes and expectations have undergone significant shifts. Buyers now seek more than just delicious flavors; they demand unique menus, visually appealing product presentations, and the ability of UMKM to quickly adopt

and follow the latest culinary trends. The rise of digital platforms and social media has accelerated these changes in preferences, where customers are not only looking for products that meet basic needs but also for "experiences" or "added value" that they can share online. Ironically, UMKM like *Dapur Rumi* often face serious challenges in keeping up with these changes, ranging from limited skilled human resources, a lack of capital needed for product innovation, to insufficient access to relevant training programs and technology. These issues pose major challenges that must be addressed for UMKM to remain relevant.

In the context of increasingly intense competition and ever-evolving consumer demands, product innovation and menu diversification have become essential strategies for UMKM to survive and succeed in the local market. Product innovation involves developing new ideas to create offerings that are not only delicious but also have added value that sets them apart—such as the use of unique local ingredients or entirely new presentation concepts. On the other hand, menu diversification is a strategic effort to provide a wider range of options for consumers, enabling UMKM to reach broader and more diverse market segments while minimizing the risk of relying on a single type of product.

However, in practice, many UMKM struggle to implement these strategies effectively due to resource limitations, whether in terms of capital, skilled labor, or access to information. Therefore, this research aims to examine how product innovation and menu diversification can be optimally applied by *Dapur Rumi* to enhance their competitiveness in the local market of Bandar Jaya. It is also expected to provide practical insights that may benefit other UMKM seeking to implement similar strategies in the future.

The purpose of writing this article is as follows:

1. To examine the competitive advantage enhancement strategy of XYZ bakery and cake UMKM
2. To analyze the SO, ST, WO, and WT strategies of the XYZ bakery and cake UMKM
3. To examine the IFAS, EFAS, and SPACE strategies of the XYZ bakery and cake UMKM

METHOD

This study uses a descriptive quantitative approach to analyze the condition of the XYZ bakery and pastry UMKM based on numerical data. Its main focus is to identify and evaluate internal and external strategic factors. To assess internal factors (strengths and weaknesses), the IFAS Matrix is used. Meanwhile, the EFAS Matrix is employed to evaluate external factors (opportunities and threats). These two matrices help quantify and prioritize strategic elements.

This study also utilizes the Strategic Position and Action Evaluation (SPACE) Matrix. This matrix is used to determine the strategic position of PT XYZ based on four key dimensions: two internal dimensions (financial strength and competitive advantage) and two external dimensions (industry stability and environmental strength). The results of the SPACE Matrix analysis are crucial in guiding the determination of the most appropriate strategic direction for the company—whether it be an aggressive, conservative, defensive, or competitive strategy.

RESULTS DISSCUSION

Based on the background, objectives, and methods that have been described in this article, the results are as follows:

1. Competitive Advantage Enhancement Strategy

Micro, Small, and Medium Enterprises (UMKM) in the XYZ bakery and pastry sector now operate in a highly dynamic market landscape, requiring them to adopt more precise and adaptive strategies to maintain relevance and drive sustainable growth. In-depth internal

analysis consistently shows that the main strengths of this UMKM lie in its superior and consistent product quality, its ability to continuously innovate by creating new variants, and its friendly, personalized customer service. These assets are not merely competitive advantages but vital foundations that enable the business to build strong customer loyalty and strengthen its position in an increasingly crowded market. Optimally leveraging these strengths is key to differentiating from competitors and capturing the attention of a market that constantly seeks products with added value.

However, the competitive ability of UMKM often faces significant obstacles due to several internal weaknesses that must be addressed urgently. These include limited resources, such as financial capital, the availability of skilled labor, and access to the latest production and marketing technologies. In addition, marketing strategies that are not yet fully optimized or do not take full advantage of digital platforms also pose major challenges. These weaknesses are further exacerbated by increasing competition in a market saturated with many new players, as well as fluctuations in raw material prices that can drastically affect profit margins. Addressing these internal weaknesses through investments in capacity building and operational diversification will be a crucial step toward reducing vulnerability and strengthening UMKM resilience to market shocks.

To achieve significant and sustainable growth, UMKM need to adopt an aggressive strategy focused on maximizing broad market opportunities. This includes the ability to quickly adapt to consumer trends that increasingly demand healthier, more practical, and personalized products, as well as leveraging the vast potential of available digital promotional media. Concrete strategic steps that must be taken include intensifying and targeting promotional efforts toward the right market segments, expanding market reach through various distribution channels both online and offline, optimizing the use of social media for branding, direct customer engagement, and sales, as well as continuously adapting to current culinary trends by creating innovative products. The integrated and consistent implementation of these strategies will significantly strengthen the position of UMKM in the market, ensure their ability to compete effectively, and ultimately achieve optimal progress and sustainability amid the ever-changing market dynamics.

The strategy for enhancing competitive advantage has been thoroughly studied by previous researchers, including Azhari, F., & Ali, H. (2024), Aryanti, S. P., & Ali, H. (2025), and Armadani, L. D., & Ali, H. (2025).

2. SO, ST, WO, and WT Analysis

SWOT analysis is a structured method for identifying various relevant aspects in the formulation of company strategy. The underlying rationale of this analysis is the optimization of internal and external assets, as well as the mitigation of risks that may hinder the achievement of objectives. The SWOT framework assumes that the effectiveness of a strategy correlates with the ability to leverage available strengths and opportunities, while simultaneously mitigating weaknesses and threats. Proper application of this assumption has the potential to significantly impact the development of successful strategies and business environment analysis, thereby providing essential information for identifying opportunities and threats within the organization.

SWOT analysis is a systematic method used to identify, analyze, and evaluate internal factors (strengths and weaknesses) as well as external factors (opportunities and threats) that can affect a company's performance. This analysis serves as a strategic planning instrument that facilitates companies in formulating and implementing plans to achieve their stated objectives. Through a comprehensive evaluation of both external (opportunities and threats) and internal (strengths and weaknesses) factors, SWOT analysis becomes the foundation for formulating effective business strategies. Strengths refer to internal conditions within the

organization, including competencies, skills, and resource availability, which serve as a basis for the organization to respond to external opportunities and threats.

for the organization in responding to external opportunities and threats. Weaknesses are internal conditions within the organization, including its competencies, skills, and available resources, which play an important role in determining the organization's capacity to respond to external opportunities and threats. Opportunities are external factors that offer potential benefits and typically have a positive impact on organizations operating within the same industry sector. Threats are external factors that may pose negative impacts on the organization. Organizations operating in the same sector often experience losses, face operational difficulties, or find their business continuity threatened due to these external conditions.

SWOT analysis has been thoroughly studied by previous researchers, including Yeni, F., Erwin, G., & Ali, H. (2019), Ikhsani, K., & Ali, H. (2017), and Shobirin, M., & Ali, H. (2019).

Table 1. SWOT Analysis Results

<div> <div>Internal</div> <div>Eksternal</div> </div>	Strengths (S) <ol style="list-style-type: none"> 1. High product quality and excellent service. 2. Delicious taste made with quality ingredients. 3. Affordable prices. 4. <i>Fresh homemade</i> products. 5. Innovative product creation. 	Weaknesses (W) <ol style="list-style-type: none"> 1. Intense competition combined with constantly changing trends. 2. Promotional strategies are not yet optimal. 3. Limited workforce and continuously rising raw material costs. 4. Dependence on raw materials with fluctuating prices. 5. Sales are still limited to the local city.
	Opportunities (O) <ol style="list-style-type: none"> 1. There is an increasing consumer interest in the latest trends in the bakery industry. 2. The abundance of promotional media choices in the digital era. 3. The extensive government support. 4. The growing consumer interest in special day discounts. 5. Consumers are increasingly craving unique and personalized products. 	<div> Strategy (SO) <ol style="list-style-type: none"> 1. Optimizing Product Quality. 2. Promoting Innovative Products and Special Services on Social Media. 3. Offering Affordable Prices with Special Discounts. 4. Utilizing Government Support to Strengthen the Production Capacity of Quality Products. </div> <div> Strategy (WO) <ol style="list-style-type: none"> 1. Utilizing Social Media to Enhance Promotion and Expand the Market Beyond the City. 2. Leveraging Government Support to Address Labor Shortages and Raw Material Price Fluctuations. 3. Following Trends to Stay Relevant Amid Intense Competition. 4. Utilizing Discounts and Special Services to Overcome Promotional Challenges and Increase Consumer Appeal. </div>

Threat (T)	Strategy ST	Strategy WT
<ol style="list-style-type: none"> 1. Numerous Businesses Offering Similar Products. 2. Fluctuations in Raw Materials and Operational Costs. 3. Consumer Preferences Are Constantly Changing. 4. Economic Instability. 5. Competition with Large Enterprises. 	<ol style="list-style-type: none"> 1. Maintaining Product and Service Quality to Compete with Similar Businesses. 2. Using Product Innovation to Respond to Changing Consumer Preferences and Face Competition. 3. Maximizing Homemade Product Quality to Compete with Large Enterprises. 4. Managing Raw Material and Operational Fluctuations through Flexible Product Innovation. 	<ol style="list-style-type: none"> 1. Enhancing Promotional Effectiveness to Face Intense Competition. 2. Diversifying Raw Material Sources to Reduce Dependence on Fluctuating Supplies. 3. Expanding Sales Reach to Overcome Limited Markets and Compete with Large Enterprises. 4. Adapting Products to Changing Consumer Preferences and Emerging Trends.

Table 1 shows that the SWOT analysis of the SME highlights strengths in product quality, taste, affordable pricing, and innovative homemade products. However, weaknesses include intense competition, suboptimal promotion, limited human resources, dependence on fluctuating raw materials, and restricted sales reach. Opportunities arise from consumer trends, digital media, and government support. This enables SO strategies to optimize quality, promote innovation, and leverage discounts. Threats include similar businesses, cost fluctuations, shifting consumer preferences, and competition from large enterprises. WO strategies focus on utilizing social media and government support to address weaknesses. Meanwhile, ST strategies aim to maintain quality and innovation to stay competitive. Lastly, WT strategies involve enhancing promotion, diversifying raw material sources, and expanding market reach. Overall, the SWOT analysis helps Dapur Rumi formulate adaptive strategies for the local market.

3. To examine the IFAS, EFAS, and SPACE strategies

In formulating a strategy to enhance the competitiveness of UMKM in the XYZ bakery and pastry sector, it is necessary to apply a SWOT matrix aimed at identifying internal factors (strengths and weaknesses) as well as external factors (opportunities and threats). The results of the SWOT analysis are presented in Table 1.

Table 2. IFAS Calculation

Nu	Factors	Weight	Rating	Skor
Strengths (S)				
1.	High product quality and excellent customer service	0,13	4	0,52
2.	Delicious taste made from quality ingredients	0,09	4	0,36
3.	Affordable price	0,09	3	0,27
4.	Fresh homemade products	0,13	3	0,39
5.	Innovative product creation	0,09	4	0,36
Subtotal		0,53		1,90
Weaknesses (W)				
1.	Intense competition along with constantly changing bakery trends	0,09	3	0,39

2.	Promotional strategies are still less than optimal	0,06	3	0,18
3.	Limited workforce and fluctuating raw material prices	0,13	2	0,26
4.	Dependence on raw materials with fluctuating prices	0,13	3	0,39
5.	Sales are still limited to within the city	0,06	2	0,12
Subtotal		0,47		1,22
Total		1		3,12

$$\begin{aligned}
 \text{IFAS} &= \text{Strengths} - \text{Weaknesses} \\
 &= 1,90 - 1,22 \\
 &= -0,68
 \end{aligned}$$

Based on the data presented in Table 2, it is evident that the greatest strength of XYZ Bakery and Pastry UMKM lies in the quality of its products and excellent customer service, with a score of 0.52. This indicates that product quality and customer service significantly contribute to the success of the business. The main weakness is the dependence on raw materials with fluctuating prices, scoring 0.39, which affects business continuity and poses challenges in maintaining cash flow stability

Table 3. EFAS Calculation

Nu	Factors	Weight	Rating	Skor
Opportunities (O)				
1.	There is an increasing consumer interest in the latest trends in the bakery world	0,13	4	0,52
2.	Abundance of promotional media options in the digital era	0,10	4	0,40
3.	Extensive government support for business development	0,10	3	0,30
4.	Increasing consumer interest in special day discounts	0,07	3	0,21
5.	Consumers are increasingly craving unique and personalized products	0,10	4	0,40
Subtotal		0,50		1,83
Threats(T)				
1.	Numerous similar businesses selling comparable products	0,10	4	0,40
2.	Fluctuations in raw material and operational costs	0,10	3	0,30
3.	Constantly changing consumer preferences	0,10	3	0,30
4.	Economic instability that lowers purchasing power	0,13	3	0,39
5.	Competition with large businesses that have many advantages	0,07	2	0,14
Subtotal		0,50		1,53
Total		1		3,36

$$\begin{aligned}
 \text{EFAS} &= \text{Opportunities} - \text{Threats} \\
 &= 1,83 - 1,53 \\
 &= 0,3
 \end{aligned}$$

Based on the data presented in Table 3, the greatest opportunity for XYZ Bakery and Pastry UMKM lies in the increasing consumer interest in the latest trends, with a score of 0.52. This indicates that XYZ can capitalize on the growing consumer interest in new bakery trends

by innovating and introducing new products that align with market preferences. The main threat faced by XYZ is the large number of similar businesses selling comparable products, which scored 0.40. This highlights the intense competition within the bakery and pastry sector.

The Internal Factor Analysis Summary (IFAS) matrix has been thoroughly studied by previous researchers, including Shobirin, M., & Ali, H. (2019); Yeni, F., Erwin, G., & Ali, H. (2019); and Pratama, D.R., & Ali, H. (2023).

Likewise, the External Factor Analysis Summary (EFAS) matrix has been comprehensively explored by earlier scholars, such as Yeni, F., Erwin, G., & Ali, H. (2019); Ikhsani, K., & Ali, H. (2017); and Shobirin, M., & Ali, H. (2019).

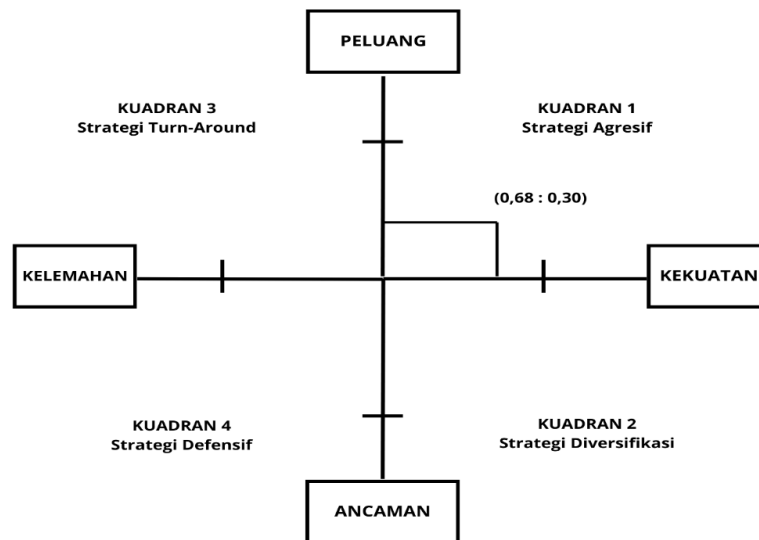


Figure 1. SPACE

Based on the data in Table 1 and Table 2, the strength factor score for XYZ Bakery and Pastry UMKM is 1.90, while the weakness score is 1.22, resulting in a difference of 0.68 points between the two internal factors. On the external side, the opportunity score reaches 1.83, while the threat score stands at 1.53, creating a difference of 0.30 points. With this difference, the resulting coordinate point is (0.68 : 0.30), indicating that XYZ Bakery and Pastry UMKM is positioned in Quadrant I of the SWOT analysis.

Quadrant I represents a highly favorable situation, where a business entity possesses substantial strengths and opportunities, thereby holding great potential to optimize the available prospects. An aggressive growth policy is the recommended strategy under these conditions. Being positioned in Quadrant I is very advantageous, as it indicates that the company has significant internal capabilities and is able to leverage external opportunities effectively. This condition reflects strong growth potential and the ability to compete effectively in the market. XYZ Bakery and Pastry MSME is in a strategic position to expand its market reach, enhance product innovation, and continuously strengthen its competitiveness amidst a dynamic business environment. This position allows the business to implement an aggressive growth strategy, whether through product diversification or distribution expansion, in order to maximize the benefits from the existing opportunities.

The analysis of the IFAS and EFAS Quadrant Diagram has been thoroughly studied by previous researchers, including Agussalim, M., & Ali, H. (2017); Harsono, H., Ali, H., & Fauzi, A. (2023); and Putri, E. R., Ali, H., Khan, M. A., Sawitri, N. N., & Navanti, D. (2025).

CONCLUSION

Based on the results of the SWOT analysis, IFAS Matrix, EFAS Matrix, and SPACE, it can be concluded that :

1. The competitive strategy for XYZ Bakery and Pastry UMKM is that, amid dynamic competition, MSMEs in the bakery industry face numerous challenges, yet they possess key strengths such as product quality, innovation, and customer-friendly service. To maintain their position, remain competitive, and achieve sustainable growth, more innovative, creative, and optimized strategies must be implemented to overcome constraints such as limited technology and resources. These strategies include enhancing promotion, leveraging digital media, and pursuing market expansion.
2. The SWOT analysis of XYZ Bakery and Pastry UMKM is a structured method used to identify and evaluate internal and external factors that may affect business performance. It serves as a foundation for developing more effective strategies. By understanding strengths, weaknesses, opportunities, and threats, the company can take appropriate actions to achieve its goals, sustain its operations, and respond to the ever-changing business challenges.
3. The IFAS, EFAS, and SPACE strategy shows that, based on data from Table 1 and Table 2, XYZ Bakery and Pastry UMKM is positioned in Quadrant I, indicating a highly favorable condition. The strengths outweigh the weaknesses (with a difference of 0.68), and the opportunities exceed the threats (with a difference of 0.30). This provides a significant opportunity for the business to implement an aggressive growth strategy, such as product diversification, improved distribution, and maximizing available opportunities—enabling the company to continuously enhance its competitiveness and sustain operations amid a dynamic market environment.

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