

Enhancing SME Competitiveness through Green Economy and Business Feasibility Study: A SWOT Analysis of XYZ Cafe

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Abstract

This research aims to analyze the improvement of SME competencies based on the green economy through a business feasibility study approach at XYZ Cafe in Sanur, Denpasar. The research method employed a qualitative and quantitative descriptive approach with data collection techniques using interviews and documentation. The analysis was carried out using SWOT Matrix, IFAS, EFAS, Grand Strategy, and Quantitative Strategic Planning Matrix (QSPM). Business feasibility was assessed from non-financial aspects (market and marketing, management and human resources, technical and technological, environmental, and legal) as well as financial aspects using Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI), and Payback Period (PP). The results show that XYZ Cafe is positioned in quadrant IV (defend and maintain), with the main strategies being diversification, joint ventures, market penetration, and product development. The non-financial feasibility analysis indicates that the market and marketing aspect (score 4.33) and the technical-technological aspect (score 8.0) are categorized as “very feasible”; the management and human resources aspect (score 4.42) is “fairly feasible”; the environmental aspect (score 7.4) is “very feasible”; while the legal aspect (score 6) is “less feasible.” From the financial perspective, the results show a positive NPV, IRR of 29%, PI of 2.1, and Payback Period of 2 years and 7 months. These findings confirm that XYZ Cafe is feasible to be developed and has strong competitiveness potential in the green economy-based coffee shop industry.

Keywords: SWOT, SME, Business Feasibility Study, Green Economy,

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a vital pillar in Indonesia’s post-pandemic economic recovery (Kemenkeu, 2024). The culinary industry, particularly coffee shops, has experienced remarkable growth. According to the Indonesian Coffee and Cocoa Entrepreneurs Association (APKCI), the number of coffee shops is predicted to reach 10,000 outlets with revenue potential of IDR 80 trillion in 2023 (Kontan, 2023). This rapid expansion creates increasingly fierce competition, requiring MSMEs to adopt sustainable competitive strategies. The green economy concept is one of the most relevant approaches, emphasizing resource efficiency, low carbon, and sustainability (Putri et al., 2023; Begas a & Gabiotra, 2020). XYZ Café in Sanur, Denpasar, exemplifies an MSME that implements a green café concept by offering an eco-friendly and natural atmosphere. Despite this, challenges remain, particularly the lack of legal preparedness and

limited knowledge of business feasibility. Therefore, a SWOT analysis is required to map strategic options, while a business feasibility study ensures long-term sustainability (Kasmir & Jakfar, 2012; David & David, 2017).

Beyond their contribution to economic resilience, MSMEs also function as key drivers of innovation and social inclusion. The integration of sustainability principles, such as the *green economy*, into MSME operations has increasingly been recognized as a pathway to achieving long-term competitiveness and environmental responsibility (OECD, 2025). In the context of the coffee shop industry, adopting eco-friendly business models not only meets consumer demand for sustainable practices but also differentiates MSMEs in highly saturated markets. Consequently, assessing both the strategic position through SWOT analysis and the viability of the business through feasibility studies becomes essential to ensure that MSMEs like XYZ Café can thrive in a dynamic and competitive environment.

2. Method

- a. This study employed a mixed-method approach combining qualitative and quantitative analysis. Location and Object: The research was conducted at XYZ Café in Sanur, Denpasar, an MSME operating in the coffee shop sector with a green economy orientation.
- b. Data Collection: Data were collected through semi-structured interviews with the owner and employees, direct observation of business operations, and documentation (financial reports, legal documents, and promotional materials).
- c. Data Analysis:
 - SWOT Analysis: Internal and external factors were assessed using IFAS and EFAS, then combined into a SWOT matrix (Rangkuti, 2015).
 - QSPM (Quantitative Strategic Planning Matrix): Applied to prioritize strategic alternatives (David & David, 2017).
 - Business Feasibility Analysis:
 - Non-financial aspects: market, management & HR, technical, environmental, and legal aspects were scored based on feasibility criteria (Sunyoto, 2014).
 - Financial aspects: NPV, IRR, PI, and payback period were used to evaluate profitability (Kasmir & Jakfar, 2012).
- d. Validity: Triangulation of data sources (owner, employees, documents)

3. Results and Discussion

3.1 Results

a. SWOT Analysis

The SWOT analysis revealed that C XYZ Café is positioned in Quadrant IV (defend and maintain). Strengths lie in its green café concept and strategic location, while weaknesses include limited legal compliance and marketing. Opportunities are driven by the rising cafe culture and green consumerism, whereas threats include intense competition and fluctuating raw material prices.

Table 1. SWOT Internal factors Analysis of XYZ Café

Internal Factors	Strengths (S)	Weaknesses (W)
	Green café concept with eco-friendly design.	Incomplete business legality.
	Strategic location in Sanur tourism area.	Limited digital promotion.

	Cozy natural environment.	Dependence on certain suppliers.
	Innovative coffee-based products.	Basic financial management system.

Source: Processed research data, 2024

Table 2. SWOT External factors Analysis of XYZ Café

External Factors	Opportunities (O)	Threats (T)
	Growing coffee shop industry in Indonesia (APKCI, 2023).	Fierce competition with similar cafés.
	Government support for MSMEs (Kemenkeu, 2024).	Volatile coffee bean prices.
	Rising awareness of sustainability and green economy.	Rapidly changing consumer trends.
	Increasing national coffee consumption.	Substitutes such as modern beverages.

Source: Processed research data, 2024

b. Strategic Implications:

- SO Strategies: Digital promotion of green café values.
- WO Strategies: Improving legal compliance and financial literacy
- ST Strategies: Innovating local coffee products to face competition.
- WT Strategies: Diversification and joint ventures to mitigate supply risks.

c. Non-Financial Feasibility Analysis

Table 3. Non-Financial Feasibility Analysis

Aspect	Score	Category
Market & Marketing	4.33	Highly Feasible
Management & HR	4.42	Feasible
Technical & Technology	8.00	Highly Feasible
Environmental	7.40	Highly Feasible
Legal	6.00	Less Feasible

Source: Processed research data, 2024

d. Financial Feasibility Analysis

Table 4. Financial Feasibility Analysis

Indicator	Result	Interpretation
Net Present Value (NPV)	Positive	Feasible
Internal Rate of Return (IRR)	29%	Feasible (>12%)
Profitability Index (PI)	2.1 times	Feasible (>1)

Payback Period (PP)	2 years 7 months	Feasible (<5 years)
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Source: Processed research data, 2024

3.2 Discussion

In addition to the SWOT analysis, this study applied the Quantitative Strategic Planning Matrix (QSPM) to prioritize strategic alternatives. The QSPM results indicate that the most attractive strategies for XYZ Café are product diversification and digital marketing enhancement, followed by joint ventures with local suppliers and market penetration through tourism-based promotions. These strategies achieved the highest *Total Attractiveness Scores (TAS)*, reflecting their strong alignment with both internal capabilities and external opportunities.

The prioritization of product diversification is consistent with research by Astari et al. (2021), which emphasized that MSMEs in the culinary sector can strengthen competitiveness by innovating product lines to meet dynamic consumer preferences. Similarly, the emphasis on digital marketing aligns with findings from Jaludallasa and Hariyadi (2023), who demonstrated that adopting digital platforms enables MSMEs to expand market reach and enhance brand positioning in highly competitive industries.

Furthermore, the strategy of joint ventures with local suppliers reflects recommendations from Pambreni & Sudari (2025), who argued that collaborative models within the green economy framework not only reduce operational risks but also promote sustainable supply chains. Meanwhile, the choice of market penetration through tourism resonates with the work of Yuniasari, (2024), which highlighted the importance of leveraging regional advantages and local cultural identity in developing MSME strategies.

Overall, the QSPM results reinforce the importance of aligning internal strengths with external opportunities while mitigating weaknesses and threats. By implementing these prioritized strategies, XYZ Café is expected to enhance its market competitiveness, strengthen resilience, and sustain growth within the rapidly evolving coffee shop industry.

4. Conclusion

XYZ Café in Sanur Bali demonstrates strong competitiveness as an MSME adopting the green café concept. SWOT analysis positions the business in Quadrant IV (defend and maintain), with strategic recommendations of diversification, joint ventures, market penetration, and product development. Non-financial analysis indicates feasibility in most aspects except legal compliance, while financial analysis shows robust profitability with IRR of 29% and a payback period of 2 years and 7 months.

This study highlights that integrating SWOT analysis with business feasibility assessments, underpinned by a green economy approach, can enhance the long-term competitiveness and sustainability of MSMEs in Indonesia's coffee shop sector.

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