



BRANDING STRATEGIES AND COMPETITIVE ADVANTAGE OF MICRO AND SMALL COFFEE ENTERPRISES: A QUALITATIVE CASE STUDY OF 360 COFFEE IN INDONESIA

STRATEGI PEMASARAN DAN KEUNGGULAN BERSAING PERUSAHAAN KOPI MIKRO DAN KECIL: STUDI KASUS KUALITATIF 360 COFFEE DI INDONESIA

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Abstract

Branding has emerged as a strategic asset for micro and small enterprises (MSEs) to enhance competitiveness in increasingly saturated markets. This study investigates the role of branding strategies in strengthening the competitive advantage of a micro-scale coffee shop in Indonesia, namely 360 Coffee. Employing a qualitative descriptive approach, data were collected through in-depth interviews, observations, and document analysis involving business owners, employees, and customers. The findings reveal that brand identity consistency, emotional engagement with consumers, product differentiation, and service experience significantly contribute to customer loyalty and market positioning. However, the study also identifies challenges related to limited strategic branding planning, constrained resources, and suboptimal digital branding utilization. These findings support previous studies emphasizing that effective branding enables MSEs to create perceived value beyond functional attributes (Kotler & Keller, 2016; Wijoyo et al., 2021). This research contributes to the literature on small business branding by providing empirical evidence from a local coffee enterprise and offers practical insights for MSE owners seeking sustainable competitive advantage.

Keywords : branding strategy, micro and small enterprises, coffee shop, competitiveness, Indonesia.

Abstrak

Branding telah muncul sebagai aset strategis bagi usaha mikro dan kecil (UMK) untuk meningkatkan daya saing di pasar yang semakin jenuh. Studi ini menyelidiki peran strategi branding dalam memperkuat keunggulan kompetitif sebuah kedai kopi skala mikro di Indonesia, yaitu 360 Coffee. Menggunakan pendekatan deskriptif kualitatif, data dikumpulkan melalui wawancara mendalam, observasi, dan analisis dokumen yang melibatkan pemilik usaha, karyawan, dan pelanggan. Temuan menunjukkan bahwa konsistensi identitas merek, keterlibatan emosional dengan konsumen, diferensiasi produk, dan pengalaman layanan secara signifikan berkontribusi pada loyalitas pelanggan dan posisi pasar. Namun, studi ini juga mengidentifikasi tantangan terkait dengan perencanaan strategi merek



yang terbatas, sumber daya yang terbatas, dan pemanfaatan branding digital yang suboptimal. Temuan ini mendukung studi sebelumnya yang menekankan bahwa branding yang efektif memungkinkan UMKM untuk menciptakan nilai yang dipersepsikan di luar atribut fungsional (Kotler & Keller, 2016; Wijoyo et al., 2021). Penelitian ini berkontribusi pada literatur tentang branding usaha kecil dengan memberikan bukti empiris dari sebuah perusahaan kopi lokal dan menawarkan wawasan praktis bagi pemilik MSE yang mencari keunggulan kompetitif yang berkelanjutan.

Kata Kunci : strategi merek, usaha mikro dan kecil, kedai kopi, daya saing, Indonesia.

1. INTRODUCTION

Micro and Small Enterprises (MSEs) constitute a fundamental pillar of Indonesia's economy, contributing significantly to employment creation, income distribution, and local economic resilience. According to Tambunan (2019), MSEs not only function as economic units but also act as social institutions that support community welfare and entrepreneurial development. In recent years, the coffee shop industry has become one of the most dynamic sectors within the MSE landscape, driven by lifestyle changes, urbanization, and the growing coffee culture among young consumers.

The rapid growth of coffee shops has intensified competition, compelling small businesses to seek differentiation strategies beyond price competition. Branding has increasingly been recognized as a critical instrument for achieving this differentiation. Kotler and Keller (2016) define branding as a process of creating value and meaning that distinguishes a product or service from competitors in the minds of consumers. In the context of coffee shops, branding extends beyond logos and visual identity to encompass atmosphere, service quality, emotional connection, and customer experience.

Previous studies have emphasized that effective branding enables small businesses to strengthen customer loyalty and enhance perceived value. Wijoyo et al. (2021) argue that branding serves as a strategic foundation for MSEs in the digital era, allowing them to compete with larger firms by leveraging uniqueness and authenticity. Similarly, Widyawati (2024) highlights that branding-oriented strategies improve business visibility and reinforce competitive positioning, particularly for locally based enterprises.

Despite its strategic importance, many Indonesian MSEs still implement branding intuitively rather than systematically. Research by Yudha et al. (2023) indicates that limited managerial knowledge and resource constraints often hinder small businesses from developing structured branding strategies. As a result, branding activities are frequently inconsistent and lack long-term orientation, reducing their potential impact on competitiveness.

360 Coffee represents a micro-scale coffee enterprise operating in a highly competitive urban environment. The business has developed a recognizable identity through its product offerings, store ambiance, and interpersonal service approach. However, similar to many MSEs, its branding practices are largely experiential and have not yet been formalized into a comprehensive strategic framework. Understanding how branding is perceived and



implemented within such enterprises is essential for identifying practical strategies to enhance competitiveness.

Therefore, this study aims to analyze the branding strategies employed by 360 Coffee and examine their contribution to business competitiveness. By adopting a qualitative case study approach, this research seeks to provide an in-depth understanding of branding practices, challenges, and impacts on consumer perception. The findings are expected to enrich the literature on MSE branding and offer practical implications for small business owners and policymakers concerned with sustainable local economic development.

a. Branding in Micro and Small Enterprises

Branding is widely recognized as a strategic mechanism for creating differentiation and competitive advantage in business. Kotler and Keller (2016) define branding as the process of endowing products or services with meaning by shaping consumer perceptions and experiences. For micro and small enterprises (MSEs), branding plays a crucial role in building trust, emotional attachment, and perceived value, especially when competing with larger firms that possess superior financial and technological resources.

Tambunan (2019) emphasizes that MSEs in developing countries often rely on informal management practices, which limits their ability to systematically develop branding strategies. As a result, branding activities in MSEs tend to be intuitive and short-term oriented. Nevertheless, several studies suggest that even simple and consistent branding efforts can significantly enhance market recognition and customer loyalty among small businesses (Wijoyo et al., 2021).

b. Branding and Competitive Advantage

Competitive advantage refers to a firm's ability to deliver superior value compared to its competitors (Porter, 2008). In the context of MSEs, branding serves as an intangible asset that strengthens differentiation and reduces price sensitivity. Kotler and Armstrong (2018) argue that strong brands create emotional bonds with consumers, which in turn increase repeat purchases and customer retention.

Empirical studies indicate a positive relationship between branding strategies and business performance among small enterprises. Wijoyo et al. (2021) found that branding consistency, storytelling, and customer engagement significantly influence competitiveness and sustainability of MSEs in Indonesia. Similarly, Yudha et al. (2023) highlight that branding-oriented businesses demonstrate greater resilience in facing market uncertainty and competition.

c. Business Model Perspective and Branding

The Business Model Canvas (BMC) proposed by Osterwalder and Pigneur (2010) provides a comprehensive framework to understand how businesses create, deliver, and capture value. Branding is embedded across several BMC components, particularly value propositions, customer relationships, channels, and customer segments. A strong brand enhances the value proposition by offering not only functional benefits but also symbolic and emotional value.



In service-oriented businesses such as coffee shops, branding plays a central role in shaping customer experience and perception. According to Osterwalder et al. (2020), businesses that align branding strategies with their business model components are more likely to achieve coherence, customer satisfaction, and long-term competitiveness. This alignment is especially relevant for MSEs operating in highly competitive and experience-driven markets.

d. Branding in the Coffee Shop Industry

The coffee shop industry is characterized by intense competition, low entry barriers, and high customer involvement. Branding in this sector is closely associated with store atmosphere, service quality, product authenticity, and emotional experience (Kotler & Keller, 2016). Small coffee shops often rely on unique concepts, local identity, and personalized service to differentiate themselves from chain brands.

Previous research suggests that local coffee shops that successfully develop a strong brand identity are better positioned to build loyal customer communities and sustain their market presence (Widyawati, 2024). However, limited resources and managerial capacity remain significant obstacles for systematic branding implementation in micro-scale coffee enterprises.

2. RESEARCH METHOD

This study employs a qualitative descriptive research design to explore branding strategies and their contribution to business competitiveness in a micro-scale coffee enterprise. A case study approach was adopted to obtain an in-depth understanding of real-world branding practices, focusing on 360 Coffee as the unit of analysis.

a. Data Collection

Data were collected using multiple techniques to ensure credibility and data triangulation:

- 1) In-depth interviews with the business owner and employees to explore branding strategies, business values, and competitive challenges.
- 2) Direct observations of the coffee shop environment, service process, and customer interactions.
- 3) Document analysis, including promotional materials, social media content, and internal business records.

b. Data Analysis

Data analysis followed an interactive qualitative analysis process consisting of data reduction, data display, and conclusion drawing (Miles, Huberman, & Saldaña, 2014). The findings were interpreted using branding theory and the Business Model Canvas framework to identify patterns, strengths, and strategic gaps related to branding and competitiveness.

c. Research Validity

To enhance trustworthiness, this study applied triangulation across data sources and methods. Prolonged engagement and careful documentation were also conducted to ensure consistency and reliability of findings.



3. RESULT AND DISCUSSION

a. Branding Identity and Value Proposition at 360 Coffee

The findings indicate that 360 Coffee has developed a distinct brand identity centered on affordability, product consistency, and a comfortable social atmosphere. Although the business does not formally document its branding strategy, brand identity is implicitly reflected in its logo, menu presentation, store layout, and interpersonal service style. This finding supports Kotler and Keller's (2016) assertion that brand meaning is constructed through cumulative customer experiences rather than solely through visual elements.

From a Business Model Canvas perspective, the value proposition of 360 Coffee emphasizes functional value (quality coffee at an affordable price) and emotional value (a relaxed and friendly environment). This dual value proposition aligns with Osterwalder and Pigneur's (2010) view that strong value propositions integrate both tangible and intangible benefits to enhance customer satisfaction.

b. Customer Experience and Brand Perception

Observational data and customer interviews reveal that customer experience plays a central role in shaping brand perception. Customers associate 360 Coffee with friendliness, accessibility, and a sense of familiarity. Personalized interactions between staff and customers contribute significantly to emotional attachment and repeat visits. This finding reinforces Kotler and Armstrong's (2018) argument that emotional branding strengthens customer loyalty and reduces price sensitivity.

However, the study also finds that customer experience management remains informal and highly dependent on individual employees. While this approach creates authenticity, it also introduces inconsistency, particularly during peak hours or staff turnover. Similar challenges have been identified by Wijoyo et al. (2021), who note that MSEs often struggle to standardize service quality due to limited managerial systems.

c. Branding Strategy and Competitive Advantage

The analysis demonstrates that branding functions as a key source of competitive advantage for 360 Coffee, particularly in differentiating the business from nearby competitors. Rather than competing on price alone, the business leverages brand personality and customer relationships to maintain its market position. This supports Porter's (2008) concept of differentiation strategy, where competitive advantage is achieved through unique attributes valued by customers.

Nevertheless, branding activities at 360 Coffee are largely reactive and lack long-term strategic planning. Digital branding, especially through social media, is underutilized and inconsistent. This limitation reduces the brand's visibility and growth potential, echoing Tambunan's (2019) observation that many Indonesian MSEs face structural constraints in adopting strategic business practices.

d. Discussion

Overall, the findings confirm that even informal branding practices can generate competitive benefits for micro-scale enterprises. However, the absence of structured branding



planning limits scalability and sustainability. Integrating branding more systematically into the business model particularly within customer relationships, channels, and value propositions would strengthen long-term competitiveness. This aligns with Osterwalder et al. (2020), who emphasize coherence between business models and branding strategies as a prerequisite for sustainable value creation.

4. CONCLUSION

This study concludes that branding plays a significant role in enhancing the competitiveness of micro and small coffee enterprises, as evidenced by the case of 360 Coffee. Brand identity, customer experience, and emotional engagement collectively contribute to customer loyalty and market differentiation. Despite operating without a formal branding framework, 360 Coffee demonstrates that consistent brand values and interpersonal service can serve as strategic assets.

However, the study also identifies limitations related to the lack of structured branding strategy, inconsistent service delivery, and limited utilization of digital platforms. These constraints reduce the potential for long-term growth and competitiveness. The findings underscore the importance of integrating branding into the overall business model to achieve sustainable competitive advantage.

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