

Analysis of Development Strategy Based on Dynamic Capabilities in UMKM Kulea Coffee in Bandar Lampung

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ABSTRACT

This study analyzes the development strategy of UMKM Kulea Coffee in Bandar Lampung based on the perspective of dynamic capabilities. UMKM operate in a highly dynamic business environment characterized by changing consumer preferences, fluctuating demand, and increasing competition, which requires adaptive and flexible strategies. The objective of this research is to examine how UMKM Kulea Coffee applies dynamic capabilities in developing its business strategy. This study uses a qualitative descriptive approach with a case study method. Data were collected through semi-structured interviews with the business owner and internal parties, supported by observation and documentation. The analysis is based on three dimensions of dynamic capabilities, namely sensing, seizing, and reconfiguring. The results show that Kulea Coffee demonstrates sensing capability through its ability to identify changes in consumer preferences and seasonal demand fluctuations. Seizing capability is reflected in strategic decisions such as fulfilling custom requests, implementing a booking system, and adjusting menu variations during certain periods. Meanwhile, reconfiguring capability is seen in internal adjustments, particularly in improving service quality and work processes to enhance customer satisfaction. Overall, the findings indicate that the application of dynamic capabilities enables UMKM Kulea Coffee to adapt to environmental changes and supports business sustainability and competitiveness in the local market.



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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a significant role in the economy; however, they must face continuously changing business conditions, such as shifts in consumer preferences, increasingly intense competition, and fluctuations in demand levels (Liliani & Wiliana, 2018). This situation requires MSMEs to develop flexible strategies in order to survive and grow. Kulea Coffee MSME, located in Bandar Lampung, is a culinary business that experiences such dynamics, particularly in terms of flexible consumer demand and variations in the number of customers at certain times. Therefore, there is a need for a holistic strategy that is not only oriented toward resources but also toward the business's capacity to respond to changes in the business environment (Oktavia et al., 2024).

Recent studies indicate that the dynamic capabilities approach is relevant for evaluating a firm's adaptive capacity, especially through the ability to identify market opportunities (sensing), exploit opportunities (seizing), and restructure resources and internal processes (reconfiguring) (Darusman, 2017). Nevertheless, many previous studies have focused more on large companies or have employed quantitative methods, resulting in limited research that explores the application of dynamic capabilities in the MSME context, particularly in the culinary sector and within a local context (Zatia Zatia et al., 2023).

Based on this background, the purpose of this study is to analyze the development strategies implemented by Kulea Coffee MSME in Bandar Lampung through the lens of dynamic capabilities. This study is expected to provide an academic contribution by enriching the literature on the application of dynamic capabilities in MSMEs, as well as offering practical benefits as a guide for MSME actors in formulating responsive development strategies. The novelty of this research lies in the application of a qualitative approach based on a case study to empirically explore how sensing, seizing, and reconfiguring are implemented in the business activities of local-level culinary MSMEs (Prabowo et al., 2021).

2. Literature Review

Micro, Small, and Medium Enterprises (MSMEs) constitute a strategic sector in the economy as they play a crucial role in job creation and local economic growth (Aftitah et al., 2025). Nevertheless, MSMEs face various challenges, including limited resources, changing consumer preferences, and increasingly competitive business environments. These conditions require MSMEs to possess adaptive capabilities in formulating sustainable business development strategies in order to survive and remain competitive in the long term (Pratono et al., 2019).

One theoretical approach that is relevant for explaining organizational adaptive capabilities in responding to environmental changes is the concept of dynamic capabilities. Dynamic capabilities are defined as a firm's ability to continuously integrate, build, and reconfigure internal and external resources to respond to rapidly changing and uncertain environments (D. J. Teece, 2018). This approach emphasizes that competitive advantage does not solely arise from resource ownership, but rather from an organization's ability to manage and renew these resources dynamically in line with changes in the business environment.

Dynamic capabilities generally consist of three main dimensions: sensing, seizing, and transforming (Choridatul & Eko, 2024). Sensing refers to an organization's ability to identify market opportunities and threats, including shifts in consumer needs and technological developments. Seizing relates to the organization's ability to respond to identified opportunities through strategic decision-making and effective resource utilization. Meanwhile, transforming reflects the organization's capability to renew and adjust its structures, processes, and business models to maintain alignment with continuously evolving environmental demands (D. Teece et al., 2016).

In the context of MSMEs, the application of dynamic capabilities becomes increasingly important given their limited resources and the high level of environmental uncertainty. MSMEs that are able to effectively develop sensing, seizing, and transforming capabilities tend to be more adaptive in product innovation, marketing strategy enhancement, service quality improvement, and business model adjustment (Hendayana, 2025). A number of empirical studies indicate that dynamic capabilities have a positive impact on MSME performance and competitiveness, particularly in responding to rapid market changes (Rahmayani et al., 2025).

Based on this theoretical framework, dynamic capabilities are employed as the theoretical foundation for analyzing the development strategy of Kulea Coffee MSME in Bandar Lampung. The analysis focuses on how sensing, seizing, and transforming capabilities are implemented in business activities to optimize market opportunities, manage resource constraints, and support business sustainability amid increasingly intense competition.

3. Research Methods

This study employs a descriptive qualitative approach to describe phenomena in a natural and comprehensive manner without manipulating variables. This approach is consistent with the characteristics of qualitative research, which emphasizes an in-depth understanding of situations and participants' experiences within their natural contexts, and tends to be descriptive and inductive in its data analysis (Fadli, 2021). Based on this approach, the study focuses on analyzing the business development strategies of Kulea Coffee MSME in Bandar Lampung, particularly in understanding how business actors identify opportunities, respond to environmental changes, and manage as well as develop their resources to maintain business sustainability. Furthermore, the research subjects consist of the owner and internal parties of Kulea Coffee MSME who are considered to have in-depth knowledge related to business development strategies. The selection of informants was conducted using purposive sampling, with consideration given to their direct involvement in business management and decision-making processes.

4. Results And Discussion

Based on the interview results, Kulea Coffee SMEs demonstrate fairly good adaptive capability in dealing with changes in the business environment, particularly shifts in consumer preferences and fluctuations in the number of customers. Changes in consumer preferences are not always in the form of major trends, but more often emerge as specific demands or custom requests, such as adjustments to ingredients and flavors. Kulea Coffee's response to these conditions reflects the business's ability to capture market opportunities (sensing capability), namely by understanding consumer needs directly through daily interactions and customer feedback.

This sensing capability is then followed by concrete actions in the form of fulfilling consumer requests and conducting continuous evaluation. When consumer requests are feasible to fulfill, Kulea Coffee makes direct efforts to provide them, while requests that are not yet available are used as considerations for future development. In addition, the business actors are also sensitive to seasonal changes in the number of customers, especially during the month of Ramadan. To anticipate surges in demand, Kulea Coffee implements a booking system and adds menu variations during certain periods. This strategy indicates the presence of the ability to reconfigure resources (seizing capability) so that market opportunities can be utilized optimally.

In facing market dynamics and competition, Kulea Coffee does not only focus on products, but also pays attention to external conditions such as major event moments in the surrounding environment. Adjustments are made through promotional activities and simple events aimed at attracting consumer attention. This strategy reflects the business's ability to take advantage of contextual opportunities and strengthen relationships with customers, which is an important part of MSME development amid increasingly dynamic competition.

From the innovation perspective, Kulea Coffee places greater emphasis on improving service quality rather than product innovation. Service innovation is realized through the evaluation of work processes, particularly in improving service speed and convenience based on consumer input. The emphasis on service quality is in line with the study by (Kindström et al., 2013), which states that service-based innovation plays a significant role in increasing customer satisfaction and loyalty, especially in service sectors such as coffee shops. Improvements in cooking methods and service flow represent Reconfiguring Capability, namely the business's ability to make internal adjustments to remain relevant to market needs. Although there have not yet been significant changes in the use of raw materials, equipment, or human resource structure, consistency in the use of premium ingredients demonstrates the business's commitment to maintaining product quality.

Overall, the research results show that Kulea Coffee's development strategy reflects the concept of Dynamic Capabilities through the ability to sense market changes, seize opportunities, and gradually carry out internal adjustments. These findings are consistent with the theory by (Farida et al., 2022), which explains that in dealing with dynamic business environments, MSMEs must have the ability to agilely transform their resources to achieve sustainable competitive advantage, referred to as dynamic capabilities. The business owner's expectations for Kulea Coffee to become more widely recognized, achieve stable sales, and provide better services in the future are aligned with the need to strengthen dynamic capabilities as a foundation for the sustainability and competitiveness of MSMEs in Bandar Lampung.

Tabel. 1 Data Interview and Observation

Dynamic Capabilities	Indikator	Implementasi	Temuan
Sensing	Sensitivity to market trends	Observing coffee consumer preferences	Owner interview
Seizing	Decision making	Adding new variants	Sales data
Reconfiguring	Resource adjustment	Reorganizing the work system	Observation

Source: Data Interview

5. Conclusion

Using the Dynamic Capabilities approach, this study shows that the Kulea Coffee MSME in Bandar Lampung has implemented an adaptive business development strategy in facing the dynamics of the business environment. Sensing capability is evident in the business actors' sensitivity in identifying changes in consumer tastes and fluctuations in the number of buyers through direct interaction and customer feedback. This capability allows Kulea Coffee to understand market needs more accurately and contextually. Furthermore, seizing capability is evident in the business actors' efforts to capitalize on emerging opportunities, such as fulfilling special consumer requests, implementing a booking system, and adjusting menu variations during certain periods, especially when there is an increase in seasonal demand. This strategy demonstrates flexible and responsive decision-making despite the limited resources owned by the MSME. Kulea Coffee's reconfiguration capabilities are reflected in internal adjustments, particularly to service and work processes. The focus on improving service quality, workflow efficiency, and consistent use of quality raw materials demonstrates the company's commitment to maintaining customer satisfaction and business sustainability. While changes to its resource structure have not been significant, the gradual adjustments implemented have bolstered its competitiveness.

Overall, the use of the Dynamic Capabilities approach demonstrates that the ability to seize opportunities, capitalize on them, and sustainably adapt resources is a crucial factor in MSME development strategies. These findings are expected to serve as a practical reference for other MSMEs in formulating adaptive strategies, while also enriching academic studies on the application of Dynamic Capabilities in the culinary sector at the local level.

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