## **ABSTRACT**

The background of this research is that MSME is one of the business sectors that can be developed in the national economy. The city of Bandung is one of the cities that has a positive impact on the development of MSMEs, especially the food and beverage industry. One of them is coffee shops which continue to grow rapidly every year, so that the level of business competition from coffee shops is very competitive, as in D Lima Satu Coffee which has experienced unstable income for two year. This is the background to overcome the problem so that it is necessary to formulate the right competitive strategy to gain competitive advantage.

The purpose of this study is to be able to determine the internal and external environmental conditions at D Lima Satu Coffee. In addition, to formulate appropriate competitive strategy alternatives for D Five One Coffee in facing competition in running its business.

The research method used is a qualitative descriptive method with a case study approach. Data analysis was obtained from primary data which was carried out by direct interviews and observation, secondary data was obtained from reference books, journals, company internal data and articles sourced from the internet. The sample in this study used a purposive sampling method with six informants. The credibility of this research data uses source triangulation. The data analysis technique used uses the IFE, EFE, IE, SWOT, and QSPM matrices which refer to the results of internal and external analysis in the D Lima Satu Coffee environment.

This study produced an IFE matrix score with a score of 2.73 and an EFE matrix score with a score of 2.64. Thus it can be interpreted that position D Lima Satu Coffee is in cell V of the IE matrix, namely the hold and maintain strategy. Based on the results of the SWOT matrix, 6 alternative strategies are obtained consisting of 4 market penetration strategies and 2 product development strategies. Based on the results of the QSPM matrix, the alternative priority strategy is market penetration.

The recommended strategy for D Lima Satu Coffee to face competition is to provide a menu for making your own coffee using the tools at D Lima Satu Coffee.

**Keywords:** Competitive Strategy, Competitive Advantage, IFE, EFE, IE, SWOT, QSPM