

IMPLEMENTATION OF BRANDING STRATEGY AND PRODUCT INNOVATION IN EXPANDING MARKET ACCESS FOR COFFEE SHOP SMEs IN KENDARI CITY

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ABSTRACT

Growth of coffee MSMEs The growth of coffee shops in Kendari City is taking place alongside increasing business competition. In this environment, the ability to build strong branding and product innovation is becoming increasingly important for expanding market reach. However, understanding how business actors implement and interpret these two strategies in local business practices remains limited. This study aims to examine the application of branding strategies and product innovation as an effort to expand market access for coffee MSMEs. shop in Kendari City. The study used a qualitative method with a phenomenological approach. Data were collected through in-depth interviews, field observations, and documentation of informants selected based on specific considerations. The results of the study indicate that branding is not only realized through business identity, but also through the formation of trust, emotional connections with customers, and the brand's ability to remain embedded in consumers' memories. Meanwhile, product innovation is carried out through the development of menu variations, creativity in presentation, adjustments to market needs, and the creation of new elements in the product. The implementation of these two strategies contributed to increased consumer interest, the formation of loyalty, and expanding market reach. The research findings emphasize that branding and product innovation need to be managed sustainably and adapted to local consumer characteristics to support the competitiveness and sustainability of MSMEs.

Keywords : branding, product innovation, market access, MSMEs

INTRODUCTION

The development of micro, small and medium enterprises (MSMEs) in the coffee industry Coffee shops have become a vital part of the dynamics of the urban economy in Indonesia, including in Kendari City (Hartojo 2023) . Changing consumer patterns and preferences, increasingly influenced by social media, brand experience, and the desire to

derive added value from a product, have driven changes in the function of coffee shops. shop (Muflikh, Zamborita, and Burhani 2024) . Coffee shops are no longer seen simply as places to buy drinks, but have also evolved into consumption spaces that present identity, experience, and social symbols for consumers (Farouqi et al. 2025) . In this situation, the implementation of a consistent branding strategy and the development of product innovation are important aspects in increasing consumer appeal, strengthening brand awareness, and enhancing brand awareness . awareness), and expanding market reach (Nege 2024) . On the other hand, the development of digital technology opens up various opportunities for MSMEs to build broader communication with customers while reaching new markets (Noer, Chan, and Tresna 2025) . However, this condition also requires business actors to have the ability to adapt quickly to changes in the business environment and consumer behavior in order to maintain their relevance (Lukita and Rawat 2026) . This phenomenon places coffee MSME shops are in a condition where they have to balance daily operational needs with the demands of developing medium-term business strategies (Purwanti, Judijanto, and Thalib 2023) .

Although branding and product innovation are seen as important elements in expanding market access, in practice there are still many coffee MSMEs shops that face obstacles in developing and implementing them systematically and sustainably. This condition can also be found in a number of coffee businesses. Shops in Kendari City are characterized by inconsistent brand identity implementation, limited use of digital media and technology, and product development that is more often carried out in response to emerging trends than as part of long-term innovation planning (Fluhrer and Brahm 2026) . Furthermore, business actors' focus on meeting daily operational needs often results in strategic agendas, such as strengthening brand identity and sustainable product development, often not being prioritized (Moleté et al. 2025) . This condition ultimately results in opportunities to expand market access not being fully utilized (Noer, Chan, and Tresna 2025) . This potential, whether through increasing the number of consumer visits, building customer loyalty, or expanding market reach by utilizing digital platforms, is still open and has not been fully realized by coffee MSMEs. shop in Kendari City (Wartiningsih, Mustofa, and Sinaga 2024) . Based on the findings (Fluhrer and Brahm 2026) in their research, it shows that the application of integrated marketing communication strategies in a number of coffee shops Shop significantly contributes to increasing brand awareness. This influence is supported by consistent messaging, promotional activities, and consumer engagement in marketing activities. The study also confirms that the integration of a brand's visual identity with interactive activities through digital media plays a crucial role in building brand awareness. Meanwhile, the findings (Chang 2025) shows that structured digital branding management can help build a strong brand image while creating closer emotional connections with customers. This then has a positive influence on consumer preferences and their tendency to recommend others.

In contrast to these findings, (Malesu and Syrovátka 2025; Molina-abril, Calvet, and Juan 2025) found that the decision-making process of coffee shop owners is still heavily influenced by operational needs and efforts to minimize business risks. As a result, branding and product innovation are not always prioritized in market expansion strategies. These differences in results indicate that the application of branding and innovation in coffee shop business practices is not optimal. Coffee shops have diverse characteristics and do not always operate according to the assumptions put forward in theoretical perspectives. Although various studies have shown that branding and innovation play a significant role in strengthening the position of coffee shops Regarding the market for coffee shops , the available studies to date tend to be fragmented. Some studies discuss branding and product innovation as separate aspects, while others focus more on the use of digital media as a promotional tool. On the other hand, research using a descriptive phenomenological approach that combines these two aspects and explores the experiences of MSMEs in depth remains relatively limited.

This understanding is necessary to examine how business owners make decisions, balance marketing investment allocation with operational needs, and interpret consumer responses in the local business environment. The research gap that remains apparent is primarily related to the limited number of descriptive phenomenological studies that capture the subjective experiences of coffee shop owners and managers. Shops in implementing branding and product innovation. This includes how brand identity is formed and developed, how business owners prioritize innovation, and how these decisions impact efforts to expand market access. Research (Fluhrer and Brahm 2026) and findings (Chang 2025) demonstrates the importance of integrating communication strategies and digital branding . Meanwhile, (Malesu and Syrovátka 2025; Molina-abril, Calvet, and Juan 2025) highlight that various operational demands and constraints in business practices can hinder optimal strategy implementation. These findings demonstrate the need for research capable of identifying and understanding the internal mechanisms that influence strategy implementation at the business level. In this context, Kendari City is a relevant location for study because it reflects the development of a growing regional market. Its consumer characteristics are formed from a combination of local values and customs, the increasing use of digital technology, and the development of entrepreneurial activity in the creative sector. This situation provides an interesting opportunity to understand how MSMEs adapt their strategies to face changes in the business environment, particularly in the process of transitioning from conventional local business management patterns to more structured management practices that are able to optimally utilize digital technology. Therefore, this research is directed to examine the implementation of branding strategies and product innovation carried out by coffee MSMEs shop in Kendari City as part of an effort to expand market access.

More specifically, this study focuses on identifying the forms of branding implemented by business actors, how the process and prioritization of product innovation development are

carried out, and how these two aspects are related to expanding consumer reach, both through offline and online channels. The novelty of this study lies in the effort to integrate branding and product innovation perspectives into a single descriptive phenomenological analysis framework to understand the mechanisms underlying the expansion of market access in coffee MSMEs shop. This research is expected to provide two forms of contribution. From an academic perspective, the research can enrich studies on MSME marketing strategies, particularly in the context of business development in mid-sized cities. Meanwhile, from a practical aspect, the research results are expected to produce recommendations tailored to local conditions for MSME actors, business assistants, and policymakers in formulating more relevant and targeted interventions amidst digital developments and increasingly complex business competition dynamics.

RESEARCH METHODS

This study employs a descriptive phenomenological approach aimed at understanding the experiences and subjective meanings of MSMEs regarding branding and product innovation. This approach was chosen because phenomenology allows researchers to explore social realities based on the direct experiences of informants as the primary source of information. The study was designed descriptively and interpretively using phenomenological methods, so the focus of the study is not on hypothesis testing but on understanding the meaning behind branding and innovation practices in coffee businesses shop. The research population includes coffee MSMEs. The research was conducted at coffee shops operating in Kendari City, with informants selected purposively. The informants included owners, managers, and baristas who had an understanding of business management and consumer relations. Kendari City was chosen as the research location because it has the characteristics of a growing, dynamic urban market, influenced by digitalization and changing coffee consumption trends. Data collection was carried out through observation, in-depth interviews, and documentation in stages to obtain contextual information. Furthermore, the data were analyzed using the Miles and Huberman model, which includes data reduction, data presentation, and conclusion drawing. This model was used because it provides systematic and flexible analysis stages in understanding qualitative data in depth.

RESULTS AND DISCUSSION

Branding

This study, it shows that branding in coffee SMEs Coffee shops in Kendari City are not limited to the use of logos or visual aspects of the business, but also include the creation of an identity that can foster trust, closeness with consumers, and the ability of customers to recognize and remember a brand. An identity that is consistently implemented through quality service, the creation of a distinctive atmosphere, and close communication patterns

with customers can make consumers feel more comfortable and trust the business. This condition ultimately helps strengthen the relationship between coffee shops and coffee shops. shop with its consumers. This finding is in line with research (Fluhrer and Brahm 2026; Wu 2025) which shows that brand image, brand trust, and consumer experience are elements that contribute to the formation of customer loyalty. Research on brand Identity research also shows that a clear brand identity can make it easier for consumers to recognize and remember a product, thus strengthening a business's position in the market. However, findings (Malesu and Syrovátka 2025; Molina-abril, Calvet, and Juan 2025) This situation presents a different situation, as coffee shop managers' decisions are more influenced by operational needs and daily risks. This means that branding isn't always a strategic priority for market expansion. Therefore, branding success is determined not only by visual attributes but also by the business owner's ability to manage them consistently and sustainably.

Product innovation

The results of the study show that product innovation in coffee MSMEs Shops in Kendari City are realized through developing menu options, increasing creativity in presentation, adapting products to consumer preferences, and creating new experiences that align with evolving consumption trends. Efforts to update menus and presentation methods can elicit a positive response from consumers because the products are perceived as more attractive, differentiated, and able to meet their desired experience needs. These findings align with research (Noer, Chan, and Tresna 2025). that product updates can be an important effort for businesses to maintain their existence amidst competition. In addition , the findings (Lisboa et al. 2025) This indicates increasing consumer interest in products that offer unique flavors, stories behind the product, and creative presentation concepts. Thus, innovation is no longer merely a complement but is beginning to occupy a crucial role in marketing strategies. However, innovation that merely follows short-term trends can pose risks to the consistency of a business's identity and development direction. Therefore, MSMEs need to consider the balance between novelty, local consumer needs, market characteristics, and business sustainability when developing products.

Market access

Based on The results of the analysis and findings of this study show that expanding market access for coffee MSMEs The growth of shops in Kendari City can be seen through increased consumer interest in purchasing, the emergence of repeat customers, and an increase in consumer reach through positive experiences and direct recommendations. The balanced implementation of branding and product innovation not only encourages consumers to try products but also encourages them to return due to a comfortable experience, trust in the business, and benefits perceived as meeting their needs. These findings align with the findings of (Farouqi et al. 2025) that product quality, atmosphere, and service are important elements in encouraging repeat purchases and building emotional

bonds with customers. Other research, such as (Silalahi 2024) , also shows that found that word-of-mouth communication and loyalty programs have a positive influence on customer loyalty. This shows that market expansion does not solely depend on promotional activities through digital media, but also requires consistently maintaining relationships with customers. On the other hand, the presence of social media does not necessarily directly result in loyalty if it is not supported by a satisfying consumption experience. Therefore, market access for coffee Shop can be understood as the result of a combination of product quality and value, service experience, and long-term relationships with consumers, not just as the impact of extensive promotional exposure.

Strategy implementation

Based on The analysis and findings of this study indicate that business sustainability and competitiveness are supported by several aspects, particularly consistency in running the business, the ability to adapt strategies to local conditions, and readiness to face increasingly competitive markets. Business consistency can be seen from the efforts of MSMEs to maintain service quality, taste quality, and brand character so that it remains easily recognized by consumers. Meanwhile, adaptation to local conditions is reflected in menu development, the creation of a cafe atmosphere, and the use of communication patterns that are in accordance with the character and customs of the local community. These findings align with research (Sipos et al. 2025). that product innovation, the use of digital marketing, and the application of sustainability principles can support increased business appeal and sales. Furthermore , the findings (Molina-abril, Calvet, and Juan 2025) The ability to adapt facilities, service quality, business location, and pricing to local market conditions is crucial for maintaining business continuity. However, reliance on temporary strategies can be a barrier if not accompanied by long-term planning. Responding to momentary changes may not necessarily create sustainable advantages. Therefore, competitiveness needs to be built through consistent strategies that are relevant to local consumer characteristics and able to keep pace with broader market developments.

CONCLUSION

Based on the research results, it can be concluded that the implementation of branding and product innovation is an important part in supporting the expansion of market access for coffee MSMEs. shop in Kendari City. Branding is not only related to visual aspects, but also encompasses the formation of a business identity, consumer trust, emotional connections, and the brand's ability to remain memorable to customers. These elements are fundamental to establishing a business's position amidst growing competition. At the same time, product innovation through developing menu options, creative presentation, adapting to consumer preferences, and creating elements of novelty can increase customer interest and support loyalty. Expanding market access is also more likely to be achieved if the strategy is

implemented consistently, taking into account local community characteristics, and accompanied by efforts to maintain long-term competitiveness. Therefore, branding and product innovation need to be viewed as two strategic aspects that support each other in maintaining business sustainability. MSMEs are advised to consistently maintain their brand identity while updating products based on local market needs. Local governments and supporting institutions can also play a role by strengthening capacity in digital branding , menu development, and marketing strategies that align with regional characteristics. Future research can broaden the perspective by involving consumers as informants to gain a more comprehensive understanding of market access dynamics.

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