



Porter's Five Forces Analysis for MSME Development Strategies; A Case Study of the Bakso Meletup MSME

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Abstract: *This study aims to analyze the competitive environment and formulate development strategies for the Bakso Meletup micro, small, and medium enterprise (MSME) using Porter's Five Forces framework. This research employed a descriptive qualitative approach, with informants selected purposively, including the business owner, employees, suppliers, and consumers. Data were collected through observation, interviews, and documentation and analyzed descriptively. The findings indicate that rivalry among existing competitors is high, driven by the large number of similar culinary businesses in Palembang. The threat of substitute products is also high, as consumers can easily access alternatives such as chicken noodles, seblak, cilok, and cimol at relatively lower prices. Buyer bargaining power is moderate, because consumers can switch to cheaper alternatives, although Bakso Meletup's distinctive menu and bulk-purchase options help maintain customer interest. Supplier bargaining power is high, primarily because the business depends on a single supplier for its main raw material, beef, giving the supplier considerable influence over raw material prices. Based on these findings, the recommended strategies include strengthening product differentiation, improving service quality, optimizing digital marketing, building customer loyalty, and developing alternative supplier relationships to support business competitiveness and sustainability.*

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Introduction

The Indonesian economy continues to show strong growth amidst global uncertainty. Economic growth is projected to reach 5.11 percent in 2025, supported by increased activity in various business sectors, particularly the services sector, as well as growth in exports of goods and services (Central

Statistics Agency, 2026). This situation also increases people's purchasing power and has a positive impact on the development of Micro, Small, and Medium Enterprises (MSMEs). The contribution of MSMEs to Gross Domestic Product (GDP) reaches 61.07 percent, prompting the government to continue providing support through various policies, one of which is the extension of the 0.5 percent Final Income Tax (PPh) for MSME taxpayers until 2029 (Ministry of Finance, 2026). Furthermore, after surviving the Covid-19 pandemic through online sales, MSMEs continue to adapt to developments in digital marketing as an effort to maintain business competitiveness (Esa Unggul University, 2024).

Among the various MSME sectors, the culinary sector is one that continues to experience growth because it is related to the basic needs of the community and is supported by the increasing number of business actors. In South Sumatra Province, Micro and Small Industries (IMK) are dominated by the food industry with a total of 38,197 businesses or 49.17 percent of the total IMK, while the number of MSMEs in Palembang City in 2024 reached more than 93,000 business units dominated by food processing at 35 percent (Central Statistics Agency of South Sumatra Province, 2026; Palembang City Government, 2025). This condition shows that the market opportunity for the culinary sector is still very large, but at the same time it also increases the intensity of competition so that business actors are required to be able to develop appropriate business strategies to maintain the sustainability of their businesses.

Despite its promising prospects, MSMEs in the culinary sector still face various challenges that can impact business performance. In February 2026, annual inflation reached 4.76 percent, with the food, beverage, and tobacco group experiencing a 3.51 percent price increase. The rising prices of various commodities, such as chicken, rice, shallots, and eggs, as key ingredients in food products, have led to increased production costs, potentially depressing business profits (National Statistics Agency, 2026). In addition to pressures on production costs, rapidly changing culinary trends have also intensified competition among businesses, necessitating business development strategies that can enhance competitiveness.

Bakso Meletup, a culinary MSME in Palembang, also faces this problem. Bakso Meletup has been operating since 2018 and offers a variety of products and has opened branches. However, its financial records are still kept simply using a cash book that only records daily income and capital deductions without more detailed records. In terms of marketing, despite utilizing social media platforms like Instagram and TikTok, as well as delivery services like GoFood, ShopeeFood, and GrabFood, digital marketing has not been optimal due to difficulties in determining content ideas, promotional designs, and utilizing social media as a marketing tool. This situation presents a challenge amidst the growing number of meatball businesses in Palembang, which increases market competition.

Business development efforts not only require improvements in production, finance, marketing, and human resources, but also require an understanding of the industry's competitive structure through Porter's Five Forces analysis. This analysis allows business actors to identify competitive conditions based on the strength of competition between competitors, the threat of new entrants, the threat of substitute products, the bargaining power of buyers, and the bargaining power of suppliers, so that strategies are more appropriate to the business conditions faced. Previous research shows that high buyer bargaining power and competition between business actors demand product differentiation and improved service quality (Sahi et al., 2024), while the threat of substitute products and new entrants encourages the importance of innovation and brand strengthening (Pratama et al., 2025). Furthermore, Porter's Five Forces analysis has been proven to determine strategic direction through differentiation, service, and promotion (Antoni & Timothy, 2024).



Based on these conditions, this study aims to analyze the condition of Bakso Meletup MSMEs from the aspects of production, finance, marketing, and human resources, analyze the condition of business competition using Porter's Five Forces, and formulate business development strategies that are in accordance with the conditions of the Bakso Meletup business. This research is important because it is expected to provide strategic recommendations for the development of MSMEs in the culinary sector in facing increasingly high competition. The novelty of the research lies in the focus of the study which specifically analyzes the development strategy of the Bakso Meletup business by integrating the analysis of the internal conditions of the business and the structure of industrial competition using Porter's Five Forces, thus producing more concrete strategic recommendations in accordance with the actual conditions of the business.

Research methods

This study employed a qualitative approach with a descriptive method. Qualitative research is a method used to understand a phenomenon in depth based on perceptions of the object under study, with the analysis results presented descriptively (Sahir & Afni, 2021). The study was conducted at the Bakso Meletup MSME located on Jalan Residen H. Amaluddin, Sukamaju, Sako District, Palembang City, South Sumatra. The study focused on analyzing business development strategies based on entrepreneurial aspects, including production, finance, marketing, human resources, and Porter's Five Forces analysis.

The research instrument used interview guidelines, observation sheets, and documentation as tools to obtain research data. The data used consisted of primary and secondary data. Primary data was obtained directly through interviews with business owners, raw material suppliers, employees, and consumers of Bakso Meletup. Next, the data was analyzed descriptively through the stages of data reduction, data presentation, and drawing conclusions. The analysis was carried out by examining the condition of MSMEs based on aspects of production, finance, marketing, and human resources, then continued with Porter's Five Forces analysis which includes competition between competitors in the industry, the threat of new entrants, the threat of substitute products, the bargaining power of buyers, and the bargaining power of suppliers.

The research subjects were determined using purposive sampling, which selects informants based on specific considerations and characteristics that align with the research objectives (Sari et al., 2023). The research informants consisted of the owner of the Bakso Meletup MSME as a key informant because he has in-depth knowledge of business conditions, including production processes, finance, marketing, human resources, and business competition. In addition, raw material suppliers and consumers were selected to obtain information on supplier and buyer bargaining power, while employees served as supporting informants to strengthen and compare information obtained from key informants. Informants were selected based on the criteria of understanding the conditions of the Bakso Meletup MSME, being directly involved in business activities, and being willing to provide objective information regarding product quality, service, and factors influencing purchasing.

The research procedure began with determining the location and focus of the research on the Bakso Meletup MSME. The next stage involved data collection through observation, in-depth interviews, and documentation to obtain information related to the business conditions. The data obtained were then classified and analyzed based on aspects of production, finance, marketing, human resources, and Porter's Five Forces to identify competitive conditions, opportunities, and threats facing the business. The results of the analysis were then used as a basis for formulating a business development strategy for the Bakso Meletup MSME, then compiled into research results, conclusions, and recommendations.



Results and Discussion

Financial Aspects

Table 1. Expenditure of Bakso Meletup

Information	1 Month Expenses	2025 Expenditure
Employee salary	Rp. 6,000,000	Rp. 72,000,000
Electricity	Rp. 1,500,000	Rp. 18,000,000
Water	Rp. 500,000	Rp. 6,000,000
Internet	Rp. 400,000	Rp. 4,800,000
Raw material	Rp. 31,000,000	Rp. 372,000,000
Rent	Rp. 900,000	Rp. 10,800,000
Total	Rp. 40,300,000	Rp. 483,600,000

Source: Meatballs Erupt (2026)

Based on the data in Table 1, Bakso Meletup's total expenses, the largest of which comes from purchasing raw materials, are recorded. All expenses are recorded in an expense book maintained by the owner of Bakso Meletup. Based on interviews conducted, Bakso Meletup's net profit is as follows:

Table 2. Recording of Net Profit of Bakso Meletup

Month	Year		
	2023	2024	2025
January	Rp. 5,190,000	Rp. 1,160,000	Rp. 2,432,178
February	Rp. 2,390,000	Rp. 4,903,000	Rp. 12,600,047
March	Rp. 9,940,000	Rp. 3,950,000	Rp. 7,991,491
April	Rp. 4,590,000	Rp. 12,150,000	Rp. 2,194,927
May	Rp. 5,690,000	Rp. 2,200,000	Rp. 15,157,082
June	Rp. 6,250,000	Rp. 17,195,800	Rp. 18,216,735
July	Rp. 8,150,000	Rp. 1,715,000	Rp. 2,503,976
August	Rp. 2,295,561	Rp. 13,378,000	Rp. 1,661,728
September	Rp. 3,660,000	Rp. 15,088,200	Rp. 1,726,714
October	Rp. 910,000	Rp. 2,056,000	Rp. 5,941,000
November	Rp. 3,023,000	Rp. 3,685,560	Rp. 2,782,400
December	Rp. 3,830,000	Rp. 4,177,000	Rp. 25,045,830
Total	Rp. 55,918,561	Rp. 81,658,560	Rp. 98,254,108

Source: Meatballs Erupt (2026)

Based on the financial data in table 2, every year there is an increase, the highest income can be seen in 2025 with an income of Rp. 98,254,108 due to in that year, there were many big moments and people often attended events such as concerts and festivals so that many consumers made purchases.

Human Resources (HR) Aspects

The organizational structure at Bakso Meletup is a line structure, as authority and responsibility flow directly from superiors to subordinates through a clear chain of command. In this structure, the business owner has direct control over their subordinates. The division of duties at the Bakso Meletup MSME is as follows:

1. Business Owner

The business owner is responsible for decision-making, overseeing operational activities, managing finances and marketing of Bakso Meletup, and is responsible for business development and relationships with suppliers and buyers.

2. Production

The production department at the Bakso Meletup UMKM is responsible for preparing and ensuring the availability of raw materials, carrying out the production process into finished products, maintaining taste quality, storing raw materials and production results.



3. Preparation and Equipment

Prepare work equipment for operational needs, check the condition of the equipment to ensure it is still suitable and neat, store and organize equipment so that it is well maintained, report equipment needs whether the equipment has run out or can no longer be used.

4. Cleanliness

Cleaning the production area and other areas, maintaining the cleanliness of equipment used in operational activities, cleaning bowls and spoons that have been used by buyers and other cooking utensils, throwing away trash.

5. Service

Serve customer orders by recording and making orders according to requests, delivering orders to customers, providing information about product menus to customers, handling customer complaints.

The business owner provides direct guidance to employees on the production process, the business environment, and how to properly serve customers. Bakso Meletup employees work from 8:00 a.m. to 10:00 p.m. daily. However, if they exceed the stipulated working hours, they will receive overtime pay of Rp 5,000 per hour and a bonus of Rp 25,000 per week for employees who have been with the company for more than two months and demonstrate good performance and discipline.

Table 3. Employee Data for Bakso Meletup

No	Name	Gender	Education	Part
1.	Yeni Setioningsih	Woman	S1	Business Owner
2.	Syifa	Man	SENIOR HIGH SCHOOL	Production and Service
3.	Indra	Man	SENIOR HIGH SCHOOL	Production and Cleanliness
4.	Julia	Woman	SENIOR HIGH SCHOOL	Service and Equipment Preparation
5.	Iis	Woman	SENIOR HIGH SCHOOL	Production
6.	Isnaini	Woman	SENIOR HIGH SCHOOL	Service and Equipment Preparation

Source: Meatballs Erupt (2026)

Marketing Aspects

According to Melinasari et al., (2023) To develop a marketing plan, four elements are required: product, price, promotion, and place. Based on interviews, Bakso Meletup has implemented marketing based on product, price, promotion, and place, as follows:

1. Product Strategy

According to Kotler and Keller (2009), product strategy includes quality, features, design, brand, packaging, and product variations. Based on the interview results, Bakso Meletup has marketed its products by having a brand identity in the form of a logo design, banners that are characteristic and differentiating from other businesses. In addition, Bakso Meletup has also displayed a menu list in the outlet, prioritizing the quality of taste, namely the dominant taste of meatballs and the quality of the ingredients used. Selling various types of meatballs and providing frozen meatballs that can be purchased in large quantities with free sauce seasoning, and has a unique choice of spicy red sauce and broth that is the choice of consumers. In addition, Bakso Meletup has menu innovations for various consumer groups such as Mozzarella Meatballs which are popular among young people, tendon

meatballs with tendons which are usually popular among parents and lovers of chewy textures, Bakso meletup with chili filling which are popular with spicy lovers.



Figure 1. Bakso Meletup Product
 Source: Author (2026)

2. Pricing Strategy

According to Kotler and Armstrong (2018), A good pricing strategy takes production costs into account and provides a reasonable profit margin. Based on interviews, Bakso Meletup benefits from this pricing strategy. Based on the interviews, the following are the product prices for the Bakso Meletup MSME:

Table 4. List of Meatball Burst Menu

Product	Product Price
Meatball	
Chicken Meatballs	Rp. 10,000
Egg Meatballs	Rp. 18,000
Exploding Meatballs	Rp. 18,000
Meatballs	Rp. 20,000
Tendon Meatballs	Rp. 20,000
Small Meatballs	Rp. 13,000
Mozzarella Meatballs	Rp. 23,000
Jumbo Meatballs	Rp. 25,000
Meatballs with Tendon and Beef	Rp. 25,000
Double Meatballs	
Egg Meatballs + Spicy	Rp. 28,000
Egg + Meatballs	Rp. 28,000
Egg Meatballs + Egg	Rp. 28,000
Meatballs + Meat	Rp. 30,000
Spicy Meatballs + Spicy	Rp. 30,000
Meatballs with Tendons and Beef	Rp. 30,000
Meatball Package (Kg)	
Meatballs	Rp. 130,000
Meatballs Filled with Minced Meat	Rp. 130,000
Tendon Meatballs	Rp. 130,000
Exploding Meatballs	Rp. 130,000
Egg Meatballs	Rp. 100,000
Mozzarella Meatballs	Rp. 130,000
Chicken Meatballs	Rp. 130,000

Source: Meatballs Erupt (2026)

In determining the price, according to Kotler and Keller (2009), There is cost-based pricing, where the company sets prices above the costs incurred. Based on interviews, Bakso Meletup uses cost-based pricing with the markup pricing method, which determines prices based on the desired profit plus the total production costs.

3. Place Strategy

According to Tjiptono (2019) Place strategy is a marketing activity that seeks to expedite and simplify the delivery of goods or services from producers to consumers. This strategy includes location selection, distribution channels, transportation, and inventory management to ensure products are effectively available to consumers.

Bakso Meletup chooses a roadside location in an easily accessible area, located close to other culinary businesses so that consumers can easily find a place to eat. The reason for choosing this location is because it is on a main road and is busy with transportation, in addition to the bakso meletup business location being close to schools and offices. Not only opening one branch, but Bakso Meletup has another branch in the form of a food court in collaboration with a state-owned company, namely PT PUSRI, located at the BUMN SUMSEL House on Jl. Erip Sumoharjo, 2 Ilir, Ilir Timur II District, Palembang City.

Based on the interview results, Bakso Meletup distributes its distribution directly and indirectly. Directly to consumers through stalls, delivery applications, and social media, and indirectly through Bakso Meletup resellers. During the process of purchasing raw materials, Bakso Meletup uses private transportation in the form of cars and motorbikes, as well as in delivering products to consumers. Inventory management used by Bakso Meletup is that every day produces 12 kg of meatballs for big moments or events can produce up to 24 kg of meatballs. Meatballs that have been made are stored in the refrigerator to last longer.



Figure 2. Location of the Bakso Meletup
Source: Meatballs Erupt (2026)

4. Promotion Strategy

Bakso Meletup promotes itself both directly and indirectly. Indirectly, it promotes itself through word of mouth, through reviews from past customers and those closest to it. It also promotes online, using social media platforms like Instagram, TikTok, and WhatsApp to market its products widely. It also frequently participates in major events like concerts, Car Free Night (CFN), and food bazaars to attract large numbers of consumers. Despite its online promotion through social media, Bakso Meletup has not yet uploaded content regularly and remains unsure about content selection. Content creation and management of its social media accounts are still handled by the business owner.

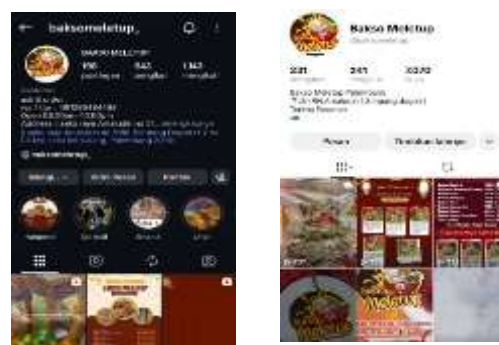


Figure 3. Bakso Eletup Social Media
Source: Meatballs Erupt (2026)

Bakso Meletup also promotes itself offline by placing horizontal banners at the front of the shop and displaying a sign at the business premises. These banners attract customers and make it easier for them to find the business.



Figure 4. Bakso Meletup Banner
Source: Author (2026)

Porter's Five Forces Analysis

Porter's Five Forces analysis is used to examine the level of competition and strength of an industry through five forces. This analysis helps business owners understand the competitive landscape they face and provide appropriate strategies. Ramli and Kartini (2022), There are several factors from the five forces, namely competition within the same industry, the threat of new entrants, the threat of substitute products, buyer bargaining power, supplier bargaining power with the following indicators:

1. Competition Between Competitors in the Same Industry

Industry growth to show how the condition of a business is developing. Based on data sources using spreadsheet extensions and information from Google Maps, the number of Meatball MSMEs in Palembang is 107 and other Meatball MSMEs that are not yet registered on Google Maps shows a lot of meatball culinary competition that becomes a competitor for Bakso Meletup so that competition is getting tighter. Bakso Meletup's revenue in 2025 has increased compared to the previous year. The current increase in material prices affects the purchase of raw materials for making meatballs, because the rising price of raw materials causes less profit. Bakso Meletup diverts it by frequently participating in events such as Car Free Night (CFN), food bazaars at concerts, and opening a food court.

Fixed costs are costs that a business must routinely incur regardless of sales, whether high or low. Based on interviews, Bakso Meletup's routine costs include raw materials, rent, electricity, water, internet, and employee costs. The largest expense comes from purchasing raw materials. Despite these fixed costs, Bakso Meletup remains profitable, as evidenced by its annual revenue increase.

Having a unique product compared to competitors can be a business advantage. Based on interviews, the owner of Bakso Meletup differentiates himself by offering a variety of meatball dishes, including mozzarella meatballs, tendon meatballs, and popping meatballs, with a choice of red and broth broth. Furthermore, Bakso Meletup maintains its signature flavor and quality. This strategy ensures the product's distinctive character, with a varied menu that attracts and retains customers.

Barriers to exit are obstacles that business owners consider when considering discontinuing their operations, even if sales are declining and competition is intensifying. Interviews revealed that barriers to exit for the Bakso Meletup business are high, as the business has already invested personal funds to open. Furthermore, the Bakso Meletup business is a primary source of income, so it must be prepared to sustain it, regardless of the circumstances.

Table 5. Competition among Competitors in the Same Industry

No	Factor	Analysis	Intensity Level
1.	Fixed Costs	Operational costs incurred.	Currently
2.	Product Differentiation	The products owned are different from other competitors	Low
3.	Exit Barriers	Meatball business is the main source of income for business owners	Tall

Source: Author (2026)

2. Threat of New Entrants

The threat of new entrants represents a barrier to entry for new players in an industry, either low or high. Low barriers, such as low capital requirements, readily available technology, and a simple licensing process, mean more businesses can enter the industry. Conversely, high barriers, such as high capital requirements, brand advantages, technological expertise, and difficult regulations, mean fewer businesses can enter the industry.(Murhadi, 2024).

Capital requirements are the costs incurred to open a business. Based on interviews, the initial capital required by business owners to open their businesses was relatively small, at Rp21,750,000, making it possible for many newcomers to open similar businesses.

Based on research results, the Bakso Meletup business is unique compared to other meatball businesses, offering a varied menu and prioritizing quality and taste. However, despite its uniqueness, meatballs are easily copied, especially by newcomers, as evidenced by several meatball businesses that already offer variations like Bakso Meletup.

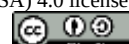
Access to distribution relates to how business owners reach consumers to sell their products. Based on interview results, To anticipate the upcoming explosion of meatballs among stall sellers in the food industry, they are anticipating this by intensifying marketing, distribution and promotional strategy activities such as Distributing sales directly to consumers via WA, Instagram, TikTok, and business premises, as well as indirectly distributing through intermediaries via resellers.

Government policies are regulations that business actors must comply with to run a business. Based on Government Regulation (PP) Number 28 of 2025 regulates the Implementation of Risk-Based Business Licensing (PBBR), The scope of the implementation of PBBR includes: basic requirements; Business Licensing (PB); Business Licensing to Support Business Activities (PB UMKU); norms, standards, procedures, and criteria; OSS system services; supervision; evaluation and policy reform; funding; resolution of problems and obstacles; and sanctions(Audit Agency of the Republic of Indonesia, 2025).

Based on the interview results, Bakso Meletup already has a business permit in the form of a Business Identification Number (NIB) which is mandatory for business owners to have so that the business is legally guaranteed, in addition, Bakso Meletup has a halal certificate where the process of making this halal certificate takes time because preparing documents and materials and the product processing process must be detailed to carry out the inspection process, Having Intellectual Property Rights (HAKI) in the form of trademark rights, Bakso Meletup so that it can be legally protected from imitation of the brand name which is the hallmark of a business. The process of making HAKI is relatively easy because it can be done online but, it takes a long time.

Table 6. Threat of New Entrants

No	Factor	Analysis	Intensity Level
1.	Capital Requirements	Opening a meatball business is relatively easy with low capital.	Tall
2.	Product Differentiation	The meatball business is unique, but it is a business that is easy to imitate.	Currently
3.	Access to Distribution	Bakso Meletup distributes its sales directly and indirectly and in easily accessible locations.	Low



4.	Government policy	Already have a business license, halal certificate and intellectual property rights for the brand	Low
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Source: Author (2026)

3. Threat of Substitute Products

Substitute products are easily available around the Bakso Meletup business premises such as chicken noodles, geprek chicken, cilok, cimol, and seblak. Based on the results of interviews, customers were found to choose similar substitute foods such as seblak and chicken noodles with a relatively cheaper price comparison. However, Based on the results of interviews with customers, having considerations such as savory taste, as well as the quality and variety of menus from Bakso Meletup that make customers still choose meatballs when they want to eat soup-soup, customers, have considerations such as savory taste, as well as the quality and variety of menus from Bakso Meletup that make customers still choose meatballs when they want to eat soup-soup. Bakso Meletup has a strategy to increase consumer bargaining power by providing alternative products that can be purchased in large quantities, in addition to having good taste quality and guaranteed halal because it already has a halal certificate.

Table 7. Threat of Substitute Products

No	Factor	Analysis	Intensity Level
1.	Relative price and quality	It is easy to get a replacement product at a relatively cheaper price.	Tall
2.	Buyer Tendency to Use Substitute Products (ease of access, availability of substitute products)	Customers often replace replacement products around the business premises.	Tall

Source: Author (2026)

4. Buyer Bargaining Power

Customers easily switch to other businesses with relatively low prices and do not experience losses if they switch to other alternatives, the results of interviews with consumers, show that apart from meatballs, customers easily switch to other alternatives, namely chicken noodles and seblak to other businesses, because there are many alternative eating places around the Bakso Meletup business premises that offer cheaper prices.

A large market share occurs when buyers purchase in large quantities, thus affecting sales revenue and product quality. Based on the interview results, Bakso Meletup has customers who buy frozen food in large quantities for big events such as Eid and New Year. In addition, Bakso Meletup also has resellers. Bakso Meletup also provides discounts to consumers who buy in large quantities. Based on the interview results, Bakso Meletup has a strategy to increase consumer bargaining power by providing alternative products that can be purchased in large quantities.

Regarding consumer influence in suppressing prices, based on interviews with Bakso Meletup employees, no customers have bargained, and consumers do not feel burdened by the prices offered. They will continue to choose Bakso Meletup's products because of their quality and uniqueness. However, interviews with the business owner revealed that customers often bargain for frozen food products purchased in bulk.



Table 8. Buyer Bargaining Power

NO	Factor	Analysis	Intensity Level
1.	Switching Costs	Customers can easily switch to other businesses with relatively cheaper prices	Tall
2.	Large Buyer Share	There are customers who buy in large quantities and there are resellers.	Low
3.	Consumer Influence in Pressing Prices	There are no customers who make offers in small quantities, make offers when purchasing large quantities	Currently

Source: Author (2026)

5. Supplier Bargaining Power

The level of supplier dominance indicates how much influence a supplier has over the supply of raw materials. If the number of suppliers is small and raw materials are difficult to obtain elsewhere, then the supplier has a strong bargaining position.

Based on interviews, the meatball business's suppliers face a high risk of failure because the main ingredient, meat, is sourced from a single supplier and there are no alternatives. The supplier offers low prices and good quality.

Based on interviews with suppliers, partner businesses receive lower prices compared to other vendors and buyers who purchase in small quantities. Suppliers rarely raise prices, as this affects customers. Supplier pricing is related to how suppliers determine prices. Interviews with the business owner revealed that the price of Bakso Meletup's raw materials is influenced by suppliers, particularly beef. The price increase was due to unavailability of beef. Currently, raw materials influence product prices; therefore, in 2026, Bakso Meletup increased the price of frozen products from Rp130,000 per kg to Rp150,000 per kg.

Based on interviews, the cost of switching suppliers at Bakso Meletup is moderate, as the change in suppliers does not affect product quality or taste. However, it does affect pricing and the timing of raw material deliveries and supplier changes.

Table 9. Supplier Bargaining Power

No	Factor	Analysis	Intensity Level
1.	Supplier Dominance Level	The main ingredient, namely meat, is obtained from one supplier and Bakso Meletup does not yet have alternative suppliers.	Tall
2.	Supplier Pricing	Meat suppliers offer lower prices to partners than other suppliers. Supplier pricing is influenced by suppliers, particularly for beef, which can lead to higher raw material and product prices.	Tall
3.	Supplier Switching Costs	Changing suppliers doesn't affect product quality or taste. However, it does affect pricing and lead times for meat material delivery and supplier changes.	Currently

Source: Author (2026)

Discussion

Production Aspects

The production aspect of Bakso Meletup has determined a clear layout starting from the serving area located at the front, then the dining area, cashier, raw material storage area, then the production area. The machine equipment used has used machines that help facilitate the production process, namely one unit of meat grinder and one unit of meatball molding machine, as well as one blender for spices. Tools for ingredients include knives, cutting boards, basins, spatulas and tools for boiling meatballs such as gas stoves, pans, strainers. The production process takes 3 hours from grinding to storing meatballs. During the production process, one mold can accommodate 6 kg to 12 kg of meatball dough which produces 12 kg to 24 kg of molded meatballs. The production process starts from preparing ingredients that have been purchased at the market, grinding spices and meat, processing the dough, forming and



boiling the meatballs, storing the meatballs, making the sauce, and finally serving. In addition, the selection of the business location is strategic, easily accessible by transportation and close to schools and offices.

According to Kashmir and Jafar (2017), The production aspect assesses a business's readiness to produce products through location, production capacity, technology, and production processes. Based on this theory, Bakso Meletup's condition is considered good and ready to operate and produce products.

Financial Aspects

From a financial perspective, a business activity is said to be healthy if it can provide adequate profits and is able to fulfill its financial obligations. (Syahputra et al., 2023) Bakso Meletup's financial records are recorded using a cash book maintained by the owner based on the stall's revenue, ShopeeFood, GoFood, and GrabFood, but detailed calculations have not been made. Monthly expenses include employee salaries, electricity, water, raw materials, internet, and rent.

Bakso Meletup's revenue increased annually from 2023 to 2025, with the highest net income in 2025, amounting to Rp98,254,108. Based on the research results, by calculating Bakso Meletup's net profit, a positive NPV value was obtained, namely $Rp189,371,481.76 > 0$ indicates that the Bakso Meletup business is considered feasible and capable of generating net profits. An IRR of $385.96\% > 5.25\%$ of the circulating interest rate at the BI rate for the May 2026 period indicates that the Bakso Meletup business is feasible with a profitable return on investment. Therefore, Bakso Meletup is declared financially feasible.

Human Resources Aspects

To achieve business goals effectively, human resources are needed, namely planning, organizing, directing, controlling. (Seto et al., 2022) Bakso Meletup has not yet clearly planned the resources needed, both in terms of quantity and the required components. Furthermore, some employees are juggling multiple roles, such as production and service, and production and cleaning, which can reduce work efficiency and impact service quality.

Bakso Meletup organizes its staff by employing five people, each with assigned duties and departments: three in production, two in preparation and equipment, three in service, and one in cleaning. Bakso Meletup selects employees based on honesty and a willingness to work, with no minimum education requirements.

The business owner provides guidance on the production process, customer service and presentation, and workplace cleanliness. The owner provides bonuses to employees who have worked well for more than two months, and overtime bonuses for those who exceed the specified working hours. The business owner's control includes monitoring the production process to ensure the meatballs are of good quality, the cleanliness of the work environment, and employee performance regarding service, discipline, and honesty.

Bakso Meletup needs to plan the number of workers needed. Furthermore, it needs to provide a more specific division of tasks to avoid duplication of work, thus ensuring more efficient work.

Marketing Aspects

To form a marketing plan, 4 elements are needed, namely product, price, promotion and place. (Melinasari et al., 2023). Bakso Meletup based on product strategy already has an identity in the form of a brand and logo that are characteristic, and offers many choices of meatball menus, with unique products such as variations of mozzarella meatballs, izian chili meatballs, tendon meatballs and red sauce that are rarely found in other meatball businesses. Bakso Meletup's pricing strategy applies cost-based pricing, namely setting prices based on production costs incurred. The price of meatballs at Bakso Meletup starts from Rp10,000 to Rp30,000 per portion and for meatball packages it is Rp100,000 to Rp130,000 per kilogram.

The strategy of Bakso Meletup's location is to be located in a location that is easily accessible by transportation and has opened a branch in collaboration with the State-Owned Enterprise (BUMN),



namely PT Pupuk Sriwidjaja (Pusri). Bakso Meletup distributes its products directly through stalls and delivery services such as ShopeeFood, Grabfood, Gofood, and social media, and indirectly through resellers. Bakso Meletup delivers products ordered through social media to the hands of consumers using private vehicles, namely motorbikes and cars. Inventory management uses three refrigerators to ensure long-lasting. Promotion strategies carried out include through word of mouth and social media, although rarely done, and often participates in events such as food bazaars, carnivals, and concerts.

Bakso Meletup's marketing strategy can be enhanced by optimally utilizing digital media, creating regular content, and collaborating with culinary influencers to achieve widespread marketing. Furthermore, frozen meatballs can be marketed on marketplaces like Shopee to reach consumers beyond Palembang.

Porter's Five Forces Analysis

1. Competition between Competitors in the Same Industry

The threat of competition from competitors in the same industry at Bakso Meletup is considered high. This finding is in line with Ramli and Kartini (2022), The higher the level of competition of a company, the higher the profitability of the industry, but the company's profitability decreases.

The growth of the Bakso Meletup industry poses a high threat. The large number of meatball businesses around the business location makes competition increasingly fierce, and rising ingredient prices impact profits. The threat of fixed costs for Bakso Meletup is moderate. Bakso Meletup incurs fixed costs such as raw materials, employee salaries, electricity, water, rent, and internet costs, which are all incurred monthly.

Product differentiation at Bakso Meletup poses a low threat due to its uniqueness compared to other competitors, giving consumers a reason to choose Bakso Meletup. Product differentiation encourages consumers to consider purchasing due to the uniqueness and quality of the product offered.

Meanwhile, exit barriers pose a high threat. This is because Bakso Meletup is the business owner's primary source of income. This makes it likely that the business owner will remain resilient despite facing challenges and intense competition. Wicaksono, (2025) explains that the higher the exit barriers, the greater the tendency of business owners to continue operating so that the number of competitors increases.

Competition among meatball businesses in the area is quite high. Therefore, Bakso Meletup implements a differentiation strategy by maintaining the uniqueness of its product compared to neighboring meatball businesses. Furthermore, it is necessary to improve service, maintain consistent taste, and maintain customer loyalty, as this business is the primary source of income for the owner.

2. Threat of new entrants

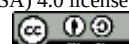
The threat of new entrants into the industry depends heavily on how easy or difficult it is for new businesses to enter. The easier it is, the more difficult the competition will be because many new businesses will open similar businesses. (Magretta, 2021). Based on the analysis results, the threat level of entry of new competitors in Bakso Meletup is classified as medium, because Bakso Meletup has a medium level of intensity in product differentiation, low intensity in distribution channels, and low intensity level in government policy factors.

The high capital requirement poses a high threat because the capital requirement is not substantial, allowing new entrants to easily enter the industry. Product differentiation represents a moderate threat. Bakso Meletup has unique product characteristics that distinguish it from other meatball competitors, but these characteristics can still be easily imitated by other businesses.

Regarding access to distribution channels, the threat level is low. Bakso Meletup distributes its products directly to consumers via social media, rather than through resellers. Bakso Meletup has a large customer base, so it will take time for newcomers to build a similar network.

Furthermore, government policies indicate a low threat level. Bakso Meletup has a business license, is halal certified, and already owns the trademark. These conditions are advantages for Bakso Meletup, but regulations pose a barrier to potential new entrants.

The strategy to face the threat of new entrants is to strengthen the brand image through promotions that explain the advantages and uniqueness of Bakso Meletup, and strengthen relationships with



customers and resellers so that there is no need to worry when there is a threat of new entrants because they already have loyal customers who are difficult for new entrants to follow.

3. Threat of Substitute Products

The threat of substitute products for Bakso Meletup is considered high. This is due to the ease of obtaining substitute products, which indicates a high threat level. Consumers can find substitute products such as chicken noodles, smashed chicken, cilok, cimol, and seblak near the business location. However, differentiation and quality are key considerations for buyers when substituting products.

The tendency for buyers to use substitute products poses a high threat. With numerous substitute product alternatives available, some consumers consider taste and quality when making a purchase. Bakso Meletup addresses this by offering bulk purchases of frozen meatballs. However, under certain conditions, and considering price and trends, consumers have the potential to switch to substitute products. Thus, in line with the theory Wicaksono (2025), if the substitute product has a better price-benefit ratio, then consumers tend to switch even though the old product already has regular customers and is widely known.

The threat of substitute products is high. Bakso Meletup needs to implement a strategy by increasing switching costs, namely continuing to innovate products and offering unique features that substitute products do not have, providing good service so that consumers continue to choose Bakso Meletup.

4. Buyer Bargaining Power

Consumer bargaining power for Bakso Meletup is in the medium category. According to Kuncoro, (2020) Buyer bargaining power is low if there are no substitute products, so buyers are forced to choose only one product. Conversely, if there are many substitute products, buyer bargaining power is high, so buyers have many choices for alternative products. It is said to be moderate due to high switching costs, but the consumer influence factor in suppressing prices is moderate, and it has a large buyer share.

The switching cost factor has a high threat because the prices offered by other places are cheaper, but if buyers want a varied menu such as red soup meatballs, explosive meatballs, mozzarella meatballs, and tendon meatballs, buyers must spend time and effort to find meatballs nearby that have unique and varied menus like those owned by Bakso Meletup. The large buyer share factor indicates a low threat level. Bakso Meletup has a strategy in the form of providing products that can be purchased in large quantities and has resellers in addition, often participating in events so as not to depend on one or a few buyers.

The threat of consumer influence in suppressing prices is low. This is because no buyers have yet made an offer and are not concerned about the price. Consumers will continue to choose Bakso Meletup products due to their superiority and uniqueness.

Even though consumer bargaining power is moderate, consumers may still switch to other competitors if they find a product that can replace their satisfaction. Therefore, Bakso Meletup needs to conduct promotions and offer discounts while maintaining taste and quality to increase customer loyalty. Furthermore, it is necessary to add value to the product through innovation and maintain quality and service.

5. Supplier Bargaining Power

Powerful suppliers will set higher prices or emphasize profit margins, thus reducing industry profitability. (Magretta, 2021) Based on the analysis, the bargaining power of suppliers at Bakso Meletup is considered high. The high level of supplier dominance, due to dependence on a single supplier, gives the supplier significant influence and has the potential to hinder smooth business operations and increase product prices.

Supplier pricing is at a high level of threat. Suppliers have influence over the pricing of raw materials for production. High supplier pricing results in decreased business profits if product prices are



not raised. Supplier switching costs are moderate; switching suppliers does not affect product quality or taste. However, it does affect prices and requires adjustments when switching suppliers.

The strategy Bakso Meletup needs to implement is to avoid relying on a single supplier. Bakso Meletup needs to seek out and collaborate with several alternative suppliers to avoid being dependent on a single supplier. Furthermore, it needs to plan its raw material inventory to anticipate price increases, delays, and other supply issues.

Conclusion

This study shows that the internal conditions of the Bakso Meletup MSME in the aspects of production, finance, marketing, and human resources still have opportunities to be developed to increase business competitiveness. Porter's Five Forces analysis shows that the level of competition among culinary business actors is relatively high, supported by the large number of similar businesses, the ease of entry of new competitors, and the high bargaining power of consumers in determining product choices. On the other hand, good relationships with suppliers and product characteristics that have a distinctive taste are strengths that can be utilized to maintain the business's position in the market. Based on these conditions, the business development strategy is directed at improving product quality, optimizing digital marketing, improving financial management, strengthening human resources, and product and service innovation so that the business is able to adapt to changes in the business environment and maintain a competitive advantage.

This study still has limitations because it was conducted on a single research object, so the results obtained cannot describe the condition of all MSMEs in the culinary sector. In addition, the analysis focused on the internal conditions of the business and the competitive structure based on Porter's Five Forces, so it has not integrated other strategic analysis approaches. Therefore, further research is recommended to involve more research objects, expand the scope of the research area, and combine Porter's Five Forces with other strategic analysis methods to obtain more comprehensive recommendations. Practically, the results of this study can be a consideration for the owner of the Bakso Meletup MSME in developing a more effective business development strategy, as well as serve as a reference for other culinary MSMEs in increasing competitiveness, strengthening marketing, and developing their businesses sustainably.

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