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Operational Strategy and Brand Competitive Advantage in MSMEs: A Case Study of Venta Footwear

Maulibian Perdana Putra[1], Stephanny Lianardo[2]
[1,2] *Institut Komunikasi dan Bisnis LSPR, Indonesia*

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ABSTRACT

This study aims to analyze the operational strategies implemented by Venta Footwear, a women's footwear MSME, and examine how these strategies contribute to the creation of brand competitive advantage. A qualitative approach was employed, with data collected through in-depth interviews with the founders and analysis of production, marketing, and technological practices. The findings show that Venta adopts a cost leadership strategy supported by flexible production through outsourced manufacturing. In addition, digital marketing through platforms such as Shopee and Instagram plays a significant role in reaching target consumers. The company successfully delivers an "affordable luxury" value by maintaining product quality while offering competitive prices. This alignment between cost efficiency and perceived value strengthens brand positioning and enhances customer trust. Furthermore, active customer engagement contributes to the development of loyalty, which supports sustainable competitive advantage. The study highlights that operational strategies, when aligned with value creation and customer perception, can extend beyond efficiency and become a key driver in building brand competitive advantage. These findings provide practical insights for MSMEs in integrating operational and branding strategies to improve competitiveness.

Keywords
Operational Strategy, Competitive Advantage, MSME, Women's Footwear, Affordable Luxury.

Corresponding Author : maulibian.pp@lspr.edu

INTRODUCTION

Indonesia is the fourth largest country in the world with a population of around 270 million people in 2022 (BPS, 2023). With such a large population, Indonesia has become one of the largest economies in the Southeast Asian region. Indonesia's economic growth faced significant challenges, particularly during the COVID-19 period starting in 2020, followed by global economic slowdown and decline in 2022 caused by the Russia–Ukraine geopolitical conflict. Indonesia's economic growth after the end of the COVID-19 pandemic improved quite well; this can be seen from the increase recorded in the third quarter of 2022, which grew strongly at 5.72% compared to 3.69% in 2021 (Bank Indonesia, 2022). This shows that Indonesia's post-pandemic economic recovery has proceeded quite well.

One indicator of the success of Indonesia's economic growth is the healthy growth of the business ecosystem. Indonesia was ranked 73rd out of 190 countries in the world in the Ease of Doing Business Report 2020, with a score of 69.8 out of 100 (World Bank, 2020). This is an improvement from the previous ranking, indicating that the Indonesian government continues to strive to simplify the process of starting and running a business in Indonesia as well as encouraging investment by both local and foreign investors. Not only is the Indonesian government taking action, but business players' optimism toward Indonesia's business growth has also increased. This is marked by a survey conducted by Bank Indonesia regarding the Business Confidence Index (Indeks Keyakinan Pengusaha/IKP) in the first quarter of 2021, which reached 105.2 points, rising from 93.4 points in the fourth quarter of 2020 (Bank Indonesia, 2022).

In running a business, one important aspect to pay attention to is operational activities, in this case related to the process of managing raw materials (inputs) and the production process which then results in outputs in the form of finished goods or services. Operational activities are closely related to success in doing business.

In today's business dynamics and with Indonesia's economy moving in a better direction, strategies are needed to conduct business in order to compete more effectively. Every company requires a business strategy to compete in its industry, whether explicit or implicit (Porter, 1998). Recent studies also show that business strategy and innovation play important roles in creating competitive advantage and improving organizational performance (Farida & Setiawan, 2022). Possessing a good business strategy within a company or business will create value and a competitive advantage that enables a company to compete both within the industry and against its competitors. Strategy is a process and a way for a company to realize and achieve its mission, targets, and objectives.

A competitive advantage, according to Porter (1998), is a way and a strategy by which a business can possess capabilities and performance that are superior to competitors within the same industry or market. One way competitive advantage can be obtained is by utilizing the internal strengths of a company.

One internal strength of a company that can be used to create competitive advantage is the production process. Production is a process in which a company creates goods or services (Heizer et al. 2017). Every company, whether large or small, in producing goods or services certainly carries out production processes as part of its business activities. The production process in a company can also be called an operational activity.

Heizer et al. (2017) further explain that a company must perform three functions to produce goods and services: (1) marketing, (2) production/operations, and (3) finance/accounting. These three functions are also essential for the sustainability of a company. All three represent internal activities carried out by a company.

Operational activities are processes within a company that transform inputs—whether raw materials, resources, information, or technology—into outputs in the form of goods and services. In operational activities there are strategies that can be carried out to enable a company to compete and have greater value, namely by being able to produce goods and services that (1) are different, (2) achieve cost leadership, or (3) are more responsive (Heizer et al. 2017).

Business Operational Strategy

To maximize effort and the effectiveness of a business, a company needs to create a mission. A company's mission can mean the purpose and main reason for its existence. A company that has a clear mission will know the direction and goals of its business in the future (Heizer et al. 2017).

After a company has a mission, the next step is how the company can achieve the mission that has been set. Business strategy is a structured and detailed plan to achieve the company's predetermined mission and objectives. Heizer et al. (2017) explain further that the operational strategy that can be used by a company to achieve its set goals can be implemented through three main concepts: (1) differentiation, which means being better or at least different; (2) cost leadership, which excels in terms of price; and (3) response, which means being able to compete in speed and responsiveness.

In addition to the primary reference that emphasizing these three operational strategies : differentiation, cost leadership, response, recent studies provide empirical evidence of their effectiveness. For example, research by Odita et al. (2025) entitled Cost Leader Strategies & Competitive Advantage shows that cost-leadership strategy can significantly increase competitiveness in small and medium enterprises through production efficiency and resource management. Meanwhile, Kehinde (2025) found that a combination of differentiation and cost leadership provides optimal results in improving the performance of beverage manufacturing companies. These findings support the relevance of Heizer's framework across various industrial contexts, including MSMEs such as Venta Footwear.

Operational Strategy

Operational activities are one of the functions that companies must carry out in running their business. As stated earlier, these strategies are implemented in the operational concept as an operational strategy (Heizer et al. 2017).

Operational Strategy: Competing on Differentiation

The main focus of a strategy to compete through differentiation is the ability to create and offer uniqueness. Uniqueness in a company or business can arise not only from the activities carried out in running its operations but also from anything originating within and carried out by the company in conducting its business. Thus, the limits of creating uniqueness in a product—whether goods or services—can come from anywhere, are broad, and are not limited merely to the characteristics of the product or service itself.

Therefore, in operational activities or those supervised by the operations manager, it is important to identify potential sources of uniqueness within a company related to the products and services produced that can increase the value of a product in the eyes of consumers.

Not only for tangible finished goods, in the service sector there is also the option of creating differentiation through experience differentiation: creating difference through the experience of using the product by engaging all five human senses so that consumers become more deeply involved and actively participate with a product.

Operational Strategy: Competing on Cost

A cost-competition strategy can be carried out by maximizing and achieving efficiency in operational activities. The main focus to be considered in a cost-competition strategy is the ability to reduce costs while still providing the value expected by consumers to the maximum in the offered product. Competing on cost does not mean offering low-quality products, nor does it mean providing products of low value to consumers, but rather emphasizes the ability of a company to produce goods efficiently.

Operational Strategy: Competing on Response

An operational strategy of competing on response emphasizes three main aspects: flexibility, reliability, and speed.

Flexibility refers to a company's ability to adjust to market needs that often change and fluctuate, whether related to product design and form or the volume of products that need to be produced.

Reliability relates to the production schedule. A reliable production schedule indicates that all activities, processes, and stages in production run according to the predetermined schedule. Certainty in scheduling, which is always accurate and consistent, can be communicated to consumers so that they can rely on and trust the company with respect to the production schedule of goods and services offered.

Speed applies not only to the delivery of goods to consumers but also to the speed of product development and the speed of the production process itself.

Competitive Advantage

The basic strategy in a business is to discover, build, and maintain a competitive advantage. Furthermore, Ceglinski (2017) explains that building and having a competitive advantage is equivalent to a key to success for a company.

Competitive advantage is obtained when a company is able to build and possess value, attributes, or implementation in business processes that are superior to competitors and capable of winning the competition (Wang, 2014). In other words, competitive advantage can be built from anything the company possesses that makes it better than competitors in a given business.

One industry currently growing in Indonesia is the footwear industry. Based on data from the World Footwear Yearbook 2024 (APICCAPS, 2024), Indonesia was the world's third-largest footwear exporter after China and Vietnam in 2022. In addition, the report mentions that Indonesia is the fifth-largest consumer of footwear products in the world, with consumption reaching 702 million pairs of shoes, equivalent to 3.2 percent of total global footwear consumption. According to data from Statista (2024), the sandal segment is the largest market segment in Indonesia compared to other shoe categories such as boots, business & formal, gym & training, running, and sneakers.

One of the business players in Indonesia's footwear industry is Venta Footwear, a local shoe brand that emphasizes several aspects in every design it creates, such as comfort, elegant models, and a luxurious appearance. With the slogan "Affordable Footwear With Luxurious Designs," Venta Footwear seeks to compete in the Indonesian shoe industry.

However, limited studies have specifically examined how operational strategies contribute to brand competitive advantage in MSMEs, particularly in the footwear industry. Based on the above explanation, the authors intend to identify and examine the analysis of business operational strategy at Venta Footwear in achieving competitive advantage.

Based on the above explanation, this study employs a qualitative case study approach through interviews with the founders of Venta Footwear to analyze the relationship between operational strategy and brand competitive advantage.

RESEARCH METHOD

The research method used in this study is a qualitative approach, which emphasizes meaning, reasoning, and the definition of a particular situation (Rukin, 2019). As explained by Creswell and Creswell (2018), qualitative research is an approach that focuses on deep understanding of a phenomenon or subject through non-numerical data, such as text, images, experiences, or human perceptions.

Furthermore, this research adopts a single case study approach. The use of one case is considered suitable because the goal is to understand a real situation in depth and within its actual context, not to generalize statistically to a wider population. A single, well-chosen case allows the researcher to explore processes, decisions, and relationships that would be difficult to capture through surveys or large-scale data. Following the view of Yin (2018) and Crowe et al. (2011), the case can represent a typical example that helps explain a broader idea — in this study, how an MSME in the footwear industry develops an affordable luxury strategy. The results of a single case are therefore aimed at developing or extending theory rather than producing numerical comparisons. To keep the study rigorous, several steps were taken, including collecting data from more than one source, providing rich contextual descriptions, and checking findings with participants. These efforts help maintain the credibility of the research and make its insights relevant for other SMEs facing similar conditions.

The data collection method used in this research involved both primary and secondary data. Primary data were obtained through interviews with informants. The interviews conducted by the researchers were structured interviews. According to Sugiyono (2020), structured interviews are interviews carried out using instruments as interview guidelines and using recording tools such as tape recorders, pictures, brochures, and other materials that can help the interview run smoothly.

The criteria for informants used were individuals who are actors in MSME businesses. Secondary data were obtained from statistical data, previous research, and other literature related to business operations and competitive advantage. The informants who became the object of the research were the two founders of Venta Footwear, an MSME producer of women's shoes that emphasizes the concept of footwear with luxurious but affordable designs.

RESULT AND DISCUSSION

Description of the Research Object

The object of this research is VENTA, a footwear brand founded by Nadia Mahmud Khan and Ratu Permas Sasmita. The two women founded the Venta women's shoe brand because they wanted to present women's shoes that are stylish, classy, and timeless at competitive prices, offering the concept of affordable luxury.

Established with the vision of providing access for women from various backgrounds to enjoy high-quality footwear products without having to incur large expenses, Venta emerges as a solution for consumers who desire a combination of aesthetics, comfort, and affordable prices.

Venta's products are designed with modern designs that follow current trends while maintaining elegant and professional values. In addition, Venta focuses on selected materials and careful production processes to ensure durability and comfort in every pair of shoes. With a primary market segmentation of young to adult women who prioritize style at an affordable cost, Venta seeks to win the hearts of its consumers. As a producer of classy yet budget-friendly women's shoes, Venta has become a relevant brand amid rising demand for quality fashion products at competitive prices in the local market.

Findings and Analysis

With the concept of affordable luxury, the operational strategy implemented by the Venta brand in producing women's shoes follows that concept. The operational strategy chosen for the production of Venta shoes is the operational strategy of competing on cost.

Operations and Production

In its operational activities, Venta adopts a cost-oriented strategy by utilizing outsourced production (makloon) rather than establishing its own manufacturing facility. This approach allows the company to reduce initial investment costs and maintain flexibility in production capacity, especially during its early stage of development.

"At first we deliberately searched on Google and we visited several places but were not satisfied, so we made samples. We went to three places and made samples, but from those three places the results were not good, so we searched again. Thank God we found the right place, namely in Ciomas." (Ratu & Nadia, 2024)

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The process of selecting production partners through several trials indicates that Venta does not focus solely on cost efficiency but also considers product quality as an important factor. This is relevant to the brand's concept of "affordable luxury," where maintaining a balance between cost and quality is essential. Consistency in product quality plays a role in shaping customer trust, which is a key component in building brand competitive advantage.

The use of makloon also provides operational flexibility, allowing Venta to adjust production volume based on demand. However, this strategy also creates dependence on external partners, which may affect consistency in the long term. Therefore, maintaining strong relationships with production partners becomes important not only for operational performance but also for sustaining the brand's value proposition.

Cost Efficiency and Value Creation

Cost efficiency is one of the main focuses in Venta's operational strategy. The company seeks to minimize production and operational costs while still delivering products that meet customer expectations.

"Choosing the right vendor is really important to get a price that is not expensive but still good; that's what allows us to maintain prices that are not high. Besides that, for now maybe for packaging costs we also don't spend too much because we focus more on the shoes." (Ratu & Nadia, 2024).

This statement shows that Venta prioritizes value creation by allocating resources to aspects that are directly perceived by customers, particularly product quality. From a branding perspective, this approach supports the formation of perceived value, where customers evaluate the product as having higher quality relative to its price.

By maintaining affordable prices without significantly reducing quality, Venta strengthens its positioning as an "affordable luxury" brand. This alignment between cost efficiency and perceived value becomes an important factor in creating brand competitive advantage, as it differentiates Venta from competitors that may either offer lower prices with lower quality or higher quality with significantly higher prices.

Marketing and Sales

Venta utilizes digital platforms such as Shopee and Instagram as its primary channels for marketing and sales. These platforms enable the company to reach a broader audience while maintaining relatively low marketing costs. Promotional strategies, including discounts and interactive communication, are used to attract potential customers and increase engagement.

"For sales to mutual friends we already know, usually they approach us directly, and the interaction is more casual and friendly. Sometimes we can give them a discount because we know them, or we ask them to promote if they happen to have quite a lot of followers." (Ratu & Nadia, 2024).

In addition to digital platforms, Venta relies on word-of-mouth promotion, particularly through personal networks and social media exposure. This approach creates a more personal connection with customers and enhances trust, as recommendations often come from people within the customer's social circle.

From a brand perspective, these marketing activities contribute to building brand awareness and reinforcing the brand's image as accessible, stylish, and customer-oriented. The consistent communication of the "affordable luxury" concept through these channels supports the development of a clear and recognizable brand identity.

Technology Adaptation

Venta's use of technology is currently focused on basic digital tools, particularly for marketing and customer communication. Platforms such as Instagram and Shopee are used not only for promotion but also for interacting with customers and managing transactions.

Although the company has not yet implemented advanced technologies such as data analytics or automated systems for decision-making, the existing use of digital platforms is considered sufficient for its current scale of operations. The ability to respond quickly to customer inquiries and feedback through these platforms reflects a level of responsiveness that supports customer satisfaction.

This responsiveness contributes indirectly to the brand's image as approachable and attentive to customer needs, which strengthens the emotional connection between the brand and its customers.

Customer Response

Customer responses to Venta's products are generally positive, particularly regarding the balance between price and quality. Many customers express surprise at the affordability of the products compared to their perceived quality.

"On average they are shocked by the price, which seems too cheap for shoes of this quality, because usually they can also touch them if they are our friends, and yes, they are excited to wait for the next products." (Ratu & Nadia, 2024)

This reaction indicates that customers perceive the products as having high value, which supports the brand's positioning as "affordable luxury." In addition, customers actively provide feedback and suggestions for new designs, both directly and through digital platforms.

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Customer involvement in product development reflects a high level of engagement, which contributes to the creation of stronger relationships between the brand and its customers. This engagement not only enhances customer satisfaction but also supports the development of loyalty, which is an important element of sustainable brand competitive advantage.

CONCLUSION

This study analyzes the operational strategies implemented by Venta Footwear and examines how these strategies contribute not only to operational efficiency but also to the creation of brand competitive advantage. The findings indicate that Venta's approach, which emphasizes cost efficiency, flexible production, and digital marketing, plays a significant role in shaping customer perception and strengthening its brand positioning in the women's footwear market. The implementation of cost-efficient production through outsourced manufacturing enables Venta to offer products at relatively affordable prices while maintaining acceptable quality. This alignment between price and perceived value reinforces the brand's positioning as "affordable luxury," which becomes a key source of its competitive advantage. In addition, consistent attention to product quality contributes to building customer trust, while the utilization of digital marketing platforms such as Shopee and Instagram enhances brand visibility and supports the communication of Venta's value proposition.

Furthermore, active customer engagement and responsiveness to feedback contribute to the development of strong emotional connections between the brand and its customers. This interaction not only increases customer satisfaction but also supports the creation of loyalty, which is a critical component of sustainable brand competitive advantage. Overall, this study demonstrates that operational strategy, when aligned with value creation and customer perception, can extend beyond internal efficiency and become a key driver in building brand competitive advantage. The integration of cost efficiency, product quality, marketing communication, and customer engagement enables MSMEs such as Venta to compete effectively in a highly dynamic and competitive industry.

Practically, this study provides insights for MSME actors that operational strategies should not be viewed solely as tools for efficiency but also as strategic instruments for building brand value. Aligning operational decisions with customer expectations and brand positioning can enhance competitiveness in the market. This research also contributes to the understanding of how operational strategy is linked to brand competitive advantage, particularly in the context of MSMEs, by highlighting the importance of integrating internal processes with external value perception in achieving sustainable competitive advantage. Future research may explore the role of advanced technologies, such as big data analytics and artificial intelligence, in strengthening the relationship between operational strategy and brand competitive advantage across different industries.

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