

BUILDING A UNIQUE VALUE PROPOSITION TO CREATE A COMPETITIVE ADVANTAGE IN THE BANJARI MEDAN DONUT UMKM

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Abstract: *This study aims to analyze the unique value proposition development strategy in order to create a competitive advantage in the Jambari Donat Medan Micro, Small, and Medium Enterprises . In the increasingly fierce culinary industry competition, Micro, Small, and Medium Enterprises are required to be able to present a value proposition that is different, relevant, and in accordance with customer needs. This study uses a descriptive qualitative approach through in-depth interviews and direct observation of the operational activities of the Micro, Small, and Medium Enterprises . The research findings show that Jambari Donat is able to build a unique value proposition through taste innovation, product quality consistency, utilization of local raw materials, and personalized service to customers. In addition, differentiation strategies based on organoleptic quality, attractive packaging, and the use of digital media have been proven to increase brand visibility and customer loyalty. The results of the study confirm that a strong value proposition not only acts as a differentiator in a competitive market but also becomes the foundation for building long-term competitive advantage. Thus, the Jambari Donat Micro, Small, and Medium Enterprises need to maintain and develop these value proposition elements to ensure business sustainability amidst changing consumer preferences and increasingly rapid market dynamics.*

Keywords: *Value Proposition, Business Model Canvas, Competitive Advantage, Business Strategy*

Introduction

In an increasingly competitive business landscape, particularly in the Micro, Small, and Medium Enterprises (MSMEs) sector, a business's success is no longer solely determined by product quality, but also by the business owner's ability to formulate a strong, relevant, and differentiated value proposition (Suwandi et al., 2024) . A value proposition is the primary promise of value offered by a company to customers—a statement explaining why consumers should choose a particular product or service over competitors. At the MSME scale, the value proposition plays a strategic role as the foundation for establishing value perceptions, differentiation, and sustainable competitiveness. MSMEs need to emphasize advantages such as personalized service, unique products, or competitive prices in their value propositions (Mikro,

n.d.) . With increasing consumer preference for products with identity, consistent quality, and emotional experiences, MSMEs need to understand how value propositions can be formulated into a solid competitive advantage. This is especially relevant in the culinary industry, including the Jambarie Donat MSME, which operates in a market with a high level of competition and rapidly changing consumer taste dynamics.

Previous studies have shown that a unique value proposition can shape positive consumer perceptions, increase customer loyalty, and strengthen the competitive position of MSMEs. Several studies also emphasize that product differentiation through product innovation, packaging design, practicality, and ease of access contribute significantly to increasing business value and customer satisfaction in culinary MSMEs. This is demonstrated in the Value Proposition Canvas study of the Omochi.bdg culinary business in Bandung, where value proposition elements such as product uniqueness, packaging design, and accessibility were shown to have a positive impact on customer satisfaction and loyalty (Alcaf et al., 2025) . Other studies also confirm that product differentiation strategies and brand narratives can drive customer loyalty by creating strong emotional experiences and high perceptions of authenticity towards culinary businesses (Kaharudin, 2025) . However, most previous studies tend to highlight MSMEs in general or focus on certain types of food such as takoyaki, drinks, or traditional specialties. Not many have specifically examined how a unique value proposition can drive competitive advantage in donut product MSMEs, especially in the context of Jambarie Donut MSMEs which have different market characteristics, products, and marketing strategies from other culinary MSMEs.

Although previous literature emphasizes the importance of value propositions in creating competitive advantage, several important research gaps remain to be addressed. First, studies on value propositions in Indonesian donut MSMEs are still very limited, particularly those examining the unique value aspect that can strengthen competitive advantage. Second, no research has specifically examined the value proposition development process in Jambarie Donut MSMEs, either from an internal perspective (business capabilities, product innovation, production processes) or external perspectives (customer preferences, local market dynamics). Third, most previous studies use a broad conceptual approach without providing an analytical model or in-depth empirical description of how value propositions are built and implemented as a competitive strategy at the micro-MSME level. This gap provides a strong foundation for this research to explore in more detail and context.

The novelty of this research lies in the development of a value proposition analysis framework specifically applied to Jambarie Donuts as a representative case study for local culinary MSMEs. This research not only identifies unique value proposition elements but also examines how these elements are integrated with competitive advantage strategies based on differentiation, quality, and customer experience. In addition, this research presents an empirical approach based on field data in the form of interviews, observations, and consumer analysis, resulting in more authentic, applicable, and contextual findings. Thus, this research enriches the literature by providing a scientific contribution in the form of a value proposition model that can be adopted by other donut MSMEs, while also presenting a new perspective on how micro-enterprises can build competitive advantage through the unique value they offer.

This research focuses on the identification and analysis of unique value proposition elements in the Donat Jambarie MSME and their relationship to the strategy for creating competitive advantage for the business. The research objectives include: (1) identifying the value components that make Donat Jambarie unique; (2) analyzing how the value proposition contributes to competitive advantage; and (3) formulating a value proposition model based on MSME characteristics that can be implemented sustainably. To answer these objectives, this

research poses the main research question: "How does Donat Jambarie MSME build a unique value proposition to create competitive advantage?" and several derivative questions such as: What are the main value elements perceived by customers? How does the MSME's internal process support the formation of this value? and How does the value proposition differentiate Donat Jambarie from competitors? The research method uses a descriptive qualitative approach with data collection techniques in the form of in-depth interviews, direct observation, and documentation studies. Data analysis is carried out through the stages of data reduction, categorization, and thematic interpretation to obtain a comprehensive picture of the value creation strategy implemented by Donat Jambarie MSME.

Literature Review

A value proposition describes the benefits customers can expect from a product or service and explains why customers should choose one company's offering over another. Osterwalder and Pigneur define a value proposition as a set of benefits designed to solve customer problems or meet their needs through a combination of functional, emotional, and social value (Osterwalder & Pigneur, 2014). A value proposition is a statement that explains the benefits a product or service promises to provide to customers, making the offering different and more relevant than competitors by meeting customer needs and desires (Pasla JambiProv, 2024). This concept emphasizes the alignment between what customers need and what the company offers. Therefore, a value proposition focuses not only on the superiority of product features but also on quality, experience, innovation, and service that can differentiate it from competitors' offerings.

International research shows that the value proposition plays an important role in influencing purchasing decisions, customer loyalty and business performance. Research has shown that value propositions contribute to customer satisfaction and loyalty, and influence important marketing outcomes such as customer retention and competitive advantage (Rosário & Raimundo, 2021). Food satisfaction is positively influenced by basic food values, including taste, appearance, and other quality attributes, which in turn affect customer loyalty and overall satisfaction with a restaurant experience (The influence of food values on satisfaction and loyalty, 2023).

Sourcing from local farmers and trusted suppliers is perceived by culinary business owners as part of the value proposition that enhances freshness, quality, and competitive appeal in the market (Sustainable Gastronomy Practices in Evolving Markets, 2024). Meanwhile, Digital value propositions mediate the effects of digital technologies on customer experience and are fundamental for achieving competitive advantage in retail contexts, suggesting that well-designed digital offerings (ease of use, accessibility, and enhanced experience) influence customer engagement and loyalty (Ziaie et al., 2021).

Research on culinary MSMEs in Cianjur, West Java, shows that marketing strategy and product quality positively influence their competitiveness (Hanifah & Raharja, 2025). Other research also emphasizes the importance of product innovation to enhance the competitive advantage of culinary MSMEs in West Java (Kuniawan et al., 2025). Research on coffee MSMEs in Yogyakarta confirms that customer experience, place atmosphere, and local branding concepts significantly influence value perceptions and purchasing decisions. These studies indicate that value propositions in Indonesia are largely influenced by the combination of product quality and consumer experience.

Other research in Indonesia also shows that adapting to local preferences is a crucial component of the value proposition for the success of MSMEs. A study of traditional food MSMEs in West Sumatra found that matching flavors to local consumer preferences increased satisfaction and repeat purchases. Research on fashion MSMEs in Bandung showed that creative

design and community identity can create a strong value proposition for young consumers. Furthermore, research on digital MSMEs noted that ease of ordering through online platforms is an integral part of modern value propositions. Thus, national research confirms that value proposition plays a key role in the competitiveness of MSMEs in Indonesia.

Although research on value propositions is quite extensive, there is a research gap in the context of locally based micro-food MSMEs. A systematic literature review on MSME performance in Indonesia found that most empirical studies focus on aspects such as digitalization, innovation, and marketing strategies in more advanced MSMEs, while literature examining traditional micro-MSMEs with conventional small business characteristics is relatively limited (Asmara et al., 2025). Furthermore, only a few studies comprehensively link value propositions to the creation of differentiation-based competitive advantages in businesses with limited capital, production capacity, and human resources. This gap highlights the need for research that highlights how micro-enterprises can build unique value propositions amidst increasingly fierce competition.

Product and service differentiation strategies have proven to be a crucial approach for MSMEs to create competitive advantage by developing attractive product characteristics that differentiate them from competitors (Differentiation Strategy to Create Competitive Advantage in Pawon Gusti Catering MSMEs, 2022). This study provides a novel contribution by illustrating how micro-enterprises with limited resources can still build a strong value proposition through product uniqueness, consistent quality, simple innovations, and positive customer experiences. Unlike previous research, this study specifically highlights the local, traditional culinary sector, which has received little attention in the academic literature. This provides new insights into relevant differentiation strategies for small-scale businesses.

Based on theoretical studies and previous research, this research framework positions value proposition as the primary variable contributing to the formation of competitive advantage through differentiation mechanisms. Value proposition elements, including product quality, unique taste, innovation, customer experience, and service, are predicted to influence the ability of MSMEs to create an attractiveness that is difficult for competitors to imitate. This framework illustrates that the stronger the value proposition of an MSME, the greater the potential for the business to achieve sustainable competitive advantage. Thus, this study seeks to map the relationship between value proposition and competitive advantage in the context of Donat Jambarie MSMEs.

Method

This study uses a qualitative approach because its primary objective is to deeply understand how value propositions are built and implemented at the Jambarie Donat MSME within operational, social, and customer preference contexts. Value propositions, as a strategic concept, are subjective, contextual, and heavily influenced by customer perceptions and the experiences of business owners, making them impossible to measure solely numerically. A qualitative approach allows researchers to explore the meaning, strategies, and differentiation practices used by MSMEs through rich narrative data. Thus, qualitative research is relevant for uncovering the dynamics, processes, and considerations underlying the formation of value propositions in local culinary-based micro-enterprises.

This research uses a descriptive qualitative approach with a focus on systematic, factual, and accurate presentation of phenomena regarding the value proposition strategy of the Jambarie Donat MSME. This approach was chosen to describe in detail how the business builds product uniqueness, service quality, customer experience, and other forms of differentiation that contribute to competitive advantage. The descriptive qualitative approach provides space for

researchers to understand the patterns, strategies, and practices implemented by business owners based on real-life situations. Furthermore, this approach allows for in-depth exploration of the relationship between value proposition and competitive advantage through narratives and direct explanations from informants.

The research was conducted through several systematic steps to ensure data validity. The first stage was pre-research, which involved initial observations of the Jambarie Donat MSME to understand the context, business characteristics, and potential issues related to the value proposition. The second stage was field data collection through interviews, observation, and documentation to explore information related to product uniqueness, production processes, service strategies, and customer experiences. The third stage was data analysis, which involved data reduction, data presentation, and conclusion drawing. Furthermore, data verification was conducted through member checking to ensure the accuracy of the researcher's interpretation. The final stage was the preparation of a research report that integrated field findings with relevant value proposition theory and differentiation strategies.

The primary data in this study were obtained from in-depth interviews with the owner of the Jambarie Donat MSME, employees involved in the production and service processes, and customers who directly experience the value of the business's products and services. Secondary data came from business documents, sales records, product photos, customer reviews, articles about food MSMEs, and theoretical literature related to value propositions and business differentiation. Research subjects were selected using a purposive sampling technique because only informants who were considered to have direct knowledge and understanding of the value proposition formation process could provide relevant and in-depth data. The focus was on those with real-life experience in operations and interactions with customers.

Data collection techniques were conducted through three main methods: interviews, observation, and documentation. Interviews were conducted semi-structured to allow researchers to flexibly explore information related to the value proposition strategy, the reasons for choosing differentiation, and the subjective experiences of informants. Observations were conducted to understand actual conditions on the ground, such as production processes, service patterns, interactions with customers, and the physical quality of the products offered. Documentation was used to support the findings, including photographs, business records, promotional materials, and customer testimonials. The combination of these three techniques helped increase data validity and provide a comprehensive picture of the implementation of the value proposition and its impact on competitive advantage. Jambarie Donuts UMKM.

Results and Discussion

The term "value proposition" is frequently used in various sales and marketing strategies, such as advertisements, promotional brochures, case studies, and sales materials. While the term is well-known, evaluating various existing value propositions reveals that not all are well-structured. Many businesses only describe product features, rather than the full value and benefits experienced by consumers.

The concept that a product's value depends on consumer perception is highly relevant in the discussion of value propositions. Value has many definitions and can be understood differently by each individual. Therefore, understanding value differentiation is an important first step in understanding value propositions. According to Osterwalder et al. in Value Proposition Design, value proposition design is a set of activities to create products and services that consumers truly desire. To ensure that the value offered aligns with consumer needs, the Value Proposition Canvas is used as a tool to repeatedly design and test value propositions to ensure they align with customer needs (Setiawan & Sisilia, 2020).

A value proposition can be defined as a collection of products and services that provide value to a specific customer segment. A value proposition explains the key benefits a company offers and is the reason why consumers choose a product over others on the market. In the context of micro, small, and medium enterprises (MSMEs), a value proposition is a crucial factor in creating competitive advantage and maintaining business continuity because it helps businesses understand customer needs and offer unique benefits that align with their preferences (a value proposition acts as a source of differentiation and a reason for consumers to choose a particular product or service) (Sutisna & Fauziya, 2024).

Essentially, a value proposition describes the tangible and measurable benefits consumers receive from a product or service, including product quality, consumption experience, and product uniqueness compared to competitors (Sutisna & Fauziya, 2024). Value propositions serve as the primary reason why consumers choose a product because they reflect values relevant to consumer needs and preferences (Sutisna & Fauziya, 2024). The literature on value propositions has continued to grow in recent decades with increasing attention to value-based marketing strategies and consumer needs, particularly in the context of MSMEs that must compete in a dynamic business environment (Ekonomi & Brawijaya, 2024).

The products produced by the Jambarie Donuts MSME are a tangible manifestation of the business's value proposition. Jambarie Donuts combine quality ingredients, distinctive flavors, and a unique consumption experience to provide added value to consumers. This product is designed to meet the needs of consumers who want a snack that differs from the typical donut.

Jambarie Donuts uses real shrimp as the main ingredient, which is the product's distinctive feature and distinguishing feature. The use of real shrimp produces a distinctly savory flavor and provides a unique experience for consumers. Furthermore, the precise processing results in a crispy donut texture that's just right for the palate, enhancing customer satisfaction.



Figure 1. Product "Jambarie Medan Donuts"

Each Jambarie Donut product is produced with attention to the quality of ingredients and the cleanliness of the processing. Consumers find the product to be delicious, with a distinct shrimp flavor, and consistent quality. This creates the perception that Jambarie Donuts is a food product with superior value compared to similar mass-produced products.

Based on observations and feedback from 15 consumers who purchased Jambarie Donuts on campus and in the surrounding area, it was found that consumers were attracted to the product because of its uniqueness and distinctiveness. The main reasons consumers purchased Jambarie Donuts were because it tasted delicious, used real shrimp, had a shrimpy taste, and was different

and unique compared to other donuts. Consumers also assessed the quality of the ingredients used, which instilled confidence in the product.

The products and consumption experience offered by Donat Jambarie are part of the business's value proposition. Consumers not only purchase a food product but also experience a unique donut flavor. This experience creates a positive impression and encourages repeat purchases and product recommendations.

The researchers' observations indicate that the value proposition in Donat Jambarie's business model planning is a crucial aspect to consider when running a business. The product's superiority provides benefits to business owners by distinguishing Donat Jambarie from competitors. The value proposition describes the benefits consumers receive from the product and is the core reason consumers are attracted to the product.

A strong value proposition demonstrates how a business can meet consumer needs, provide tangible benefits, and differentiate itself from competitors. In the context of Jambarie Donuts, this value stems not only from the physical product but also from the quality of the taste, ingredients, uniqueness of the product, and a pleasurable consumption experience. Therefore, a value proposition is a crucial element in building customer loyalty and long-term, mutually beneficial relationships.

Conclusion

Based on the results of the research that has been conducted, it can be concluded that a unique and relevant value proposition plays an important role in creating a competitive advantage for the Jambarie Donuts MSME. The research findings show that the Jambarie Donuts value proposition lies in the uniqueness of the product made from real shrimp, its distinctive taste, crunchy texture, and the quality of the raw materials used. Consumers' positive perceptions of the taste, quality, and uniqueness of the product prove that the value proposition offered is in accordance with consumer needs and preferences. Thus, this study answers the research question that the formulation of a clear value proposition can increase product appeal and differentiate Jambarie Donuts from other donut products.

This research contributes to strengthening the concept of value proposition in the context of culinary MSMEs, particularly snack businesses based on local product innovation. This research provides an empirical illustration that value proposition encompasses not only the physical advantages of the product, but also the consumption experience, perceived quality, and uniqueness perceived by consumers. These findings are expected to serve as a practical reference for MSMEs in designing business strategies that focus on product added value and serve as academic considerations for the development of MSME entrepreneurship and marketing studies.

This study is limited by the relatively limited number of respondents and the limited location of the study, which focused only on the campus and its surrounding areas. Furthermore, the research method used was still descriptive qualitative, so it did not quantitatively measure the effect of value propositions on increasing sales or customer loyalty. Therefore, further research is recommended to involve a larger number of respondents, use quantitative or mixed methods, and include other variables such as customer satisfaction, loyalty, and digital marketing strategies to obtain more comprehensive research results.

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