Journal of Economics, Entrepreneurship, Management Business and Accounting, 2026, 4(1),189-215.
https://doi.org/10.61255/jeemba.v4i2.986

Business Development Strategy through Blue Ocean Strategy in Increasing Product Competitiveness in Gayo Coffee Farming in Aceh: Sharia Business Perspective

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ABSTRACT

This study examines business development strategy through Blue Ocean Strategy in increasing product competitiveness in Gayo coffee farming in Aceh from a sharia business perspective. Gayo coffee is a leading Arabica commodity in Central Aceh and Bener Meriah, yet its global reputation has not fully improved farmer welfare due to price disparity, weak bargaining power, limited market access, dependence on intermediaries, and low value-added processing. This study uses a quantitative field research approach with explanatory strategic formulation. Data were analyzed using SEM-PLS with SmartPLS 3.0 to examine the relationships among price, distribution channels, product quality, Blue Ocean Strategy, and product competitiveness. The results show that price and product quality significantly affect Blue Ocean Strategy, but do not directly affect product competitiveness. Distribution channels have no significant effect on either Blue Ocean Strategy or competitiveness. Meanwhile, Blue Ocean Strategy significantly affects product competitiveness and mediates the relationship between price and competitiveness, as well as product quality and competitiveness. From a sharia business perspective, the proposed strategy emphasizes eliminating exploitative practices, reducing inefficient costs, improving product quality, and creating value innovation through specialty coffee, derivative products, coffee tourism, digital promotion, and direct selling.

ARTICLE INFO

Keywords:
Blue Ocean Strategy, Gayo coffee, Maqasid shariah, Product competitiveness, Sharia business.

Article Information:
Received: 30/01/2026
Revise: 21/03/2026
Accepted: 25/03/2026

ISSN:
2985-3168 (Online)
2985-3222 (Print)

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1. Introduction

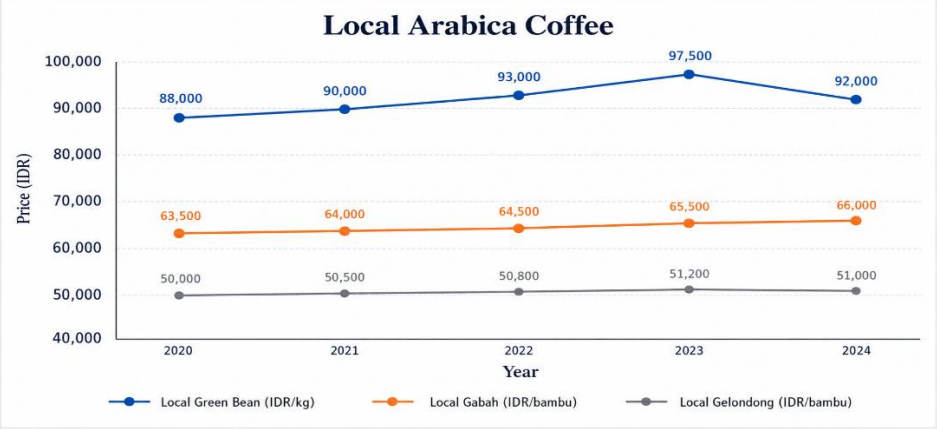
Gayo coffee, produced in the Gayo highlands of Aceh Province, is one of Indonesia's leading Arabica coffee commodities with strong historical, economic, and cultural significance. Since the colonial period, Gayo coffee has been recognized as a strategic agricultural commodity and has continued to play an important role in local and international trade. Its distinctive taste, geographical identity, and production characteristics make Gayo coffee a valuable product in the global specialty coffee market. However, despite its strong reputation, Gayo coffee farming still faces serious challenges related to competitiveness, market access, value-chain efficiency, and farmer welfare.

As a trading commodity, Gayo coffee cannot be separated from increasingly intense competition in both domestic and global markets. Competitiveness has become a crucial factor in determining the sustainability of Gayo coffee farming, particularly because market performance is influenced by price stability, product quality, distribution channels, innovation, and the ability to create added value. In this context, Gayo coffee farmers are required not only to produce high-quality coffee, but also to develop appropriate business strategies that can strengthen their market position, improve bargaining power, and increase product competitiveness.

Aceh Province is one of the main centers of Arabica coffee production in Indonesia, with the largest production areas concentrated in Central Aceh and Bener Meriah Regencies. These two regions account for a major proportion of coffee plantation areas in Aceh, most of which are managed as smallholder plantations. This condition shows that Gayo coffee is not merely an agricultural commodity, but also a source of livelihood for tens of thousands of farming households. The coffee sector contributes to employment creation, local income generation, and regional economic development. Therefore, strengthening the competitiveness of Gayo coffee is closely related to improving the welfare of farming communities and sustaining the regional economy.

Although Gayo coffee has strong market potential, farmers continue to face price instability at the farm level. The decline in coffee prices, which in certain periods reached around Rp5,000 per kilogram, has become a critical issue because it directly affects farmers' income, production efficiency, and business sustainability. This condition creates uncertainty among farmers and increases the demand for a fairer and more stable price mechanism.

Figure 1. Fluctuations in Gayo Coffee Prices at the Farmer Level for the 2020-2024 Period



Source: Central Aceh Regency Disbunhut 2024 (processed)

The price received by farmers varies according to the form of coffee products sold, including cherry coffee, parchment coffee, and dried beans or green beans. Cherry coffee generally has the lowest price because it undergoes the simplest process and can be sold quickly. Parchment coffee has a higher selling value, but it has not yet passed through complete drying and sorting stages. Meanwhile, dried beans or green beans have the highest selling value because they require more complex post-harvest processing, although this process also requires additional time, cost, and technical capacity. This situation shows that the value received by farmers is closely related to the level of processing and product quality produced at the farm level.

In practice, the global reputation of Gayo coffee has not been fully reflected in the welfare of farmers. Although Gayo coffee can obtain relatively high prices in international markets, the economic benefits received by farmers remain limited. A significant disparity still exists between prices at the farmer level and prices received by exporters or actors in higher stages of the value chain. This indicates that the main issue is not only related to production, but also to unequal value distribution, weak bargaining power, limited market access, and the dominance of intermediary actors.

Figure 2. Fluctuations in the Price of Gayo (Arabica) Coffee at the Local and Levels International.

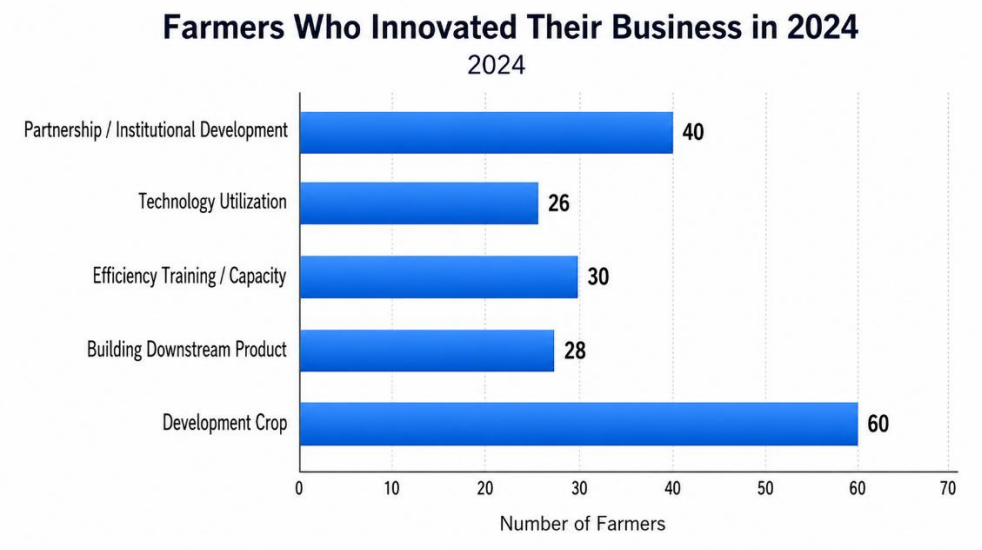
Source: Central Aceh Regency Disbunhut 2024 (processed)

The price disparity between farmers and exporters during the 2020–2024 period indicates that farmers are still in a weak position within the coffee marketing chain. Although there has been an increase in prices at the farmer level, this increase is largely influenced by global coffee price fluctuations rather than by stronger farmer bargaining power. The persistence of this disparity is caused by several factors, including long distribution chains, limited direct access to buyers, inadequate market information, weak farmer institutions, and the dominant role of collectors or intermediary traders. As a result, farmers often remain price takers rather than strategic market actors.

In addition to price issues, Gayo coffee farmers also face challenges in product innovation and diversification. Product variation is one of the key elements in strengthening competitiveness

because it allows farmers to create added value and respond to changing consumer preferences. However, innovation among Gayo coffee farmers remains uneven. Some farmers have begun to develop product variations and adopt improved cultivation practices, but innovation in post-harvest processing, branding, packaging, and market-oriented product development is still limited.

Figure 3. Product Innovation Activities among Gayo Coffee Farmers



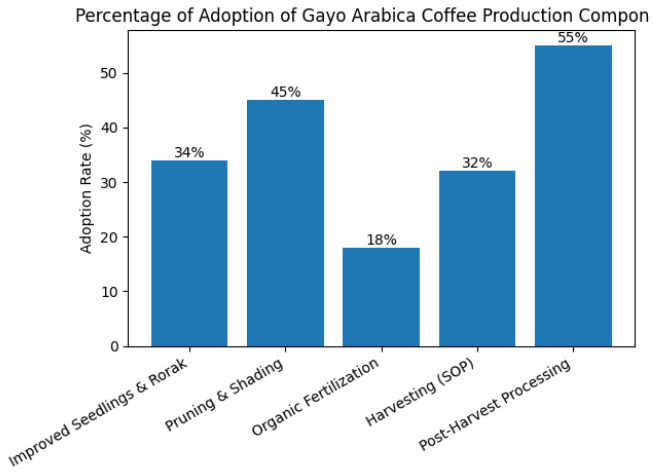
Source: Central Aceh Regency Disbunhut 2024 (processed)

The gap between cultivation innovation and post-harvest innovation has implications for the weak competitive position of farmers. Although Gayo coffee has strong quality potential and can meet national standards and consumer preferences through proper processing, this potential has not been optimally converted into higher economic value. Quality improvement requires consistent post-harvest handling, including sorting, drying, roasting, moisture control, packaging, and quality standardization. Without these processes, farmers tend to sell coffee in raw or semi-processed forms, which limits their opportunity to obtain higher margins.

Limited access to information, weak institutional capacity, and dependence on intermediary traders also cause farmers to have limited control over market access. Many farmers continue to sell their products to collectors or cooperatives without being directly connected to higher-value markets, such as specialty coffee buyers, cafés, exporters, digital consumers, and tourism-based markets. Therefore, strengthening farmer capacity through training, access to technology, digital marketing, direct selling, and institutional development is essential for improving competitiveness. Product diversification, derivative coffee products, specialty coffee development, and compliance with global quality standards are also important strategies to increase the added value of Gayo coffee.

Product quality cannot be produced only at the final stage of processing; it must be built from the beginning of production. The adoption of proper cultivation practices, superior seeds, organic fertilization, harvesting techniques, and post-harvest handling determines the quality and competitiveness of Gayo coffee. However, the main bottleneck in the Gayo coffee value chain is found in the harvest and post-harvest stages. Although several cultivation practices, such as pruning and shade management, have improved, sorting, drying, and quality standardization are still not optimally implemented by farmers.

Figure 4. Gayo coffee farmers' adoption from the beginning of production to produce quality products

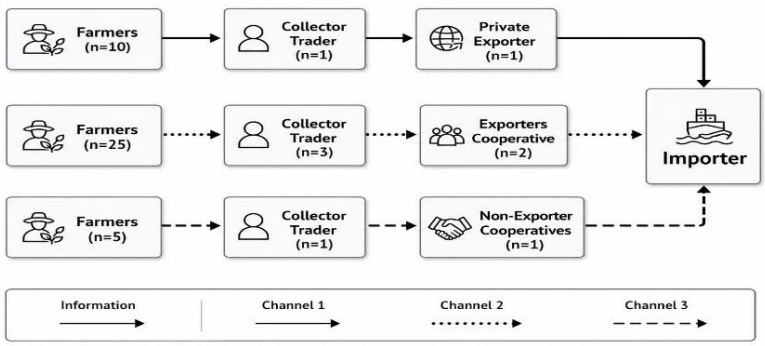


Source: Central Aceh Regency Disbunhut 2024 (processed)

The limited use of superior varieties and organic fertilization also affects productivity and the ability of farmers to meet premium market requirements. These factors are important because international markets increasingly demand quality consistency, traceability, sustainability, and certification. Therefore, improving product quality must be integrated with institutional support, market access, and business strategy. Quality improvement alone is not sufficient if farmers are unable to capture the economic value generated from that quality.

Distribution constraints further weaken the competitiveness of Gayo coffee farmers. Farmers still face limited access to direct markets, dependence on collectors, inadequate infrastructure, and weak marketing institutions. The distribution system often places farmers at the lowest level of the value chain, while greater added value is captured by actors involved in processing, packaging, branding, exporting, and retailing. This situation indicates that improving competitiveness requires not only better production, but also a transformation of the entire value chain.

Figure 5. Gayo Arabica Coffee Distribution Channels in Central Aceh and Bener Meriah Regencies



Source: Source: Primary data processed, 2025

The structural problems faced by Gayo coffee farmers, including price fluctuations, dependence on collectors, limited market information, weak institutions, and unequal value

distribution, require a more innovative business development strategy. A conventional competition-based strategy is no longer sufficient because it tends to place farmers in the same market space, where competition is driven mainly by price. Therefore, a strategic approach is needed to help farmers move beyond price-based competition and create new market spaces through differentiation, innovation, and value creation.

Blue Ocean Strategy offers a relevant approach for addressing these challenges. This strategy emphasizes the creation of uncontested market space by reducing direct competition and developing new value propositions. In the context of Gayo coffee farming, Blue Ocean Strategy can be implemented through product differentiation, derivative coffee products, organic coffee, specialty coffee, coffee tourism, brewing classes, digital promotion, direct selling, and stronger partnerships between farmers, cooperatives, buyers, and local institutions. Through this approach, Gayo coffee farmers can shift from being raw commodity suppliers to becoming value creators in a more competitive and profitable market ecosystem.

The application of Blue Ocean Strategy is also relevant when integrated with a sharia business perspective. Gayo coffee farming takes place in a socio-cultural environment where Islamic values are strongly embedded in community life. Therefore, business development should not only pursue competitiveness and profitability, but also uphold fairness, transparency, cooperation, welfare, and the protection of wealth. The maqasid shariah perspective provides an ethical foundation for ensuring that market innovation does not create new forms of exploitation, but instead contributes to maslahah and farmer welfare.

The integration between Blue Ocean Strategy and sharia business principles provides a more comprehensive framework for developing Gayo coffee farming. Blue Ocean Strategy functions as a strategic mechanism for creating new markets and strengthening competitiveness, while maqasid shariah provides a normative foundation for ensuring that business practices remain fair, transparent, halal, and socially beneficial. This integration is important because the main problem faced by Gayo coffee farmers is not only market competition, but also structural inequality in the value chain.

Based on these conditions, this study aims to formulate a business development strategy through Blue Ocean Strategy to increase product competitiveness in Gayo coffee farming in Aceh. Specifically, this study examines the role of price, distribution channels, and product quality in influencing Blue Ocean Strategy and competitiveness. It also analyzes the mediating role of Blue Ocean Strategy in transforming these business factors into competitive advantage. Furthermore, this study incorporates the sharia business perspective to ensure that the proposed strategy contributes not only to economic competitiveness, but also to farmer welfare, value-chain justice, and sustainable business development.

This study offers a scholarly contribution by extending the application of Blue Ocean Strategy from a conventional market-competition framework into the context of smallholder-based agricultural business development. Rather than merely examining whether price, distribution channels, and product quality directly determine competitiveness, this study positions Blue Ocean Strategy as a value-innovation mechanism that transforms these business factors into competitive advantage. In the case of Gayo coffee farming, competitiveness is not only a matter of producing high-quality coffee or obtaining better prices, but also of creating new market spaces, strengthening farmers' bargaining position, and reducing dependency on conventional intermediaries.

In addition, this study contributes to the literature by integrating Blue Ocean Strategy with the maqasid shariah perspective. Blue Ocean Strategy provides the strategic logic for creating uncontested market space, while maqasid shariah provides the ethical and normative foundation for ensuring that business development promotes justice, transparency, welfare, and the protection of wealth. This integration produces a unified analytical model of sharia-based value innovation, in which competitiveness is pursued not only through economic efficiency and differentiation, but also through fair transactions, halal value creation, farmer welfare, and sustainable value-chain governance.

Problem formulation

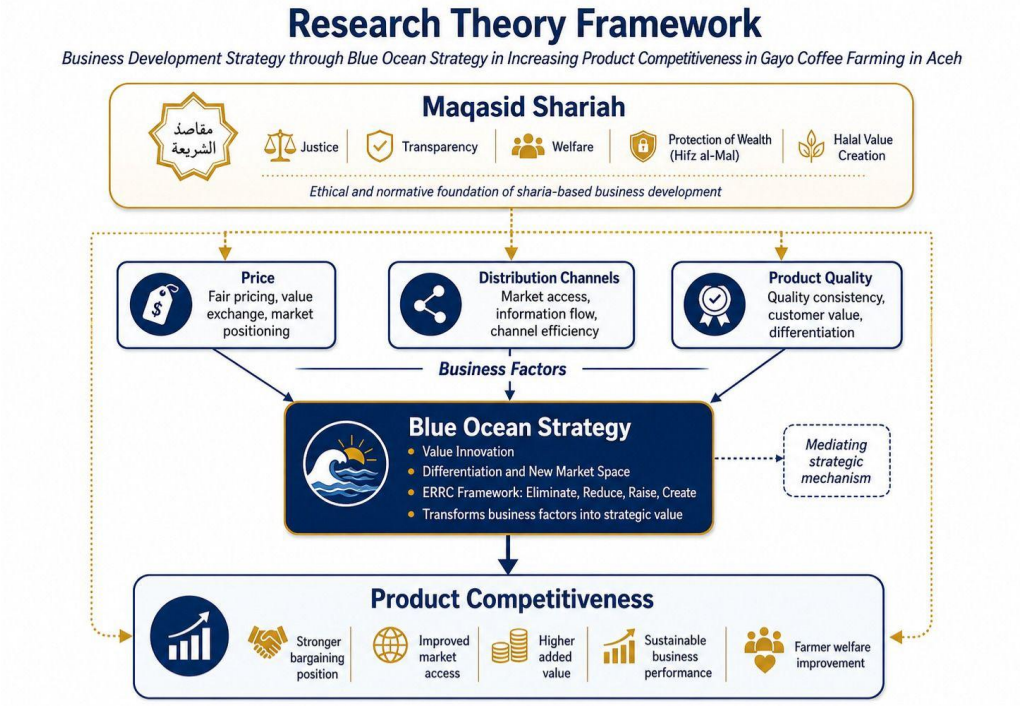
Based on the background described above, the research questions of this study are formulated as follows:

a. Does price affect the Blue Ocean Strategy of Gayo coffee farmers in Aceh?
b. Does price affect the product competitiveness of Gayo coffee farming in Aceh?
c. Do distribution channels affect the Blue Ocean Strategy of Gayo coffee farmers in Aceh?
d. Do distribution channels affect the product competitiveness of Gayo coffee farming in Aceh?
e. Does product quality affect the Blue Ocean Strategy of Gayo coffee farmers in Aceh?
f. Does product quality affect the product competitiveness of Gayo coffee farming in Aceh?
g. Does Blue Ocean Strategy affect the product competitiveness of Gayo coffee farming in Aceh?
h. Does price affect product competitiveness through Blue Ocean Strategy as a mediating variable?
i. Do distribution channels affect product competitiveness through Blue Ocean Strategy as a mediating variable?
j. Does product quality affect product competitiveness through Blue Ocean Strategy as a mediating variable?
k. How can a business development strategy be designed through the Blue Ocean Strategy four-action framework to increase product competitiveness in Gayo coffee farming in Aceh?

2. Literature Review and Hypothesis Development

This section discusses the theoretical foundations used to explain business development strategy through Blue Ocean Strategy in increasing product competitiveness in Gayo coffee farming in Aceh. The study is built on three main theoretical foundations: maqasid shariah as the ethical and normative foundation of sharia-based business, marketing strategy as reflected in price, distribution channels, and product quality, and Blue Ocean Strategy as a strategic mechanism for creating value innovation and improving competitiveness. These theoretical foundations are integrated to explain how Gayo coffee farmers can strengthen product competitiveness through fair, innovative, and sustainable business development.

Figure 6. Research Theory Framework



Source: Source: Primary data processed, 2025

The theoretical framework of this study shows that competitiveness in Gayo coffee farming is not only determined by conventional business factors, but also by the ability of farmers to transform these factors into value innovation. Price, distribution channels, and product quality are positioned as business factors that may influence Blue Ocean Strategy and product competitiveness. Meanwhile, Blue Ocean Strategy is positioned as a mediating variable that converts these business factors into competitive advantage. The maqasid shariah perspective is used as a normative lens to ensure that business development is conducted based on fairness, transparency, welfare, and protection of wealth.

Maqasid Shariah as the Foundation of Sharia-Based Business

Maqasid shariah refers to the objectives, meanings, and wisdom underlying Islamic law in regulating human life, including economic and business activities. Zainal (2017) explains that maqasid shariah represents the values and wisdom intended by Allah in the establishment of sharia, both in specific and general contexts. Similarly, Amir Syarifuddin (2008) states that maqasid shariah reflects the purposes intended by Allah in formulating Islamic law, so that every legal and economic activity is directed toward human benefit and the prevention of harm.

In the economic context, maqasid shariah aims to protect human welfare through five main dimensions, namely religion, life, intellect, lineage, and wealth. Nasution (2020) emphasizes that the protection of wealth or hifz al-mal is highly relevant to economic stability and business activities because it is closely related to justice, welfare, and sustainability. Therefore, business activities should not be assessed solely from the perspective of profit, but also from their ability to protect wealth, prevent exploitation, ensure fairness, and generate benefits for society.

Business in Islam is part of muamalah and is generally permissible as long as it is conducted through lawful contracts, mutual consent, transparency, and fairness. Soemitra (2021) explains that Islamic business provides broad opportunities for Muslims to engage in economic

activities, provided that the contracts and practices are consistent with sharia principles. From a legal perspective, business is essentially mubah or permissible, except for transactions that are explicitly prohibited by sharia, such as usury, fraud, uncertainty, and injustice. The recommendation to engage in lawful trade is reflected in Surah Al-Baqarah verse 198 (QS 2: 198) which reads as follows:

لَيْسَ عَلَيْكُمْ جُنَاحٌ أَن تَبْتَغُوا فَضْلًا مِّن رَّبِّكُمْ ۚ فَإِذَا أَفَضْتُم مِّنْ عَرَفَٰتٍ فَاذْكُرُوا اللَّهَ عِندَ الْمَشْعَرِ الْحَرَامِ ۖ

وَاذْكُرُوهُ كَمَا هَدَاكُمْ وَإِن كُنتُم مِّن قَبْلِهِ لَمِنَ الضَّالِّينَ

It means:

There is no sin for you to seek a gift (sustenance from your business) from your Lord. So when you have departed from 'Arafat, dhikr to Allah in Masy'arilharam. And dhikr (calling) Allah as He has shown you; and indeed you were really among the misguided people before that (Ministry of Religion of the Republic of Indonesia, 2012).

In relation to Gayo coffee farming, the maqasid shariah perspective provides an ethical foundation for business development. The development of Gayo coffee through Blue Ocean Strategy should not only aim to increase product competitiveness and market differentiation, but also to protect farmers from unfair pricing, exploitative financing, information asymmetry, and unequal value distribution. Thus, maqasid shariah serves as a normative framework that ensures business strategy contributes to justice, transparency, halal value creation, and the sustainable improvement of farmers' welfare.

Price and Business Competitiveness

Price is one of the most important elements in business strategy because it reflects the value exchanged between sellers and buyers. Tjiptono (2017) defines price as the amount of money or other non-monetary aspects that contain certain utility and are required to obtain a product. In a contractual perspective, Syafei in Endang (2017) explains that price is something agreed upon in a contract, whether equal to, lower than, or higher than the value of the goods.

In marketing strategy, price plays a significant role in shaping consumer perception, market positioning, and competitiveness. Kotler et al. (2012) state that pricing errors can have negative consequences for business actors, especially when pricing practices violate ethical principles or harm buyers. From an Islamic business perspective, price determination must avoid injustice, deception, riba, and exploitation. Sudarsono (2012) explains that Islam regulates market mechanisms to ensure that trade does not harm either sellers or buyers.

In the context of Gayo coffee farming, price is a crucial issue because farmers often have weak bargaining power in the value chain. Although Gayo coffee has a strong reputation in domestic and international markets, farmers frequently receive prices that do not reflect the final market value of the product. This condition indicates that price alone may not be sufficient to increase competitiveness unless it is supported by a strategy that enables farmers to create added value, access better markets, and reduce dependence on intermediaries.

Blue Ocean Strategy can help transform price from a passive market outcome into a strategic instrument. Through differentiation, product innovation, direct selling, and market reconstruction, farmers can move beyond conventional price competition and create new value propositions. Therefore, price is expected to influence both Blue Ocean Strategy and competitiveness.

Based on this explanation, the following hypotheses are proposed:

H1: Price has a positive effect on the Blue Ocean Strategy of Gayo coffee farmers in Aceh.
H2: Price has a positive effect on the product competitiveness of Gayo coffee farming in Aceh.

Distribution Channels and Market Access

Distribution channels refer to the series of organizations or actors involved in delivering products from producers to consumers. Daryanto (2011) defines distribution as an interdependent organizational system that provides products for use or consumption by consumers. Tjiptono (2017) further explains that distribution channels consist of organizational participants who perform the functions required to deliver goods or services from sellers to final buyers. Suparyanto and Rosad (2015) state that distribution channels perform forward, backward, and two-way functions in marketing activities.

Distribution channels are important because they determine market access, information flow, transaction efficiency, and value distribution. In agricultural commodities, distribution channels often determine whether farmers can obtain fair prices and access higher-value markets. When the distribution chain is too long or dominated by intermediaries, farmers may lose bargaining power and receive a smaller share of the final product value.

From the perspective of Islamic business, distribution must be based on honesty, fairness, and transparency. Arifin (2009) explains that honesty in business includes not lying, not cheating, not manipulating facts, not betraying trust, and not breaking promises. Therefore, distribution channels in sharia-based business should not create information asymmetry or exploit farmers' weak market position.

In the Gayo coffee value chain, distribution channels are highly relevant because many farmers still depend on collectors, cooperatives, and intermediary traders. This dependency limits farmers' direct access to consumers, exporters, cafés, and specialty coffee markets. As a result, the distribution system may weaken farmers' competitiveness if it is not transformed into a more transparent and value-creating market access mechanism.

Blue Ocean Strategy provides an opportunity to redesign distribution channels by expanding direct selling, digital marketing, cooperative-based aggregation, partnerships with cafés, and access to specialty markets. Therefore, distribution channels are expected to influence Blue Ocean Strategy and product competitiveness.

Based on this explanation, the following hypotheses are proposed:

H3: Distribution channels have a positive effect on the Blue Ocean Strategy of Gayo coffee farmers in Aceh.
H4: Distribution channels have a positive effect on the product competitiveness of Gayo coffee farming in Aceh.

Product Quality and Value Creation

Product quality is a key factor in determining customer satisfaction, market acceptance, and competitiveness. Durianto (2011) states that product quality is one of the main drivers of customer satisfaction and represents a global dimension of product evaluation. Umar (2012) explains that product quality is essential for consumers, both in goods and services. Sangaji and Sopiah (2013) define product quality as a comprehensive consumer evaluation of the performance and goodness of a product or service. Tjiptono (2017) also explains that product quality is a dynamic condition related to products that meet or exceed customer expectations.

In the context of Gayo coffee, product quality is closely related to cultivation practices, seed quality, harvesting methods, post-harvest processing, sorting, drying, roasting, packaging, and consistency of taste. Although Gayo coffee has strong quality potential, the ability of

farmers to convert this potential into market competitiveness depends on their capacity to maintain quality standards and create differentiated products.

From the Islamic business perspective, product quality is related to responsibility, trust, and benefit. Islam encourages production activities that provide benefits and help fulfill human needs in a lawful and responsible way (Umar, 2012). Therefore, product quality in sharia-based business is not only a matter of technical superiority, but also a reflection of honesty, responsibility, and commitment to delivering proper value to consumers.

Product quality can become a foundation for Blue Ocean Strategy when it is transformed into product differentiation and value innovation. In Gayo coffee farming, quality improvement can support the development of specialty coffee, organic coffee, single-origin coffee, packaged coffee, coffee derivative products, and coffee tourism experiences. These innovations can create new market spaces and strengthen competitiveness.

Based on this explanation, the following hypotheses are proposed:

H5: Product quality has a positive effect on the Blue Ocean Strategy of Gayo coffee farmers in Aceh.

H6: Product quality has a positive effect on the product competitiveness of Gayo coffee farming in Aceh.

Blue Ocean Strategy as a Business Development Strategy

Blue Ocean Strategy is a strategic approach that enables business actors to create uncontested market space and make competition less relevant. Abdullah (2015) explains that Blue Ocean Strategy allows firms to create market spaces that are not directly contested. Kim and Mauborgne (2005) argue that demand in the blue ocean is created rather than fought over, meaning that business actors do not merely compete in existing markets but reconstruct market boundaries and create new value.

The main principle of Blue Ocean Strategy is value innovation. Value innovation occurs when business actors simultaneously pursue differentiation and cost efficiency, thereby creating superior value for customers while opening new market opportunities. Kim and Mauborgne (2005) introduce the four-action framework, namely eliminate, reduce, raise, and create, as a tool for reconstructing market value. Through this framework, business actors can eliminate factors that no longer provide value, reduce unnecessary costs, raise important value elements, and create new offerings that have not previously existed in the market.

In Gayo coffee farming, Blue Ocean Strategy is relevant because farmers often compete in a commodity-based market where prices are determined by external actors and intermediaries. This makes farmers vulnerable to price fluctuations and weakens their bargaining power. Through Blue Ocean Strategy, farmers can shift from selling raw coffee products to creating differentiated offerings, such as specialty coffee, organic coffee, packaged coffee, derivative coffee products, coffee tourism, brewing classes, and digital direct-selling channels.

When integrated with maqasid shariah, Blue Ocean Strategy does not only function as a market innovation strategy, but also as a sharia-based business development model. The strategy should eliminate exploitative practices, reduce excessive production burdens, raise quality and transparency, and create new value that improves farmer welfare. Therefore, Blue Ocean Strategy is expected to strengthen product competitiveness by transforming price, distribution channels, and product quality into strategic value innovation.

Based on this explanation, the following hypothesis is proposed:

H7: Blue Ocean Strategy has a positive effect on the product competitiveness of Gayo coffee farming in Aceh.

Product Competitiveness

Competitiveness refers to the ability of business actors to survive, grow, and create superior value in the market. Sulistiyani et al. (2020) explain that competitiveness is an effort made by economic actors to continue operating and maintaining their existence. Hartanty and Ratnawati (2013) state that competitiveness is the ability to create superior value by utilizing available resources. Meanwhile, Hunger and Wheelen (2015) explain that competitive strategy may be achieved through low cost, differentiation, or focus strategies.

In agricultural business, product competitiveness is not only determined by production volume, but also by quality consistency, market access, branding, distribution efficiency, innovation, and institutional support. For Gayo coffee farmers, competitiveness is closely related to the ability to improve product quality, obtain fair prices, access premium markets, and develop differentiated products. Competitiveness also depends on the ability of farmers and cooperatives to respond to market changes, consumer preferences, and international quality standards.

From the sharia business perspective, competitiveness should be pursued without violating ethical principles. Business actors should not gain competitive advantage through exploitation, manipulation, or unfair transactions. Instead, competitiveness should be built through product quality, transparency, cooperation, fairness, and value creation that benefits both producers and consumers. Therefore, competitiveness in this study is understood as the ability of Gayo coffee farming to create superior product value while supporting farmer welfare and sharia-based business sustainability.

Blue Ocean Strategy as a Mediating Variable

This study positions Blue Ocean Strategy as a mediating variable because price, distribution channels, and product quality may not directly create competitiveness unless they are transformed into value innovation. In the context of Gayo coffee farming, price can become a strategic factor when farmers are able to connect it with product uniqueness, quality differentiation, and fair market positioning. Distribution channels can become more competitive when they are transformed into direct selling, digital marketing, and partnership-based market access. Product quality can strengthen competitiveness when it is developed into specialty coffee, organic products, derivative products, and experience-based offerings.

Therefore, Blue Ocean Strategy acts as a mechanism that converts business factors into product competitiveness. Through the four-action framework, farmers can eliminate inefficient practices, reduce unnecessary costs, raise quality standards, and create new market opportunities. This mediating role is important because Gayo coffee farmers face structural constraints, including price disparity, dependence on collectors, limited market access, and weak bargaining power.

Based on this explanation, the following hypotheses are proposed:

H8: Price has a positive effect on product competitiveness through Blue Ocean Strategy as a mediating variable.

H9: Distribution channels have a positive effect on product competitiveness through Blue Ocean Strategy as a mediating variable.

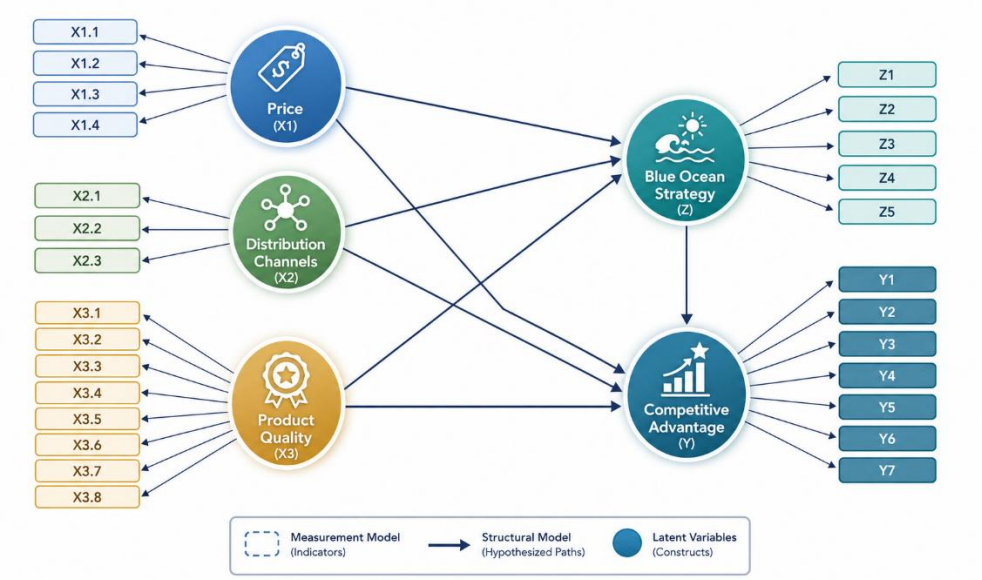
H10: Product quality has a positive effect on product competitiveness through Blue Ocean Strategy as a mediating variable.

Conceptual Framework

The conceptual framework of this study explains the relationship among price, distribution channels, product quality, Blue Ocean Strategy, and product competitiveness. Price, distribution channels, and product quality are positioned as exogenous variables. Blue Ocean Strategy is positioned as a mediating variable, while product competitiveness is positioned as the endogenous variable.

The framework assumes that business factors at the farmer level do not automatically create competitiveness. Instead, these factors must be transformed through Blue Ocean Strategy into value innovation, differentiation, and new market opportunities. The maqasid shariah perspective provides the ethical foundation for ensuring that the proposed business development strategy supports fairness, transparency, welfare, and the protection of farmers' wealth.

Figure 7. Conceptual Framework



Source: Source: Primary data processed, 2025

The variables in this study consist of price as variable X1, distribution channels as variable X2, product quality as variable X3, Blue Ocean Strategy as variable Z, and product competitiveness as variable Y. The proposed model examines both direct effects and indirect effects through Blue Ocean Strategy as a mediating variable. Thus, the conceptual framework is designed to explain how business development strategy through Blue Ocean Strategy can increase product competitiveness in Gayo coffee farming in Aceh.

3. Methodology

Research Design and Scope

This study employed a quantitative field research approach with an explanatory strategic formulation. The quantitative approach was used to examine the relationships among price, distribution channels, product quality, Blue Ocean Strategy, and product competitiveness in Gayo coffee farming. Meanwhile, the strategic formulation was used to interpret the empirical findings into a business development strategy based on the Blue Ocean Strategy framework.

The scope of this study focused on Gayo coffee farmers in Central Aceh and Bener Meriah Regencies, Aceh Province. These two regions were selected because they represent the main

production centers of Gayo Arabica coffee and have a strategic role in supporting the regional coffee economy. The study examined three main business factors, namely price, distribution channels, and product quality, as exogenous variables. Blue Ocean Strategy was positioned as a mediating variable, while product competitiveness was positioned as the endogenous variable.

This research was designed to explain whether price, distribution channels, and product quality directly influence product competitiveness, and whether these relationships are mediated by Blue Ocean Strategy. In addition, the study aimed to formulate a business development strategy that can help Gayo coffee farmers improve product competitiveness, strengthen bargaining power, and create higher added value in the coffee value chain.

Research Approach

This study used a deductive approach because the research model was developed based on relevant theories and previous studies. The deductive approach was applied to test the hypothesized relationships among the variables through empirical data. The theoretical foundation of this study includes business strategy, marketing strategy, Blue Ocean Strategy, competitiveness, and sharia business principles.

Although the main analysis was quantitative, the interpretation of the findings was directed toward strategic formulation. Therefore, the results of the statistical analysis were not only used to accept or reject hypotheses, but also to develop practical recommendations for business development in Gayo coffee farming. In this context, Blue Ocean Strategy was used as a strategic framework to identify actions that should be eliminated, reduced, raised, and created to improve product competitiveness.

Population and Sample

The population of this study consisted of Gayo coffee farmers who manage smallholder coffee plantations in Central Aceh and Bener Meriah Regencies. The total population was 61,600 farmers. Because it was not possible to involve the entire population, this study used a sample representing farmers from the research locations.

The sampling technique used was accidental sampling, also known as convenience sampling. This technique was applied by selecting respondents who were available, accessible, and relevant to the research criteria. The sample consisted of 17 respondents from each of the 24 sub-districts included in the research area, resulting in a total of 408 respondents. The respondents were selected because they were directly involved in Gayo coffee farming and were considered capable of providing information related to price, distribution channels, product quality, Blue Ocean Strategy, and product competitiveness.

Data Collection

Primary data were collected through questionnaires distributed to Gayo coffee farmers in the selected research locations. The questionnaire was designed to measure the perceptions of farmers regarding price, distribution channels, product quality, Blue Ocean Strategy, and product competitiveness. Each variable was measured using several indicators developed from the theoretical framework and relevant literature.

Price was measured based on farmers' perceptions of price fairness, price suitability, and price stability. Distribution channels were measured based on market access, channel efficiency, and the role of intermediary actors. Product quality was measured through aspects related to cultivation quality, harvesting, post-harvest handling, product consistency, and conformity with market expectations. Blue Ocean Strategy was measured through indicators related to

innovation, differentiation, new market creation, and value innovation. Product competitiveness was measured through indicators related to market position, bargaining power, added value, market access, and business sustainability.

Data Analysis Technique

The data were analyzed using Structural Equation Modeling based on Partial Least Squares, or SEM-PLS, with the assistance of SmartPLS 3.0 software. SEM-PLS was selected because it is suitable for examining complex relationships among latent variables, including direct and indirect effects. According to Ghozali (2014), Structural Equation Modeling combines factor analysis and simultaneous equation modeling, making it appropriate for testing measurement models and structural models.

The data analysis was conducted in two main stages. First, the measurement model was evaluated to assess the validity and reliability of the research indicators. This stage was used to ensure that each indicator properly measured its respective latent variable. Second, the structural model was tested to examine the relationships among variables, including the direct effects of price, distribution channels, and product quality on Blue Ocean Strategy and product competitiveness, as well as the effect of Blue Ocean Strategy on product competitiveness.

The mediating role of Blue Ocean Strategy was examined by analyzing the specific indirect effects. This analysis was used to determine whether Blue Ocean Strategy mediates the relationship between price and product competitiveness, distribution channels and product competitiveness, as well as product quality and product competitiveness. The results of the SEM-PLS analysis were then interpreted to formulate a business development strategy through the Blue Ocean Strategy four-action framework, namely eliminate, reduce, raise, and create.

In this study, price, distribution channels, and product quality were treated as exogenous variables. Blue Ocean Strategy was treated as the mediating variable, while product competitiveness was treated as the endogenous variable. The indicators used to measure each construct were considered manifest variables in the SEM-PLS model. Through this analytical procedure, the study was able to explain both the empirical relationships among variables and the strategic direction needed to improve product competitiveness in Gayo coffee farming in Aceh.

This study focuses on the analysis of factors that affect the competitiveness of Gayo coffee farmers in Central Aceh and Bener Meriah Regencies, namely price, distribution channels, product quality, and *blue ocean strategy*. This study also examines the role *of blue ocean strategy* as a mediating variable in the relationship between price, distribution channel, and product quality to competitiveness. This research is exploratory with the aim of formulating the right strategy in dealing with existing problems. The method used is quantitative approach with an explanatory strategic formulation, which is a combination of quantitative and qualitative approaches to obtain a more comprehensive and in-depth understanding of the phenomenon being studied, (Sugiyono, 2013).

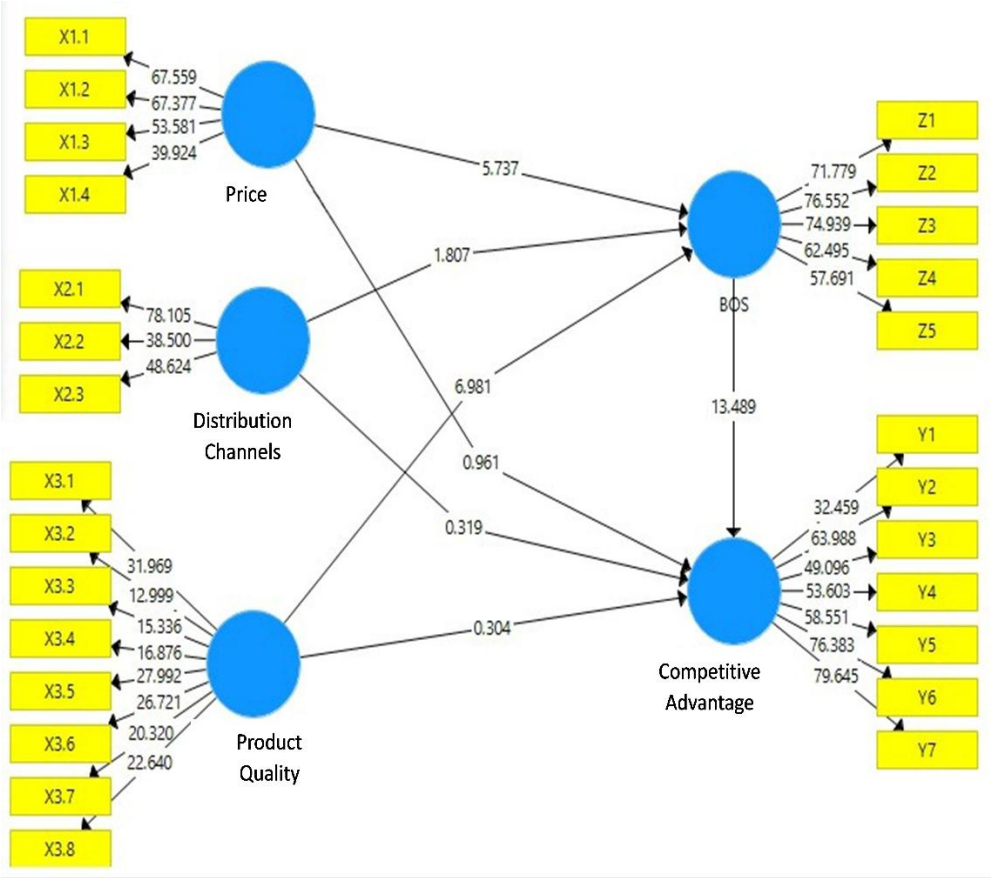
4. Result and Discussion

Hypothesis Testing

Hypothesis testing was conducted to examine the direct and indirect relationships among price, distribution channels, product quality, Blue Ocean Strategy, and product competitiveness in Gayo coffee farming in Aceh. The analysis was carried out using the path

coefficient values generated from the SEM-PLS model. The hypothesis was accepted when the t-statistic value was greater than 1.96 and the p-value was less than 0.05. These criteria indicate that the relationship between variables is statistically significant.

Figure 8. Path Coefficient Model



Source: Source: Primary data processed, 2025

Figure 4.1 illustrates the structural relationships among the research variables. The model shows that price and product quality have a significant effect on Blue Ocean Strategy, while distribution channels do not significantly affect Blue Ocean Strategy. Furthermore, Blue Ocean Strategy has a significant effect on product competitiveness. However, price, distribution channels, and product quality do not directly affect product competitiveness. These findings indicate that product competitiveness in Gayo coffee farming is not directly determined by conventional business factors, but by the ability to transform these factors into strategic value through Blue Ocean Strategy.

The results of the direct effect analysis are presented in Table 1.

Table 1. Direct Effect Values in the Path Coefficient Table

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P-Values	Result
Blue Ocean Strategy → Product Competitiveness	0.834	0.843	0.062	13.489	0.000	Significant

Price → Blue Ocean Strategy	0.408	0.411	0.071	5.737	0.000	Significant
Price → Product Competitiveness	0.066	0.060	0.069	0.961	0.337	Not Significant
Product Quality → Blue Ocean Strategy	0.394	0.390	0.057	6.981	0.000	Significant
Product Quality → Product Competitiveness	-0.015	-0.016	0.050	0.304	0.761	Not Significant
Distribution Channels → Blue Ocean Strategy	0.137	0.142	0.076	1.807	0.071	Not Significant
Distribution Channels → Product Competitiveness	0.021	0.017	0.065	0.319	0.750	Not Significant

Source: Source: Primary data processed, 2025

Based on Table 4.1, the direct effect of price on Blue Ocean Strategy is positive and significant. The t-statistic value of 5.737 is greater than 1.96, and the p-value of 0.000 is lower than 0.05. Therefore, H1 is accepted. This finding indicates that price plays an important role in encouraging the development of Blue Ocean Strategy among Gayo coffee farmers.

The direct effect of price on product competitiveness is not significant. The t-statistic value of 0.961 is lower than 1.96, and the p-value of 0.337 is higher than 0.05. Therefore, H2 is rejected. This result shows that price alone does not directly improve the competitiveness of Gayo coffee products.

The effect of distribution channels on Blue Ocean Strategy is also not significant. The t-statistic value of 1.807 is lower than 1.96, and the p-value of 0.071 is higher than 0.05. Therefore, H3 is rejected. This finding suggests that the existing distribution channels have not yet functioned as strategic instruments for creating new market spaces.

The direct effect of distribution channels on product competitiveness is not significant. The t-statistic value of 0.319 is lower than 1.96, and the p-value of 0.750 is higher than 0.05. Therefore, H4 is rejected. This indicates that the current distribution system has not been able to directly strengthen the competitiveness of Gayo coffee products.

The effect of product quality on Blue Ocean Strategy is positive and significant. The t-statistic value of 6.981 is greater than 1.96, and the p-value of 0.000 is lower than 0.05. Therefore, H5 is accepted. This finding indicates that product quality is an important foundation for developing Blue Ocean Strategy through differentiation, innovation, and value creation.

However, the direct effect of product quality on product competitiveness is not significant. The t-statistic value of 0.304 is lower than 1.96, and the p-value of 0.761 is higher than 0.05. Therefore, H6 is rejected. This result shows that quality improvement does not automatically lead to stronger competitiveness unless it is supported by market innovation and strategic positioning.

The effect of Blue Ocean Strategy on product competitiveness is positive and significant. The t-statistic value of 13.489 is greater than 1.96, and the p-value of 0.000 is lower than 0.05. Therefore, H7 is accepted. This finding confirms that Blue Ocean Strategy is a key mechanism for increasing product competitiveness in Gayo coffee farming.

The indirect effects were tested to examine the mediating role of Blue Ocean Strategy. The results are presented in Table 2.

Table 2. Specific Indirect Effects

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P-Values	Result
Price → Blue Ocean Strategy → Product Competitiveness	0.340	0.347	0.067	5.077	0.000	Significant
Product Quality → Blue Ocean Strategy → Product Competitiveness	0.329	0.328	0.049	6.737	0.000	Significant
Distribution Channels → Blue Ocean Strategy → Product Competitiveness	0.115	0.120	0.066	1.751	0.081	Not Significant

Source: Primary data processed, 2025

The indirect effect test shows that Blue Ocean Strategy mediates the relationship between price and product competitiveness. The t-statistic value of 5.077 is greater than 1.96, and the p-value of 0.000 is lower than 0.05. Therefore, H8 is accepted. This means that price can improve product competitiveness when it is transformed through Blue Ocean Strategy.

The indirect effect of distribution channels on product competitiveness through Blue Ocean Strategy is not significant. The t-statistic value of 1.751 is lower than 1.96, and the p-value of 0.081 is higher than 0.05. Therefore, H9 is rejected. This result indicates that distribution channels have not yet become an effective strategic pathway for strengthening competitiveness through Blue Ocean Strategy.

The indirect effect of product quality on product competitiveness through Blue Ocean Strategy is positive and significant. The t-statistic value of 6.737 is greater than 1.96, and the p-value of 0.000 is lower than 0.05. Therefore, H10 is accepted. This finding confirms that product quality contributes to competitiveness when it is converted into value innovation, differentiation, and new market opportunities through Blue Ocean Strategy.

Furthermore, H11 shows that the business development strategy for improving product competitiveness in Gayo coffee farming can be designed through the Blue Ocean Strategy four-action framework, namely eliminate, reduce, raise, and create. This strategic formulation

provides a practical direction for addressing price disparity, weak bargaining power, limited market access, and low value-added processing in Gayo coffee farming.

Table 3. Summary of Hypothesis Testing Results

No.	Hypothesis	Result
1	Price affects the Blue Ocean Strategy of Gayo coffee farmers in Aceh.	Accepted
2	Price affects the product competitiveness of Gayo coffee farming in Aceh.	Rejected
3	Distribution channels affect the Blue Ocean Strategy of Gayo coffee farmers in Aceh.	Rejected
4	Distribution channels affect the product competitiveness of Gayo coffee farming in Aceh.	Rejected
5	Product quality affects the Blue Ocean Strategy of Gayo coffee farmers in Aceh.	Accepted
6	Product quality affects the product competitiveness of Gayo coffee farming in Aceh.	Rejected
7	Blue Ocean Strategy affects the product competitiveness of Gayo coffee farming in Aceh.	Accepted
8	Price affects product competitiveness through Blue Ocean Strategy as a mediating variable.	Accepted
9	Distribution channels affect product competitiveness through Blue Ocean Strategy as a mediating variable.	Rejected
10	Product quality affects product competitiveness through Blue Ocean Strategy as a mediating variable.	Accepted
11	Business development strategy can be designed through the Blue Ocean Strategy four-action framework to increase product competitiveness.	Supported

Source: Primary data processed, 2025

Discussion

The findings of this study show that product competitiveness in Gayo coffee farming cannot be explained only by conventional business factors such as price, distribution channels, and product quality. The results indicate that price and product quality do not directly affect product competitiveness, but both have significant indirect effects through Blue Ocean Strategy. This finding is important because it confirms that competitiveness is not automatically created by better prices or higher product quality. Instead, these factors must be transformed into value innovation, market differentiation, and new business opportunities.

Price, Blue Ocean Strategy, and Product Competitiveness

The results show that price has a significant effect on Blue Ocean Strategy, but it does not directly affect product competitiveness. This finding indicates that price is not sufficient to improve the competitive position of Gayo coffee farmers when farmers remain dependent on

conventional market mechanisms. In the existing value chain, farmers often act as price takers because the price of coffee at the farm level is largely determined by collectors, intermediaries, and market fluctuations. Therefore, even when price increases occur, they do not always reflect an improvement in farmers' bargaining power.

However, the significant effect of price on Blue Ocean Strategy shows that price can become strategic when it is linked to value innovation. Through Blue Ocean Strategy, farmers can move beyond commodity-based price competition and create differentiated value propositions. For example, Gayo coffee can be developed into specialty coffee, organic coffee, packaged coffee, single-origin coffee, coffee tourism products, and direct-to-consumer offerings. In this way, price is no longer determined only by market pressure, but also by uniqueness, quality, traceability, ethical value, and consumer experience.

This finding also has relevance from the maqasid shariah perspective. In Islamic business, price should reflect fairness, transparency, and mutual benefit. Price formation should not be based on exploitation, information asymmetry, or unequal bargaining power. Therefore, Blue Ocean Strategy becomes an important instrument for supporting hifz al-mal, or the protection of wealth, because it enables farmers to obtain fairer economic value from the products they produce.

Distribution Channels, Blue Ocean Strategy, and Product Competitiveness

The results show that distribution channels do not significantly affect either Blue Ocean Strategy or product competitiveness. This finding indicates that the existing distribution system has not yet functioned as a strategic source of competitive advantage for Gayo coffee farmers. Distribution channels still tend to operate through conventional patterns, where farmers depend heavily on collectors, intermediary traders, and limited institutional networks.

The insignificant effect of distribution channels should not be interpreted as meaning that distribution is unimportant. Rather, it suggests that the current distribution channels have not been sufficiently transformed into mechanisms for market expansion and value creation. In many cases, distribution channels still function only as transactional routes for selling raw coffee, rather than as strategic platforms for accessing premium markets, specialty coffee buyers, cafés, exporters, digital consumers, or tourism-based markets.

This condition explains why distribution channels do not significantly contribute to Blue Ocean Strategy. Blue Ocean Strategy requires market reconstruction, innovation, and new value creation. If distribution channels remain long, inefficient, and dominated by intermediaries, they will continue to reproduce the same structural problems, including price disparity, weak bargaining power, and limited market access. Therefore, distribution channels need to be redesigned through cooperative-based aggregation, digital marketing, direct selling, and stronger partnerships with higher-value market actors.

From the maqasid shariah perspective, distribution channels must be developed based on honesty, fairness, and transparency. A sharia-compliant distribution system should reduce information asymmetry, prevent exploitative practices, and ensure that farmers receive a fairer share of value. Therefore, strengthening cooperatives, improving market information systems, and developing transparent marketing networks are essential for building a more equitable Gayo coffee business ecosystem.

Product Quality, Blue Ocean Strategy, and Product Competitiveness

The results show that product quality has a significant effect on Blue Ocean Strategy, but it does not directly affect product competitiveness. This finding indicates that high product quality alone is not enough to improve competitiveness if it is not supported by innovation, branding, market access, and value-added processing. In the context of Gayo coffee, farmers may produce coffee with strong quality potential, but this potential will not automatically increase competitiveness if farmers continue to sell coffee in raw or semi-processed forms.

Product quality becomes strategically meaningful when it is transformed through Blue Ocean Strategy. Quality can serve as the foundation for differentiation, product innovation, and new market creation. For example, quality improvement can support the development of specialty coffee, organic coffee, premium packaged coffee, derivative coffee products, and experience-based services such as coffee farm tourism and brewing classes. These innovations allow Gayo coffee farmers to move away from homogeneous commodity competition and enter market spaces where consumers are willing to pay for uniqueness, authenticity, and ethical value.

This finding implies that the main issue in Gayo coffee farming is not merely whether farmers can produce high-quality coffee, but whether they can capture the economic value of that quality. Therefore, quality improvement must be supported by post-harvest processing, sorting, drying, roasting, packaging, certification, branding, and direct market access. From the maqasid shariah perspective, this strategy supports farmer welfare because it enables farmers to obtain greater added value from their products in a fair and sustainable way.

Blue Ocean Strategy and Product Competitiveness

The results show that Blue Ocean Strategy has a strong and significant effect on product competitiveness. This finding confirms that Blue Ocean Strategy is the central mechanism for increasing competitiveness in Gayo coffee farming. Through Blue Ocean Strategy, farmers can reduce their dependence on price-based competition and create new market spaces based on differentiation, innovation, product uniqueness, and customer value.

In the Gayo coffee context, Blue Ocean Strategy can be implemented through the development of specialty coffee, organic coffee, derivative products, digital promotion, direct selling, coffee tourism, and partnership-based marketing. These strategies help farmers shift from being raw commodity suppliers to becoming value creators in the coffee business ecosystem. As a result, competitiveness is strengthened not only through better products, but also through improved market positioning, stronger bargaining power, higher added value, and broader market access.

This finding also strengthens the argument that Blue Ocean Strategy should be understood as a value-chain transformation strategy. The strategy does not only focus on creating new products, but also on changing how farmers produce, process, distribute, market, and capture value from Gayo coffee. Therefore, Blue Ocean Strategy is highly relevant for addressing structural problems faced by Gayo coffee farmers, such as dependence on collectors, limited post-harvest processing, weak market access, and unequal value distribution.

Integrating Maqasid Shariah and Blue Ocean Strategy

The integration of maqasid shariah and Blue Ocean Strategy provides a stronger foundation for sharia-based business development in Gayo coffee farming. Maqasid shariah emphasizes that economic activities should produce maslahah and prevent harm. In this study, maqasid shariah is used to ensure that the development of Blue Ocean Strategy does not only pursue competitiveness, but also promotes justice, transparency, protection of wealth, and farmer welfare.

The principles of maqasid shariah are relevant to the structural conditions faced by Gayo coffee farmers. Price disparity, weak bargaining power, dependence on collectors, and limited access to market information indicate that farmers require a business strategy that is not only innovative, but also fair and protective. In this context, Blue Ocean Strategy provides the strategic mechanism for creating differentiated market opportunities, while maqasid shariah provides the ethical direction for ensuring that these opportunities benefit farmers and the wider community.

The concept of ar-rawaj, or lawful trade, emphasizes that buying and selling activities are permissible when they are conducted voluntarily, transparently, and with clear objects of exchange. In the Gayo coffee value chain, this principle requires fair price formation, clear product quality standards, honest distribution practices, and transparent partnerships between farmers and buyers. Therefore, the integration of Blue Ocean Strategy and maqasid shariah creates a unified model of sharia-based value innovation, where competitiveness is pursued through both market differentiation and ethical business governance.

Blue Ocean Strategy Model for Increasing Product Competitiveness

The findings of this study support the formulation of a business development strategy through the Blue Ocean Strategy four-action framework: eliminate, reduce, raise, and create. This framework provides practical guidance for improving product competitiveness in Gayo coffee farming.

First, the strategy should eliminate practices that weaken farmer welfare, particularly dependence on usury-based financing and exploitative intermediary mechanisms. Farmers often rely on collectors not only as buyers, but also as sources of capital. This dependency can reduce bargaining power and limit farmers' ability to access alternative markets. Therefore, eliminating exploitative financing and unfair transaction practices is essential for building a more equitable business model.

Second, the strategy should reduce the use of chemical fertilizers and inefficient production costs. Reducing excessive chemical input is important not only for environmental sustainability, but also for supporting organic and specialty coffee positioning. This action can increase the market value of Gayo coffee, especially in segments that value sustainability, health, and traceability.

Third, the strategy should raise seed quality, cultivation practices, harvesting methods, post-harvest processing, and customer service. Quality improvement must be carried out from upstream to downstream. Farmers need support in using superior seeds, improving harvesting techniques, conducting proper sorting and drying, maintaining consistency, and meeting quality standards required by premium markets.

Fourth, the strategy should create new products, new experiences, and new market channels. Gayo coffee farmers can develop various coffee derivative products, packaged coffee, organic coffee, coffee with distinctive flavor profiles, coffee farm tourism, brewing classes, and digital promotion channels. These innovations can create new demand and allow farmers to access higher-value markets.

The Blue Ocean Strategy formulation can be summarized as follows:

Table 4. Blue Ocean Strategy Four-Action Framework for Gayo Coffee Farming

Four-Action Framework	Strategic Direction	Practical Implementation

Eliminate	Eliminate practices that weaken farmer welfare	Eliminate usury-based financing, exploitative intermediary dependence, and unfair price-setting practices
Reduce	Reduce inefficient and unsustainable practices	Reduce excessive chemical fertilizer use, unnecessary production costs, and dependence on long marketing chains
Raise	Raise product and service standards	Improve seed quality, cultivation practices, harvesting quality, post-harvest processing, packaging, quality control, and customer service
Create	Create new value and market spaces	Develop specialty coffee, organic coffee, packaged coffee, derivative products, coffee tourism, brewing classes, digital promotion, and direct selling

Source: Primary data processed, 2025

This strategic model shows that improving product competitiveness requires more than increasing production volume. Gayo coffee farmers need to build a new business development model that integrates innovation, differentiation, market access, institutional strengthening, and sharia-based ethical values.

Research Novelty

This study offers several novelties. First, it develops a product competitiveness model for Gayo coffee farming by positioning Blue Ocean Strategy as a mediating mechanism between business factors and competitiveness. The findings show that price and product quality do not directly increase competitiveness, but both become significant when mediated by Blue Ocean Strategy. This indicates that competitiveness is created when business factors are transformed into value innovation.

Second, this study integrates Blue Ocean Strategy with the maqasid shariah perspective. Previous studies on Blue Ocean Strategy generally emphasize innovation, differentiation, and uncontested market space. This study extends that perspective by showing that value innovation in sharia-based business must also promote justice, transparency, halal value creation, protection of wealth, and farmer welfare.

Third, this study proposes an ERRC-based business development model for Gayo coffee farmers. The model is not limited to product innovation, but also addresses structural problems in the value chain, including price disparity, weak bargaining power, dependence on collectors, limited market access, and low value-added processing. Thus, the study contributes both theoretically and practically to the development of a sustainable sharia-based coffee business ecosystem in Aceh.

5. Conclusion and Suggestion

Conclusion

This study concludes that Blue Ocean Strategy plays a central role in increasing product competitiveness in Gayo coffee farming in Aceh. The findings show that price and product quality do not directly improve product competitiveness, but both have a significant effect when mediated by Blue Ocean Strategy. This indicates that price and product quality become strategic resources only when they are transformed into value innovation, product differentiation, and new market opportunities. In other words, competitiveness in Gayo coffee

farming is not automatically created by better prices or higher product quality, but by the ability of farmers and related institutions to convert these factors into superior value propositions.

The finding that distribution channels do not significantly influence either Blue Ocean Strategy or product competitiveness indicates that the existing distribution system has not yet functioned as a strategic mechanism for strengthening market access and farmer bargaining power. Distribution channels in Gayo coffee farming still tend to operate through conventional patterns, where farmers depend heavily on collectors and intermediary traders. As a result, distribution has not yet become an effective instrument for creating higher added value or improving farmers' position in the coffee value chain.

Theoretically, this study contributes to the development of a sharia-based business strategy model by integrating Blue Ocean Strategy and maqasid shariah. Blue Ocean Strategy provides the strategic foundation for creating uncontested market space through innovation, differentiation, and value creation. Meanwhile, maqasid shariah provides the ethical foundation to ensure that business development is directed toward fairness, transparency, welfare protection, halal value creation, and the protection of farmers' wealth. Therefore, product competitiveness in Gayo coffee farming should not only be understood as market performance, but also as a process of creating a fairer and more sustainable value chain.

Practically, the study emphasizes that Gayo coffee farmers, cooperatives, and local institutions need to implement an ERRC-based strategy consisting of eliminating, reducing, raising, and creating. This strategy includes eliminating usury-based and exploitative business practices, reducing inefficient costs and excessive chemical inputs, raising seed quality, cultivation standards, post-harvest quality, product consistency, and customer service, as well as creating coffee derivative products, specialty coffee, organic coffee, coffee tourism experiences, digital promotion, and direct selling channels. Through this approach, Gayo coffee farmers can reduce dependence on collectors, access higher-value markets, improve bargaining power, and capture greater economic benefits from Gayo coffee.

Overall, the business development strategy through Blue Ocean Strategy offers a relevant approach for increasing product competitiveness in Gayo coffee farming in Aceh. When integrated with maqasid shariah values, this strategy does not only support market expansion and innovation, but also contributes to farmer welfare, value-chain justice, and sustainable regional economic development.

Suggestion

Based on the findings of this study, several suggestions can be proposed. First, Gayo coffee farmers are encouraged to implement Blue Ocean Strategy as a broader value innovation strategy, not merely as product diversification. Farmers need to develop differentiated coffee products based on land elevation, taste characteristics, organic cultivation, post-harvest quality, packaging, traceability, and local identity. In addition, farmers should strengthen direct market access through digital promotion, partnerships with cafés, specialty coffee buyers, exporters, and coffee tourism actors. These efforts are expected to reduce dependence on collectors, strengthen bargaining power, and increase the added value received by farmers.

Second, farmer groups and cooperatives should play a more strategic role in strengthening the Gayo coffee value chain. Cooperatives should not only function as collecting institutions, but also as business aggregators that manage quality standardization, post-harvest processing, certification, storage, packaging, branding, and market negotiation. Through this role,

cooperatives can help farmers shift from raw commodity-based sales toward higher-value coffee products and services. The integration of maqasid shariah values is also necessary to ensure that business practices are based on fairness, transparency, mutual benefit, and the protection of farmers' welfare.

Third, the government and regulators need to provide more systematic policy support for the development of a sustainable sharia-based coffee business ecosystem. Policy support can be provided through access to sharia-compliant financing, training in post-harvest technology, digital marketing assistance, quality certification facilitation, infrastructure improvement, and strengthening of farmer institutions. Local governments should also support the development of Gayo coffee as an integrated regional brand that combines specialty coffee, local culture, Islamic business ethics, and sustainable tourism.

Fourth, stakeholders in the coffee value chain, including exporters, private buyers, cafés, tourism actors, universities, and financial institutions, should build collaborative partnerships with farmer groups and cooperatives. These partnerships are important to improve technology transfer, market information, product innovation, business mentoring, and access to premium markets. Such collaboration can help create a more inclusive coffee business ecosystem in which farmers are not only positioned as raw material suppliers, but also as active actors in value creation.

Fifth, future research is recommended to expand the scope of analysis by involving broader research locations, larger samples, and additional variables such as institutional capacity, digital marketing capability, sharia financial inclusion, farmer entrepreneurship, sustainability practices, and market access. Future studies may also apply comparative or longitudinal approaches to examine how Blue Ocean Strategy and maqasid shariah-based business practices influence farmer welfare and product competitiveness over time. This would provide a deeper understanding of how strategic innovation and Islamic business values can jointly support sustainable agricultural competitiveness.

6. Limitations and Future Research

This study has several limitations that should be acknowledged. First, the research area was limited to Central Aceh and Bener Meriah Regencies, which are the main production centers of Gayo coffee in Aceh. Although these regions provide a relevant context for examining business development strategy in Gayo coffee farming, the findings may not fully represent the conditions of coffee farmers in other regions with different institutional, market, cultural, and value-chain characteristics.

Second, this study focused only on price, distribution channels, product quality, and Blue Ocean Strategy as the main variables influencing product competitiveness. These variables are relevant to the research objective, but they do not fully capture all factors that may affect the competitiveness of Gayo coffee farming. Other important factors, such as farmer entrepreneurship, digital marketing capability, institutional strength, sharia financial inclusion, technology adoption, certification, sustainability practices, and access to premium markets, were not included in the model.

Third, this study used SEM-PLS to examine the relationships among variables and the mediating role of Blue Ocean Strategy. Although SEM-PLS is appropriate for testing complex models involving latent variables, this method has limitations in explaining deeper causal mechanisms, long-term strategic changes, and dynamic interactions among actors in the coffee

value chain. Therefore, the findings should be interpreted as empirical evidence of relationships among variables rather than as a complete explanation of all causal processes affecting product competitiveness.

Future research is recommended to expand the research area by involving other coffee-producing regions in Aceh or other provinces in Indonesia. A broader research scope would allow comparative analysis and provide a more comprehensive understanding of how Blue Ocean Strategy can be applied in different coffee farming contexts. Future studies may also include additional variables, such as digital transformation, cooperative performance, farmer innovation capability, sharia-based financing, market orientation, supply-chain integration, sustainability certification, and farmer welfare.

Furthermore, future research may use mixed-method, longitudinal, or comparative approaches to obtain deeper insights into how Blue Ocean Strategy and maqasid shariah-based business practices influence product competitiveness over time. Qualitative approaches, such as interviews with farmers, cooperatives, exporters, local government, and specialty coffee buyers, would also be useful to explain the structural problems of the Gayo coffee value chain more comprehensively. Through these approaches, future studies can provide stronger theoretical and practical contributions to the development of a sustainable, competitive, and sharia-based coffee business ecosystem.

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