Analysis of Business Implementation through the Blue Ocean Strategy Approach in an Effort to Face Competition in Mamikeki Culinary SMEs

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ABSTRACT

The food and beverage industry, a cornerstone of the national economy, is thriving in Bandar Lampung, notably through its rapidly growing MSME sector. Among these, the culinary business, such as Mamikeki Banana Nugget, stands out due to its high growth potential. This study examines the application of Blue Ocean Strategy in Mamikeki Banana Nugget MSMEs to address competition. Using qualitative descriptive methods, the study analyzes data through reduction, strategy canvas, and Blue Ocean strategy index. Findings reveal Mamikeki’s success in differentiating from competitors via the Blue Ocean Strategy, though the price dimension remains in the red ocean. To improve, the business should evaluate pricing and enhance communication through taglines to clarify value to buyers.
INTRODUCTION

In recent years, Indonesia has witnessed rapid growth in the Micro, Small, and Medium Enterprises (MSMEs) sector, particularly in the culinary field. This phenomenon not only reflects changes in consumer behavior but also underscores the significant role MSMEs play in the Indonesian economy. The food and beverage industry remains a vital sector supporting the manufacturing sector and the national economy. Its importance is evident from its consistent and significant contribution to the non-oil and gas industrial Gross Domestic Product (GDP) and the increase in investment realization. The government aims to ensure the availability of raw materials needed by the food and beverage industry to enhance productivity and global competitiveness, emphasizing the importance of downstream processes.

In the second quarter of 2023, the GDP at constant prices (ADHK) in the food and beverage industry reached IDR 209.51 trillion, showing a 4.62% increase compared to the same period in the previous year (IDR 200.30 trillion). This growth, although the fourth largest among manufacturing sub-sectors, trailed behind transportation equipment (9.66% yoy), basic metals (11.49% yoy), and electronics (17.32% yoy). Nonetheless, there was a noticeable slowdown in the industry's growth during this quarter, consistent with trends observed in the previous quarter (Badan Pusat Statistik, 2023). Despite this domestic slowdown, exports in the food and beverage sector remained resilient amidst global geopolitical uncertainties, particularly with an 8% (yoy) increase in processed and semi-processed food exports during the first half of 2023. This expansion is notably observed in emerging markets like the Middle East and North Africa (MENA). Moreover, the industry successfully tapped into markets facing supply chain challenges, including Malaysia, Singapore, and Japan. Notably, the food and beverage industry contributed 34% to the manufacturing sector's GDP in the second quarter of 2023 (Ridhwan Mustajab, 2023).

The culinary landscape in Indonesia has undergone significant transformations due to modernization, impacting consumption habits and sparking entrepreneurial endeavors, particularly in major cities. Entrepreneurs in this sector strive to enhance product quality, prompting customers to organically endorse their offerings through word-of-mouth promotion. This phenomenon has fueled a surge in food and snack vendors across various Indonesian cities. Bandar Lampung, recognizing the economic potential of its MSMEs, especially in the culinary sector, has witnessed rapid growth in this domain. With 57,019 MSMEs identified by the Department of Cooperatives and MSMEs in Bandar Lampung, these businesses play a pivotal role in job creation and economic development, aligning with the city's priorities for stimulating regional growth (Vina Oktavia, 2023).

This study examines Mamikeki, a leading MSME in Bandar Lampung's culinary sector, known for its banana nuggets. Established in 2017, Mamikeki offers various foods and drinks, with banana nuggets being the best-seller. It operates three outlets and is available on platforms like Go-Food, Shopee Food, and Grab Food. Mamikeki has received the Best Seller award on Go-Food in 2017. The business continually innovates by adding new menu items, offering additional toppings, and providing discounts both online and in-store.
To sustain and grow its market share amid high competition, Mamikeki needs an effective business strategy. One such strategy is the Blue Ocean Strategy (BOS), which aims to create uncontested market space and make competition irrelevant. According to W. Chan Kim and Renée Mauborgne in "Blue Ocean Strategy, Expanded Edition: How to Create Uncontested Market Space and Make the Competition Irrelevant," BOS moves businesses away from the saturated "red ocean" markets and into "blue oceans" of new demand (Kim & Mauborgne, 2005). This involves eliminating, reducing, raising, and creating factors to innovate and redefine market boundaries.

Applying BOS to Mamikeki aims to provide a strategic plan to enhance its competitive edge and ensure sustainability. By focusing on innovation and unique value propositions, Mamikeki can stand out from competitors and capture more market share. This study will assess Mamikeki's current market position, identify areas for improvement, and offer strategic recommendations based on the BOS framework to help Mamikeki succeed in Bandar Lampung's competitive culinary industry.

The research problem focuses on the business strategies needed by the Mamikeki banana nugget MSME in Bandar Lampung to navigate increasing competition. The study aims to analyze the application of the Blue Ocean Strategy approach to Mamikeki's business to create untapped market spaces and reduce direct competition. The findings are expected to provide a new, effective, and efficient business plan for culinary MSMEs in Bandar Lampung and offer valuable recommendations for the company to enhance its competitiveness. For the researcher, this study serves as a practical application of academic knowledge, offering insights into the real business world and laying a foundation for future business strategies.

LITERATURE REVIEW

**Strategy Management**

Strategic management, as defined by Fred R. David (2017), entails the art and science of formulating, implementing, and evaluating cross-functional decisions to enable organizations to achieve their objectives. This involves integrating management, marketing, finance, accounting, production and operations, research and development (R&D), and information systems to ensure organizational success. Wheelen et al. (2015) describe strategic management as a series of managerial decisions and actions that determine a corporation's long-term performance. Stephanie (2002) further defines strategy as the process of determining plans by top leaders focused on the organization's long-term goals, along with devising ways to achieve those goals. Additionally, Hamel and Prahalad (cited in Rangkuti, 1998) view strategy as incremental and continuous actions based on future customer expectations, emphasizing the need for core competencies to navigate evolving market innovations and consumer patterns. Overall, strategic business strategies are essential for directing a company's objectives towards achieving optimal performance, enhancing competitive positions, fostering innovation, and responding effectively to market dynamics.
**Blue Ocean Strategy (BOS)**

Blue Ocean Strategy (BOS) stands as a pivotal business strategy aimed at confronting competition effectively. It is a management strategy focused on creating new market spaces to address intense competition, achieved by innovating and tapping into untouched demand not yet explored by competitors. This approach essentially aims to outshine competitors by offering distinctiveness. BOS, as described by Kim & Mauborgne (2017), entails breaking away from the competitive landscape and concentrating on creating entirely new market spaces. The formulation of BOS births innovative value propositions, positively impacting cost structures and value propositions for buyers. To achieve this, companies must expand their industry boundaries into alternative industries and market boundaries, even reaching non-consumers.

Additionally, the Blue Ocean Strategy involves reconstructing market boundaries to create new market spaces and render competition irrelevant, contrasting with the Red Ocean Strategy, where industries' boundaries are well-defined and competitive rules are established. This process entails six distinct approaches, including observing alternative industries, strategic groups within industries, buyer chains, complementary product and service offerings, emotional or functional appeal to buyers, and timing. These strategies aim to shift focus from existing market spaces to creating new ones, thus reshaping competition dynamics. Moreover, the Blue Ocean Strategy emphasizes the importance of executing strategic sequences effectively, overcoming organizational hurdles, integrating execution into strategy, and utilizing tools like the Blue Ocean Idea Index to verify new business ideas against Blue Ocean Strategy criteria (Kim & Mauborgne, 2005).

**Micro, Small and Medium Enterprises (MSMEs)**

UMKM, which stands for Usaha Mikro Kecil dan Menengah (Micro, Small, and Medium Enterprises), refers to autonomous production units operated by individuals or business organizations in the economic leadership sector. The distinction between micro, small, medium, and large enterprises typically hinge on initial asset value (excluding land and buildings), average annual revenue, and the number of permanent employees (Maksum et al., 2020). However, the definition of UMKM based on these three criteria varies from one country to another, making it challenging to compare the significance or role of UMKM across nations. In Indonesia, the definition of UMKM is regulated by Republic of Indonesia Law No. 20 of 2008 concerning UMKM.

According to Article 1 of the Law, a microenterprise is a production company owned by an individual or a business organization as defined by law, while a Small Enterprise is an independent economic and production enterprise operated by an individual or a non-affiliated business entity, not a subsidiary or branch of a self-owned business entity, that directly or indirectly controls or is part of a microenterprise or large corporation that meets the criteria for a small enterprise as regulated in the Law. Meanwhile, a medium-sized enterprise is an independent production economic enterprise, carried out by an individual or a business entity that is not a subsidiary, owned, controlled, or part of a microenterprise, either directly or indirectly. It encompasses small or large enterprises that meet the criteria for a microenterprise as defined in the Law.
Based on Law Number 20 of 2008 concerning UMKM, the definitions of each type of enterprise are as follows: A Micro Business is a company with a net worth of less than Rp 50 million or generates revenue of less than Rp 300 million per year. A Small Business is one with assets ranging from Rp 50 million to Rp 500 million or generates revenue of Rp 300 million to Rp 2.5 billion per year. A Medium Business is one with assets between Rp 500 million and Rp 1 billion or generates revenue of Rp 2.5 billion to Rp 50 billion per year.

**METHODOLOGY**

*Types of research*

The research method employed in this study is qualitative descriptive research. According to Yin & Robert K (2016), qualitative research represents the views and perspectives of individuals labeled as participants in a study. It differs from other types of research due to its ability to represent the views and perspectives of participants and capture their perspectives, which is the main goal of qualitative research. Qualitative approach is a research method used to obtain comprehensive details about a phenomenon that is occurring (Aditya et al., 2019).

*Data*

In this study, data is categorized into primary and secondary sources. Primary data, as defined by Sinulingga (2015), involves direct examination or observation of relevant research sources and can be collected through interviews, questionnaires, and observation methods. On the other hand, secondary data, as described by Puspitasari and Novasari (2019), refers to information already available from various sources such as previous research findings and literature reviews. The data collection techniques employed include literature review to gather secondary data from journals, theses, and online media related to the research topic. Additionally, observation involves systematic fieldwork to observe the behavior and activities of individuals at the research site, while interviews are conducted directly with the owners of Mamikeki UMKM, Mamikeki customers, and Mamikeki's competitors to obtain primary data.

*Population and Sample*

The population in this study, as defined by Sugiono (2012), consists of 30 UMKM Pisang Nugget, representing the generalization area comprising objects or subjects with specific qualities and characteristics designated by the researcher for study and subsequent conclusions. Meanwhile, the sample includes the Mamikeki UMKM owner and four Mamikeki customers, who serve as experimental units providing the necessary information or data for the research.

*Data Analysis Technique*

Yin & Robert K (2016) advocate for the use of replication logic as an approach in the analysis process. Each case undergoes the same investigative procedure to yield results, enabling comparisons to identify similarities and differences, which elucidate general research questions and specific research objectives and goals. Data reduction involves summarizing, selecting essential
elements, and focusing on the most critical aspects by eliminating unnecessary ones due to the often-substantial amount of field-collected information requiring meticulous documentation, necessitating thoughtful processing by researchers to be astute, flexible, and broad-minded. The Four-Step Framework or the Eliminate-Reduce-Raise-Create (ERRC) scheme is an analytical tool complementing the four-step framework. It prompts companies not only to pose four questions but also to act based on these questions to create a new value curve, fostering four primary advantages for companies, including facilitating the exchange between value and cost through differentiation and low cost, avoiding the pitfall of focusing solely on innovation and creativity which could escalate cost structures and impact companies frequently shifting products and services, ensuring ease of understanding across all managerial levels, and fostering competitiveness by analyzing each industry factor as a competitive factor.

Furthermore, the Strategic Canvas serves as an operational and diagnostic framework for crafting a robust blue ocean strategy, delineating two dimensions: the horizontal axis encompassing factors used by the industry as competitive arenas and investments, while the vertical axis depicts the level of buyer utility from competitive offerings in the market. During strategy development, the canvas indicators are used based on received information, subsequently rated on a Likert scale ranging from 1-5, visualized as a strategic canvas. When conducting research, the correct and appropriate sequence of strategies must be ensured, including product utility, pricing, costs, and adoption. The procedure involves examining the overall business conditions, understanding Mamikeki's product utility and the main reasons for consumer purchase, assessing the affordability of the product price to the majority of consumers, inquiring about the costs incurred by Mamikeki customers according to the set target costs, and inquiring about their approaches to overcoming adoption barriers directly, with respondent or informant responses of "yes" or "no" represented by positive (+) or negative (-) symbols, respectively, to be implemented in the Blue Ocean Strategy Index.

RESULT

General Description of Research Objects

The research focuses on Mamikeki, a micro, small, and medium enterprise (UMKM) established in 2017 at Stadion Pahoman, Bandar Lampung. Initially operating with a makeshift tent by the roadside, Mamikeki gradually expanded its business by venturing into online platforms such as Go-Food, Grab-Food, and Shopeefood, leading to increased sales due to wider market reach and promotional offers. In 2019, Mamikeki opened its first physical outlet on Jl. Hos Cokroaminoto No. 80, Enggal, followed by outlets in Kedaton and Rajabasa, totaling three branches in Bandar Lampung. Mamikeki offers a diverse menu of food and beverages, ranging from crispy banana snacks to various drinks, with prices starting from Rp. 8,000 to Rp. 22,000 per item, along with package deals. Operating hours typically run from 10:00 AM to 9:00 PM. The organizational structure of Mamikeki reflects a simple functional hierarchy, characteristic of a micro-enterprise, emphasizing its small-scale operations and management approach.
Four Step Framework

<table>
<thead>
<tr>
<th>REMOVE</th>
<th>CREATE</th>
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<tbody>
<tr>
<td>Toppings that are less popular with consumers</td>
<td>New Product Variations</td>
</tr>
<tr>
<td>REDUCE Topping Product price</td>
<td></td>
</tr>
<tr>
<td>IMPROVE Adding human resources Parking Lot Seat Service quality Promotion or Discount Promotion</td>
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New Value Curve

Figure 1. Four Step Framework Result

The research framework employed a four-step approach, drawing data from interviews with Mamikeki's owner and surveys conducted with its customers, alongside field observations, to reconstruct buyer value factors and build a new value curve. These steps led to the formulation of Mamikeki's four-step framework, outlined as follows: Firstly, based on owner interviews, factors to be eliminated included unpopular toppings to reduce costs and enhance efficiency. Secondly, factors to be reduced also included these toppings, along with product prices, aiming to align offerings with market demands. Thirdly, areas for improvement, identified through interviews, encompassed expanding the workforce, particularly in managerial roles, to enhance business performance. Lastly, based on customer interviews, the creation of new offerings, such as additional menu variations, was suggested to enrich product diversity and cater to evolving consumer preferences. This comprehensive framework underscores Mamikeki's strategic endeavor to innovate and meet the dynamic needs of its market, aligning its operational adjustments with customer demands for sustained growth and competitiveness.

Eliminate-Less-Improve-Create Scheme

The process of crafting a Blue Ocean Strategy extends beyond the four-step framework to include complementary tools like the Eliminate-Reduce-Raise-Create (ERRC) scheme. In the case of UMKM Mamikeki, insights gleaned from
interviews concerning the four-step framework were distilled into the ERRC scheme, as showcased in the provided table. This scheme highlights key actions such as eliminating less popular toppings, reducing product prices, increasing human resources, enhancing customer amenities, improving service quality, boosting promotional efforts, and diversifying product offerings.

<table>
<thead>
<tr>
<th>Remove</th>
<th>Reduce</th>
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<tr>
<td>• Toppings that are less popular with consumers</td>
<td>• Toppings that are less popular with consumers</td>
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<td>• Product Price</td>
<td>• Product Price</td>
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<tr>
<th>Upgrade</th>
<th>Create</th>
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<tr>
<td>• Adding human resources or employees who do not yet exist, such as HR, Marketing and Finance Managers</td>
<td>• Varied products</td>
</tr>
<tr>
<td>• Parking area</td>
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<tr>
<td>• Seat at time of purchase</td>
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<tr>
<td>• Friendly service (service quality)</td>
<td></td>
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<tr>
<td>• Promotions or Discounts</td>
<td></td>
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<tr>
<td>• Promotion</td>
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</table>

These strategic moves aim to propel Mamikeki towards a Blue Ocean Strategy, positioning it competitively in the market. Transitioning from analysis to strategic action, the ERRC scheme serves as a vital precursor to the development of a strategy canvas, further refining Mamikeki's strategic trajectory and market positioning.

**Mamikeki MSME Strategy Canvas**

The strategic canvas not only illustrates a company's existing strategic landscape but also serves as a guide for formulating future strategies. From the graph above, it is evident that Mamikeki's topping curve is positioned at an excellent level with an average score of 4.4, indicating a strong performance in this aspect. Conversely, the pricing curve for Mamikeki is at the lowest position among all variables, with an average score of 2.6. This suggests that the pricing strategy of Mamikeki needs reevaluation, perhaps by providing clarifications to customers regarding the value proposition or aligning prices with the premium quality of the ingredients used. Meanwhile, the employee count curve aligns with the topping variable, indicating a satisfactory staffing level for Mamikeki. The parking space curve falls in the middle position with an average score of 3.6, suggesting that while adequate, there's room for improvement in this aspect. Furthermore, the service quality curve is positioned favorably at the top with an average score of 4.2, indicating commendable service standards.
Moreover, the promotional discount curve is positioned at a standard level, showing a reasonably good performance with an average score of 3.8. However, there's still room for improvement in providing promotions or discounts to attract more customers and enhance sales volume. Similarly, the promotion curve for Mamikeki is positioned at a satisfactory level, suggesting decent promotional efforts, although there's a need for further enhancement to increase brand awareness. The product variety curve falls into the category of reasonably good with an average score of 3.6, indicating a diverse range of offerings, yet there's scope for expansion to prevent customer monotony. Lastly, the seating arrangement curve is positioned at a satisfactory level with an average score of 4, indicating sufficient seating for customers, especially with the convenience of online food delivery platforms.

**Blue Ocean Idea Index**

Based on the findings from interviews and direct observations conducted with UMKM Mamikeki and its customers, the strategic position of the company in the strategy canvas has been determined. However, further clarification is needed regarding whether the company has entered the Blue Ocean strategy or is still operating within the Red Ocean strategy. The Blue Ocean Idea Index provides insights into this aspect, assessing dimensions such as product utility, pricing, costs, and adoption barriers. According to the Blue Ocean Idea Index results, Mamikeki UMKM is positioned at the Blue Ocean level, indicating a distinct value proposition and strong reasons for customers to purchase its products. While the affordability of Mamikeki's products is not significantly higher than competitors, the company's cost structure aligns well with its target market, and it has effectively addressed adoption barriers. These findings indicate a clear adoption of the Blue Ocean strategy by UMKM Mamikeki, as evidenced by the comprehensive evaluation conducted.
DISCUSSION

The research findings on the implementation of Blue Ocean Strategy at UMKM Mamikeki, employing various frameworks such as the four-step framework and the eliminate-reduce-raise-create scheme, as well as the Blue Ocean Idea Index, reveal that UMKM Mamikeki is primarily focused on utilizing the Blue Ocean Strategy. This implies that UMKM Mamikeki has shifted away from the red ocean strategy, indicating its superiority over similar competitors. However, concerning the product pricing aspect, UMKM Mamikeki still operates within the red ocean strategy. The exposition of the Blue Ocean Idea Index aims to encourage UMKM Mamikeki to determine future actions aimed at sustaining its business operations. The following paragraphs will elaborate on the Four-Step Framework Scheme that can be implemented by UMKM Mamikeki.

The Four-Step Framework Scheme outlined for UMKM Mamikeki provides a comprehensive approach to address key areas of improvement based on insights gathered from both owner interviews and consumer surveys. By focusing on aspects such as topping variety, pricing strategies, human resources, parking facilities, seating arrangements, service quality, promotions, marketing efforts, and product variety, UMKM Mamikeki can strategically enhance its operations and customer experience. Each step offers specific recommendations tailored to the unique needs and challenges faced by the business, aiming to streamline processes, attract more customers, and ultimately drive business growth.

Implementing these recommendations can not only address existing issues but also position UMKM Mamikeki for long-term success in a competitive market landscape. By prioritizing areas such as service quality, promotional strategies, and product innovation, UMKM Mamikeki can differentiate itself from competitors, build customer loyalty, and create a strong brand presence. Moreover, by leveraging insights from consumer feedback and aligning business strategies with market demands, UMKM Mamikeki can adapt to changing consumer preferences and stay relevant in the dynamic business environment. Overall, implementing these steps based on the Four-Step Framework Scheme can help UMKM Mamikeki refine its operations, enhance customer satisfaction, and sustain its business growth in the competitive market landscape.

CONCLUSION AND RECOMMENDATION

Based on the conducted research, the researcher draws several conclusions. Firstly, UMKM Mamikeki is found to have implemented the blue ocean strategy successfully by offering differentiated value from its competitors, as evidenced by the scoring results on the Blue Ocean Idea Index, encompassing four dimensions: product utility, pricing, costs, and strategy adoption. Respondents, serving as research informants, predominantly provided clear and positive responses regarding the dimensions of product utility, costs, and strategy adoption, while indicating negative responses to pricing, suggesting that Mamikeki's pricing strategy still falls within the red ocean strategy. Recommendations for Mamikeki include further creation of new values through innovative products or unique menus, evaluating pricing strategies or providing business taglines to convey the premium quality of their raw materials, and addressing specific areas for improvement based on the research recommendations.
ADVANCED RESEARCH

Future research recommendations could entail exploring various avenues to enrich comprehension and potentially contribute to the field. Firstly, delving deeper into consumer inclinations and actions concerning pricing tactics within the UMKM Mamikeki sphere might yield valuable insights into optimizing pricing approaches to match consumer expectations while ensuring profitability. Secondly, comparative investigations comparing UMKM Mamikeki with analogous enterprises operating in disparate markets or regions could offer insights into the adaptability and scalability of their blue ocean strategy across diverse contexts. Additionally, delving into the long-term viability and expandability of Mamikeki’s business model, considering variables like market fluctuations, competitive scenarios, and technological advancements, could offer insightful perspectives for both industry practitioners and academic scholars in the entrepreneurship and business strategy domains.

ACKNOWLEDGEMENT

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REFERENCE


Yin, & Robert K. (2016). *Qualitative Research from Start to Finish.*