

ANALYSIS OF BANG-BANG BUSINESS DEVELOPMENT STRATEGY IN SURABAYA

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ABSTRACT

Bang-Bang is a snack business, which produces cashew nuts. Bang-Bang marketed their product mostly through mouth by mouth, although right now it is done via online as well. Bang-Bang business conditions have declined in the past 10 years, due to lack of product development and increasing number of competitors. While in this modern era, consumers like to try new things which are unique. These are several things that become obstacles for Bang-Bang. This study aims to analyze the development strategy of Bang-Bang business in increasing sales turnover. Descriptive qualitative method with data retrieval technique by conducting semi-structured interview to three selected informants with predetermined criteria is use in this study. There are two types of sources used for this study which are primary and secondary data. Methods of data collection are done by: interview, observation and documentation. The study was supported with the analysis of Business Model Canvas and Blue Ocean Strategy. The result of this study is an analysis of business development strategies that can be applied in the Bang-Bang business.

Keywords: Business Model Canvas, Blue Ocean Strategy, Business Development Strategy, Food Business.

INTRODUCTION

Indonesia's total population increase every year from 2007-2016 until 258.7 million (<https://lokadata.beritagar.id>). So, this phenomenon can make opportunity in food industry in Indonesia. Cashew nut in Indonesia can be produced around 95.000 ton, but 20% distributed for domestic and 80% exported to few countries. The prospect of cashew nuts is very good, because international markets interest about it and sit on 5th position after India, Vietnam, Brazil, and East Africa.

Bang-Bang is one of brand which sell processed cashew nuts since 1984. When Bang-Bang was founded, the competitor was still a little. But along this time, snack's competition has growth significantly. The sales of cashew nuts became unstable and it's a problem to Bang-Bang owner. Suddenly this bussiness only made loss, but in other hand the company had to pay the coworkers. So, the company needs a new strategy to solve its problems. For example, development strategy is needed for the company to survive in this modern era and technology.

The next analysis is Blue Ocean Strategy (BOS). It has 2 steps to do in BOS process analysis: Canvas Strategy and Four Actions Framework (Kim dan Mauborgne (2005)). This process to analyze new bussiness role which can be used for the company. The aim of this research is designing Blue Ocean Strategy (BOS) and use Business Model Canvas (BMC) as media in "Bang-Bang" in order to expand the bussiness to get better in the future and to be a sustainable company.

LITERATURE REVIEW

Business Model Canvas (BMC)

Based on Osterwalder and Pigneur (2017), Business Model Canvas (BMC) is a business role which draw the basis of thought about how an organization creates, gives, and get the value. Osterwalder and

Pigneur (2017: 15-17) said if BMC can be used very well through 9 blocks of building. This theory is a basis of thought how the company make money. Through 9 blocks of building, the bussiness covers 4 main sectors (customer, offering, infrastructure, and financial). The bussiness role is a strategy which is used by few structures: organization, process, and system.

Blue Ocean Strategy

Blue Ocean Strategy is a business strategy which create a new market space and it hasn't had other competitors yet (Kim dan Mouborgne (2005: 20)). It is signed by market space which hasn't discovered yet, demand, and opportunities to growth. The value on innovation is need to be founded to give a positive impact for a bussiness in order to influence the structure of cost and offer new value for the consumers.

This research will use basic technique consisting of interview with few informants and analyze the data by melalui Business Model Canvas (BMC) and Blue Ocean Strategy (BOS). There is model analysis for this research:

1. Analyze the Bang-Bang problems by BMC.
2. Review the theory.
3. Prepare the questions and make semi structured interview to analyze the result.
4. Plan the canvas strategy which has choosen by competitive factors based on assesment of the consumer.
5. Analyze four actions framework to design the scheme of ERRC (Eliminate-Reduce-Raise-Create) to get a new curve which is better and unique for Bang-Bang.
6. Draw a change to Bang-Bang bussiness role with Business Model Canvas (BMC) dan Strategy Canvas which is designed for Bang-Bang.

RESEARCH METHODS

The method of research is descriptive qualitative. Based on Sugiyono (2014: 1), the descriptive qualitative method shows social reality as a holistic, complex, dynamic, and meaningful. Semiawan (2012: 2) said if qualitative research will give a clear idea about a phenomenon that occurs in a company. In other side, Kuncoro (2013: 12) had opinion if descriptive research collects data to be examined hypothetically or answers questions about final data from research. The researchers expect descriptive qualitative method is goint to answer the phenomenon that occurs in a company.

The informants in this research were choosen which are consisted of three types: A Founder of Bang-Bang, An Expert in Food, and An Expert in marketing. Data is collected through 3 processes: interview, observation, and documentation that are given to the informants who had different perspective and had the criteria for research. But validity test in this research used data triangulation.

Data Analysis Method

First Step, researchers explained the condition of bussines into Business Model Canvas table by doing interview in depth to a founder associated with this business. The question in interview is semi-structured where the question to the informant didn't have to be in sequence, but free to get the information more deeply and needed.

Second Step, researchers explained the conclusion from the invention that ocured to a bussiness which are examined in each component: key partners, key activities, key resources, value proposition, customer relationships, channels, customer segments, cost structure, dan revenue streams.

Third step, after Business Model Canvas scheme was filled with Bang-Bang bussiness condition, researchers did an interview with a founder and an expert in food who were able to be interviewed and asked to give critic and suggestion about Bang-Bang product. There were also important factors for Bang-Bang to be much better than the competitors. The interview was semi-structured and verbal assessment by selected informant.

Fourth step, there were 2 steps to do to analyze process which are consisted of: analyzed the condition of company and compared with an old company (Hong) and a new company (East Bali Cashews) by using Strategy Canvas. The result of interview was conducted to a founder, a food expert, and a marketing expert who knew market in the future. The factors which specified would be offered by a company / industry that can give value to the consumers. The curve of value factor showed if

there was a meeting point between competitors, then it should be done a fundamental change in Strategy Canvas to find alternative by doing focus strategy and innovation in competitors.

Fifth step, the point curve value of Bang-Bang's Strategy Canvas and competitors were tended to be a meeting point, so there was needed to change the strategy for business model. This change could be done by making four actions framework to get a new curve. The factors that had to be done to get a new curve of value were consisted of: (1) Eliminate (what kind of factor that could be accepted directly by industry, so it was needed to be removed?). (2) Reduce (what kind of factor that could be reduced until below industry's standard?). (3) Raise (what kind of factor that had to be improved until above industry's standard?). (4) Create (what kind of factor that have never existed in an industry that needed to be created?).

Final step, Researches concluded the result of thinking in scheme. Eliminate-Reduce-Raise-Create to help Bang-Bang to make a plan of innovation to be a sustainable company. This scheme would help an owner of Bang-Bang to consider to reduce the investment. Order than that, Bang-Bang's owner must think if the value has to be improved and created for company's life in the future and important aspects in the bussiness.

The Eliminate-Reduce-Raise-Create scheme analysis on each component of the business model envisaged in the Canvas Business Model can be accounted for. This makes it easier for researchers to recognize the circumstances of the 9 components in BMC in the event of a change in one component. The previous combination analysis was integrated into: New Business Model Canvas that has been reconstructed and applied to each component. While on canvas strategy could do the creation of new value different from competitor and minimize cost.

FINDINGS AND DISCUSSION

Bang-Bang is a home industry since 1984 in Surabaya and classified as family business. It sells cashew nuts and the consumer well-knows if Bang-Bang is consisted of 2 consumer segments: business-to-customer (B2C) that includes of the fans of cashew nuts and business-to-business (B2B) that is distributed to many stores. But in this research, the researchers focused on business-to-customer (B2C) business segment as research object, althought business-to-business (B2B) segment were also serviced.

Analysis and Discussion about Business Model Canvas










Key Partners  -Suppliers of raw material - Suppliers of packaging	Key Activities  - Production - Packaging - Product delivery - Problem solving - Looking for new partners	Value Propositions  - No presentative - Exclusive packaging, affected to social impact - Customized	Customer Relationships  - Only for sale at that time - Speed in service - Cordiality - Trust	Customer Segments  - Cashew nuts lover - Upper middle class - Many stores in Surabaya
	Key Resources  - Physic: production tools, house, transportation, and machine - Intellectual: Brand, copyright, brand registration, PIRT - Human: labor - Financial: capital		Channels  - Direct, Indirect - Delivery: delivery to house, by Go-Jek, by forwarding agent	
Cost Structure  - Fix cost (production operational cost) - Variable cost (production cost, promotional cost, delivery cost)		Revenue Streams  - The sales of cashew nuts - The sales of used oil - The sales of customized products		

Figure 1. Bang-Bang Business Model Canvas

Based on scheme of Business Model Canvas in a company presented based on the result of interview and observation. It also can be seen from the most highlighted factors in company, include: value proposition, customer relationship, key activities dan key resource. The main factors underlying this company is the company's hope to give the best to their consumers. In addition, also to push business

capital to run well, so company's bussiness can be the basis for the future deveopment activities. But, BMC analysis can be seen from the aspects that still lack special attention, include: customer segment, key partner, revenue streams, and cost structure.

Benchmark Analysis of Competitors

Bang-Bang uses 2 competitor's benchmarks: Rolin (hong) and East Bali Cashew. The result of observation showed Rolin's benchmark and East Bali Cashew has similarity and excess. They were used to be the basis of this research for Bang-Bang business in order to improve business development strategy. The first benchmark, for Hong, can be seen in terms of the type of products has the same taste and way of selling that is still traditional. The second benchmark researchers chose East Bali Cashew, because the products had unique taste and modern, also the sale has wider area.



Figure 2. The Packaging of Bang-Bang



Figure 3. The packaging of old and new competitors

Analysis and Discussion About Strategy Canvas

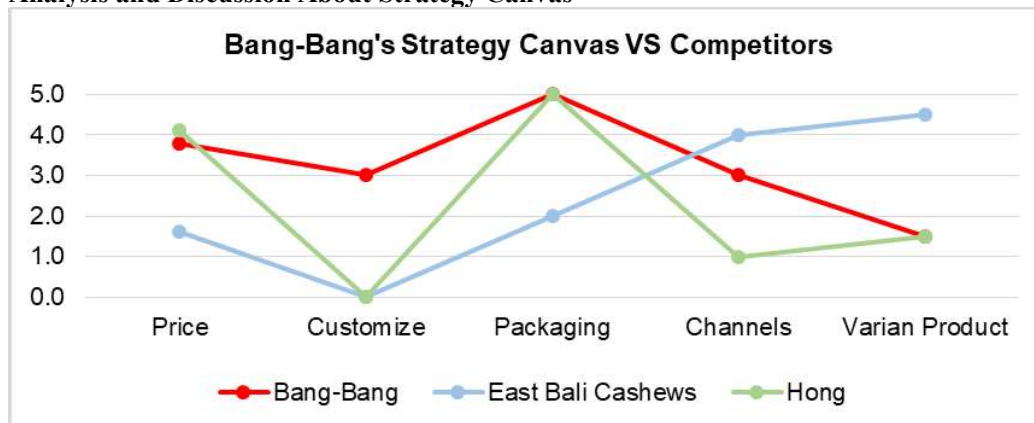


Figure 4. Analysis Bang-Bang's Strategy Canvas VS Competitors

Analysis of canvas strategy analysis showed that firms had value curves that tended to be under new competitors (East Bali Cashews) on channel factors and product types. The competitors offer few types of their products that is better and have many variants than Bang-Bang products and old competitors. For Bang-Bang packaging has advantages in efficient use of the type of packaging size. The advantages possessed by Bang-Bang itself is in terms of customize. So, it can be concluded that Bang-Bang still needs a strategy development that should be applied to price factor, product type, packaging and channels. Expected in the future, Bang-Bang has certain advantages and uniqueness of these factors.

In customize factor, it can be seen if the consumers are free to choose flavor variants, although they must purchase with selected items. But, when the company grows bigger, it can't continuously follow consumer's wishes. Because it will actually create its own hassles fo Bang-Bang in producing different products. So, Bang-Bang must specify what kind of additional variants in the future.

The result of Strategy Canvas analysis is this company still doesn't have a dominant offer from the same company. So, it must do the reconstruction of strategy canvas through four actions framework.

Analysis and Discussion of Four Actions Framework

Factors to be eliminated

The factor that is necessary to be removed by Bang-Bang is the plastic of outer packaging Bang-Bang products. The packaging is more than enough although they don't use outer plastic, because they will increase the cost. Foreign language which is written on the packaging is needed to be removed because that causes confusion in the packaging. So, may be the most people will think Bang-Bang products aren't Indonesian products.

The cashew nuts that sell spesifically is needed to be removed too, based on a marketing expert. This is for making new products by removing products that isn't sold routinely become routine. Therefore, the variant of products can be offered and the consumer will be increased.

Factor to be reduced

The factor that is necessary to be reduced in company is reduce the investment which don't give the benefit, because it is excessive for company so it doesn't give the advantage for the consumers. Based on interview that has done, this company should reduce the big size of packaging. Because although the use of one type of packaging alone is more efficient, but this factor is considered less value for consumers. It is necessary for companies to reduce the use of large packaging by presenting an alternative packaging with a smaller size. By offering smaller packaging, it will allow consumers to buy and try Bang-Bang products. So, it will provide greater benefits for the company.

Factor to be raised

The factor that is necessary to be improved is expand online sales, investors, and cooperation with other companies on a maklon basis (where Bang-Bang sells it products to other companies without using a brand from Bang-Bang). The investors who invest in this company, will give benefit for company in long or short term (Nasarudin and Surya (2004)). This can give bigger benefit and better bussiness progress for Bang-Bang. But, when Bang-Bang cooperates with various parties, Bang-Bang needs to notice raw material inventory and improvement of product quality.

The packaging of Bang-Bang is needed additional positioning, for example: a storytelling to draw / tell production processing steps in Bang-Bang. Positioning is a strategy for company to create an unqued and difference, so as to create a superior company image to others, according to Purwanto (2013: 63). It will be needed to put a picture of pig or a writing that informs Bang-Bang products don't contain lard, because Indonesian people want to know it.

Improved the sales of infrastructure is also needed to increase sales team without additional cost, because it can increase benefit for the company. In doing bussiness strategy, network can be done in entrepreneurial marketing, according to Royan (2002). The addition of this infrastructure is done to expand the market segment and the introduction of Bang-Bang products.

Factor to be Created

A factor that have never been offered or considered yet in industry will give value and chance for the success of the company. Establishing a souvenir center in Surabaya where sell cashew nuts is an opportunity in the cashew nut industry. By establishing a souvenir center, the company will educate people to know the benefit and variant of cashew nuts. In addition, a souvenir center can show people's concern for one of the natural wealth (cashew nuts) owned and the scarcity of cashew nuts that occur in Indonesia, because it is taken by other countries. This souvenir center in Surabaya will invite the investors to join in create recreation areas which can educate and Bang-bang to be more developed and sustainable in the future.

The second factor is make business opportunities to the company to offer a healthy product. The business opportunity in the company, is a creativity that is applied and an innovation that can solve the problem in looking at opportunities that exist, based on Zimmerer, Thomas W., et al., (2008). In order to create a safe, healthy, nutritious, and durable food which can make it unique, it will be needed to cooperate with food technology experts. The healthy food that is sold in market has expensive price, so there is another opportunity for Bang-Bang to create a healthy food with affordable price.

Analysis and Description About the Combination Between Business Model Canvas and Blue Ocean Strategy

According to the result of four actions framework, there is Eliminate-Reduce-Raise-Create scheme:

Table 1. The ERRC Scheme for Bang-Bang

Eliminate	Raise
<ul style="list-style-type: none"> - Customize - Plastic of the outer packaging - Foreign language which is written on the packaging - Unnecessary chemical materials (it is needed to do a laboratory analysis) 	<ul style="list-style-type: none"> - Expand sales by online - Investor - Maklon - A meaningful position on the packaging - The information doesn't contain lard / pork on the packaging - Sales team (enterpreunership)
Reduce	Create
<ul style="list-style-type: none"> - Large size packaging 	<ul style="list-style-type: none"> - Cashew nut souvenir center in Surabaya - The variant of healthy food

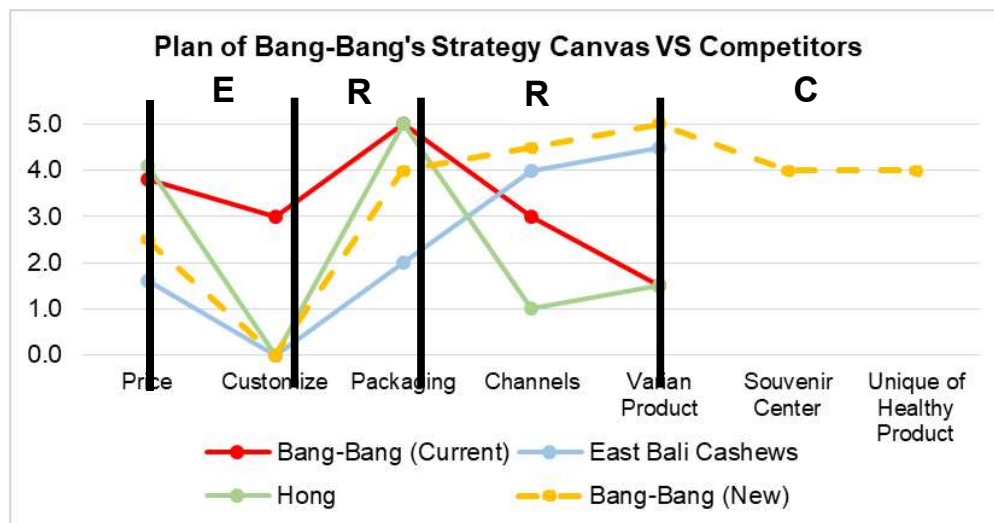


Figure 5. Plan of Bang-Bang's Strategy Canvas VS Competitors

New plan / layout for strategy canvas in company has different curve of value than before. The change of Bang-Bang business is adjusting the price to increase the profit margin by adding small packaging on the sales of Bang-Bang products, so the perception of consumer will be changed. The next step is doing customized product which listed in elimination factor. It aims to add new varian of Bang-Bang which can be sold routinely and give another value for Bang-Bang. Bang-Bang product need to reduce large size packaging by adding smaller size as an alternative. So, the consumer will buy and try Bang-Bang product which can give better benefit to company.

The factor which is needed to be improved in new curve: product varian and channels. Product varian is done by adding more varian, so the consumer have choice of product variations. Channels don't only use for promoting, but can be used to get new consumers in the teen and adult segment. Channels can be improved with more sales by expand the network online and increase online promotion without spend big cost. Different bid creation point is build cashew nut and healthy food souvenir center in Surabaya. This souvenir center will invite the other investors to join with Bang-Bang. Other than that, the investors and partners who join together will give more benefit for company. Bang-Bang will invite food technology experts to create a healthy, nutritious, and no presentative food. It can offer varian of healthy and nutritious food with cheap price. With this new varian, it will give an opportunity fot the company to have bigger benefit.

In table 6. the information with red streaks show the factor that will be eliminated, the reduced factor is orange. The information with light blue color is things that are needed to be raised. Green color is things to be created. These factors are analysis of company development strategy.










Key Partners  <ul style="list-style-type: none"> - Suppliers of raw materials - Suppliers of packaging - Investors 	Key Activities  <ul style="list-style-type: none"> - Production - Packaging - Product Delivery - Problem solving - Looking for new partners - Sales team - Maklon 	Value Propositions  <ul style="list-style-type: none"> - No presentative - Exclusive packaging, which is affected to social impact - Customized - Cashew nut souvenir center in Surabaya - Healthy product varian 	Customer Relationships  <ul style="list-style-type: none"> - Only for sale at that time - Speed in service - Cordiality - Trust 	Customer Segments  <ul style="list-style-type: none"> - Cashew nuts lover - Upper middle class - Many stores in Surabaya
Key Resources  <ul style="list-style-type: none"> - Physic: production tools, house, transportation dan machine. - Intellectual: Brand, copyright, brand registration, PIRT - Human: labor - Financial: capital 		Channels  <ul style="list-style-type: none"> - Direct, Indirect - Delivery: delivery to house, by Go-Jek, by forwarding agent 		
Cost Structure  <ul style="list-style-type: none"> - Fix Cost (production operational cost) - Variable Cost (production, promotion, and delivery cost) 			Revenue Streams  <ul style="list-style-type: none"> - The sales of cashew nut - The sales of used oil - The sales of customized products 	

Figure 6. New Plan of Business Model Canvas for Bang-Bang

Plan of new BMC and BOS deliberations, can be seen if it is needed to make change about few components to increase sales value and reduce cost too. The change in few components, will be affected to other components in Model Business Canvas.

So that the application of value in the company can be realized, the company must press the cost by applied factors in few components, which are: key activities are added cooperation in maklon, of course with product improvement first. Then add sales team by build entrepreneurship and sell around in some areas in Surabaya. It aims to expand sales in various segments and it will be not necessary to add more cost. The factor that is reduced in key activities is reducing the use of large packaging. And also look for new investors will support the company's progress in key partnership component.

The value that is needed to advance in company is building souvenir center to educate the consumers about the benefit of cashew nuts and how it can be processed to be various kinds of processed food and beverage products. This souvenir center will invite few investors to join in build cashew nut souvenir center in Surabaya. The company must create the value by make more healthy product variant with affordable price which can provide added value to the future company. It is because there are so many healthy foods with higher price that is sold in market. So, there is an opportunity for Bang-Bang to create a healthy food with lower and affordable price. The next is the sales of customized products are needed to be eliminate, because it is not effective and it supposed to develop in adding product varian.

In channels component, company increase direct sales which is supported by online sales, promotion, and sales extensively (e.g: often follows exhibition). For revenue streams component has been done by removing the sales of customized product.

Bang-Bang packaging needs few modifications that is in terms of design, positioning, remove the information in foreign language and outer plastic of the packaging, and add information if the products don't contain pork / lard. But, these things can change packaging thoroughly. Another removed factor is the chemical which is contained in Bang-Bang products and must to be done laboratory analysis first. It aims to know if the chemical is necessary or has to be removed in Bang-Bang product. For these significantly change, they must be done step by step and establish Bang-Bang product first.

According to Blue Ocean Strategy analysis in Bang-Bang, the result is expected to be applied in the company. Factor of value creation in building cashew nut souvenir center in Surabaya and the varian of healthy product with affordable price are expected to make Bang-Bang as Blue Ocean Strategy company. This research is expected that it can give competitive value to the company.

CONCLUSION AND SUGGESTION

Conclusion

The result of data analysis conducted with qualitative research method, then the conclusion obtained:

1. Through Business Model Canvas, it could be seen that the company has been trying to highlight the aspect of value proposition, customer relationship, key activities and key resources. While in terms of customer segment, key partners, revenue streams, and company's cost structure still get less attention. Weakness in the company can be found in the financial condition that can not realize the budget and the plan for future business development. In addition, the frequency of sales that are still not yet stable and must be handled. Value proposition in Bang-Bang is to provide cashew nut products without preservatives. The exclusive packaging can give social impact for the consumers and Bang-Bang is able to accept customized product.
2. Based on Four Actions Framework analysis, it could be explained if the factors that could be received directly by the company and need to be eliminated is customize the product, so it does not create any hassles for the company. Factors are reduced in the packaging aspect. Improved factors are channels and product types. In addition, it is necessary to create different offerings, which is building a cashew souvenir center in Surabaya and healthy products.
3. Based on a combine analysis of Business Model Canvas and Blue Ocean Strategy. Analyze development strategies for Bang-Bang business by changing some related components that can raise value for the company and reduce expenses in the company. The existence of value creation factor for the company in making cashew nut center in Surabaya and varian of healthy product with affordable price is expected to make Bang-Bang to become Blue Ocean Strategy company. This research is expected to provide competitive value for the company.

Suggestion

1. Increase higher profit margins by adding smaller packaging size variations, so consumer perceptions when purchasing Bang-Bang products will be changed.
2. Increase the size variations on the packaging.
3. Eliminate the outer plastic on the packaging. It aims to reduce the excessive use of plastic.
4. Improve the packaging design, establishing the proper positioning on the packaging, indicating that the Indonesian product by eliminating the writing in the foreign language on the packaging.
5. Add and expand sales and promotion activities online, so as to expand product introduction.
6. Increase the varian of flavor on Bang-Bang products.
7. Present a souvenir center of cashew nuts in Surabaya to educate and become a place of recreation for consumers about the benefits in consuming cashew nuts.
8. Offer variety of healthy and nutritious products for consumers with relatively low price. In addition, as well as the consciousness of consumers of the importance of health.

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