Analysis of the Blue Ocean Strategy Engineering Approach to Increase Sales in Business Competition (Case Study at AMATI COFFEE BATAM)

Abdullah Merjani1, Reva Oktavia Ningrum2, Edi Sumarya3
1,2,3)Industrial Engineering Study Program, Faculty of Engineering, Riau Island University, Batam, Riau Island, Indonesia.
   Email: merjani@ft.unrika.ac.id

ABSTRACT

The development of Coffee shops in Indonesia is still faced with various problems, causing its competitiveness to be weak. One of these problems is the need for the right strategy to be applied by business actors to increase competitiveness.

This study intends to provide advice to entrepreneurs, namely to be able to use the Blue Ocean Strategy as a search method. Blue Ocean Strategy is a strategy or way to conquer competitors through various innovative product offerings. Because the focus of this research is how to design a proposal for the development of observe Coffee using the Blue Ocean Strategy method.

Based on the results of the study, it can be concluded, through the EFAS and IFAS Matrix, the company can find out the position of the company which is currently in quadrant III, which means that there is a need for a change in strategy. Strategies needed Observing Coffee where there are three strategies proposed, the first is a beginner barista school, the second adds to the history of Coffee variants and the third provides a taste table.

Keywords: Coffee Shop, Coffee, Blue Ocean Strategy, EFAS IFAS

PRELIMINARY

One of Indonesia's natural products that have an important role is Coffee beans. Indonesia has a diversity of regions which consists of islands making unique varieties of Coffee beans where each region or Coffee-producing area has a characteristic content of distinctive Coffee bean flavor. Therefore, Indonesia has become one of the best Coffee-producing countries in the world. In Indonesia, this one has a great business opportunity and which is certainly profitable. It started with the arrival of a foreign franchise, namely Starbucks, which was able to create a trend of drinking Coffee into a lifestyle where Coffee shops were used as a place to gather friends with just casual chit-chat to chat about business.

After Starbucks entered the Indonesian market share and grew. Very quickly, local Coffee shops began to appear that dared to compete by applying different strategies to be offered to consumers so that consumers also had varied choices to enjoy brewing Coffee. The phenomenon that occurs is the increasing number of Coffee shops that have sprung up in the country, but only a few are competitive. The
development of Coffee shops in Indonesia is still faced with various problems, causing weak competitiveness. One of these problems is the need for the right strategy to be applied by business actors in order to increase competitiveness. According to Sandiaga Uno (quoted by Gumelar, 2017), the proliferation of Coffee shops is due to the many opportunities and estimates of income obtained. This has resulted in Coffee shop actors opening businesses to just earn income. Even though the implementation of the right strategy can make the company achieve its goals more optimally, one of which is Amati Coffee Batam is less varied in presenting Coffee flavor variants. Observe Coffee Batam also lacks developing strategies for Coffee enthusiasts and lacks innovation in offerings.

Table 1. Competitors Observe Coffee

<table>
<thead>
<tr>
<th>No.</th>
<th>Menu</th>
<th>Outlet</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Enjoy Coffee</td>
<td>Coffee Caste</td>
<td>Level Up Coffee</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Americano</td>
<td>Rp. 18.000</td>
<td>Rp.20.50</td>
<td>Rp. 19.000</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Express</td>
<td>Rp. 15.000</td>
<td>Rp.13.00</td>
<td>Rp. 17.000</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Cappuccino</td>
<td>Rp. 23.000</td>
<td>Rp.16.00</td>
<td>Rp.21.00</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Caffe Late</td>
<td>Rp. 25.000</td>
<td>Rp.24.00</td>
<td>Rp.22.50</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Vanilla Latte</td>
<td>Rp. 28.000</td>
<td>Rp.23.00</td>
<td>Rp.22.50</td>
<td></td>
</tr>
</tbody>
</table>

Based on the phenomenon in table 1.1, there is a significant price difference between observe and the two competitors, these problems cause losses for Amati Coffee, so the solution by using the Blue Ocean Strategy approach can overcome the above problems. In the industrial engineering company pursuing the same strategy, the competitors for the company can be said to be quite a lot. The company’s competitors target the same market and most of them have the same strategy, which is to try to offer low prices, because there are many Coffee shops that appear, even in almost one week, at least 5 to 10 new Coffee shops appear so that business competition between Coffee shops does not occur. can be avoided. They compete to attract as many consumers as possible where all efforts and marketing strategies are applied to win the opportunities that exist. The beginning of the big cities of the Coffee shop business is endemic and continues to grow until the city of Batam becomes one of the economic potentials of the largest Coffee shop business in Indonesia.

Sales from January to March remained stable, while from April experienced a rapid decline. This must be considered by competitors to understand the wishes of the community or consumers, especially at Amati Coffee. This study intends to provide advice to entrepreneurs, namely to be able to use the Blue Ocean strategy as a search method. Blue Ocean Strategy is a strategy or way to conquer competitors through various innovative product offerings. So, the marketing strategy method in the Blue Ocean Strategy concept will provide an overview to business people or companies by encouraging companies to enter a market arena that is potentially ignored by competitors.

These specific steps are known as delete, increase, reduce, and create schemes. By using specific steps and several other Blue Ocean Strategy work tools such as a strategy canvas, a four-step framework, and three characteristics of a good strategy, it can help business people to describe the formulation of a good strategy and alternative appropriate solutions in developing a Amati Coffee shop business.
to win the competition. In addition to winning the competition, Blue Ocean Strategy can also create new market spaces that are unique and innovative compared to other competitor Coffee shops. Because the focus of this research is how to design a proposed strategy to develop the Amati Coffee shop using the Blue Ocean Strategy method.

Based on the description of the problem on the background, it is known that the company has problems related to the lack of developing strategies in offerings, the researchers are interested in conducting research with the title "Analysis of Blue Ocean Strategy Engineering Approaches to Increase Sales in Business Competition (Case Study at AMATI COFFEE BATAM)".

THEORITICAL REVIEW

Management Strategy

Strategic management is a scientific field that grows and develops rapidly along with the times and trends that become the benchmark. Strategic management itself views the company as a series of interrelated processes and tries how the company can develop in dealing with its environment.

The definition of strategy itself has various kinds put forward by experts in their books. The word strategy itself comes from the Greek word Strategies which means a combination of the words Strato or army and ego or leader. A strategy has a basis or scheme to achieve the intended target. Basically, strategy can be said to be a tool to achieve a goal.

According to Wheelen & Hunger (2006) "strategic management is that set of managerial decisions and actions that determine the long run performance of a corporation". According to Marrus (2002) strategy is defined as a process of determining the plan of top leaders that focuses on the long-term goals of the organization, accompanied by the preparation of a method or efforts to achieve these goals. According to Quinn (1999) defines strategy as a form or plan that integrates the main goals, policies and courses of action within an organization into a unified whole.

A well-formulated strategy will help organize and allocate the company's resources into a unique and sustainable form. A good strategy is prepared based on the company's internal capabilities and weaknesses, anticipation of changes in the environment, and the unity of movements carried out by enemy spies. According to David (2006) "strategic management can be defined as the art and science of formulating implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives". functional decisions used to achieve organizational goals).

From the definition of strategy above, strategic management can be concluded as a series of strategic decision-making processes which include formulating, implementing, and evaluating. Using strategic management as a framework for solving problems within the organization, company holders or managers can be more creative and strategic. Problem solving by generating and considering alternatives that are built from a more thorough analysis will be more promising a profitable result for the company. This will change the management to consider priority alternatives in a more effective and efficient problem solving process.

In strategic management, there are risks that make this management wiser in its application and understanding of this strategic management will be better so that the risk borne is small and can maximize the
results of the implementation of risk management. In addition, decision makers will become more aware of the negative possibilities that will arise in their implementation and prepare effective ways to minimize the negative consequences that will arise in order to strengthen the implementation of strategic planning itself.

In the preparation of the strategic planning process there are 5 stages, including: goal setting, environmental analysis, alternative strategies, implementation and evaluation (William & Victoria, 2000). Meanwhile, Grant (1999), to present a broad concept of strategic planning requires an understanding of long-term goals and an understanding between “strategic management” and “strategic thinking.

The stage in formulating the strategy is to conduct an environmental analysis. So that the company's management can know the strategic factors for the future. The analysis carried out includes the company's internal and external environment. External forces can be divided into five categories, namely economic forces, social, cultural, demographic and environmental forces, political forces, government and law, technological forces, and competitive forces.

**Strategic Management Model**

In determining the model of the company's strategy to observe the internal and external factors that exist within the company. Internal factors are observed to find out the strengths and weaknesses of the company and external factors are observed to see existing opportunities and threats. You can also use SWOT which means Strengths (strengths), Weaknesses (weaknesses), Opportunities (opportunities) and Threats (threats) in knowing internal and external factors. After all the factors are identified, management evaluates and determines the appropriate company mission. After that, the company carries out a strategy and ends with an evaluation of the company’s performance.

![Strategic Management Model](image)

**Figure 1 Strategic Management Model**

Source (David, 2006)

**Marketing**

Marketing is a process that aims to introduce the company's products to customers. Marketing itself is often seen as very important in establishing and fostering companies. With the increasingly competitive business environment and the rapidly changing nature of the market, the company's activities often undergo adjustments from production orientation to customer orientation.

According to Kotler (1997) in the industrial world the term marketing is often heard, where marketing is the process of compiling an integrated communication that aims to provide information about goods or services in relation to satisfying human needs and desires. It starts with the fulfilment of human needs which then grows into human desires. This process of fulfilling human needs and wants is the marketing concept. Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products of value with others.

Changes in situations and conditions that continuously occur in society bring consequences to changes in the concept of thinking from time to time. Company
orientation reflects the company's adaptation to changing situations and conditions. Symptoms will arise when the company chooses the market to be targeted. This resulted in not being able to serve all customers due to the many variants of Indonesian Coffee. So the target is a Coffee connoisseur who wants an atmosphere or taste in the Coffee itself without paying attention to the available variants. It can also be done by grouping potential customers who have certain needs and desires that allow them to be taken into the buying and selling process to meet customer needs.

With customer conditions that are too varied, the company needs to group the market into market segments, then select and define certain market segments as targets. Understanding the market according to Pride & Ferrel (1995), "Saying that market segmentation is a process of dividing the market into segments of potential customers with similar characteristics that show the similarity of buyer behavior and as a process of dividing the entire market into market groups consisting of people who have relatively similar product needs”.

By doing market segmentation, the company is easy to identify market opportunities well. Companies can also develop the right products and can determine the appropriate distribution and advertising channels and will be more efficient in adjusting prices for goods or services offered for each target market.

**SWOT analysis**

SWOT analysis is one method to describe the conditions and evaluate a problem, project or business concept based on internal (inside) and external (external) factors, namely Strengths, Weaknesses, Opportunities and Threats. This method is most often used in business evaluation methods to find strategies to be carried out. SWOT analysis only describes the situation that occurs not as a problem solver. The SWOT analysis consists of four factors, namely:

**Strengths(strength)**

It is a state of strength that exists within an existing organization, project or business concept. Strengths analysed are factors contained in the body of the organization, project or business concept itself.

**Weakness(weakness)**

It is a condition of weakness in an existing organization, project or business concept. Weaknesses that are analysed are factors contained in the body of the organization, project or business concept itself.

**Opportunities(opportunity)**

It is a condition of opportunities to develop in the future that occurs. Conditions that occur are opportunities from outside the organization, the project or the business concept itself. For example, competitors, government policies, environmental conditions.

**Threats(threat)**

It is a threatening condition from the outside. These threats can disrupt the organization, the project or the business concept itself.

**Blue Ocean Strategy**

*Blue ocean strategy* is basically a ploy to beat competitors through offering innovative product features, and has been ignored by competitors. The features of these products are usually also radically different from those already on the market. This is certainly different from the red ocean, where all competitors offer product
features that are uniform, the same, and all are fighting for the same market. As a result, what often happens is a bloody battle, because the competitive arena is contested by players who offer uniformity in products and approaches.

With this, of course, business actors need to reduce the existing tight competition so that the business they run can survive and have long-term profits. Kim & Mauborgne introduced the Blue Ocean Strategy as a strategy that emphasizes the creation of new demand and space, an uncompetitive market. Definition of blue ocean strategy (Blue Ocean Strategy) How to create unexplored market space, which can create demand and provide highly profitable growth opportunities. In essence, how to compete with agile in the competition; how to cleverly read the competition, develop strategies and systematic frameworks to create blue oceans (Kim & Mauborgne, 2005).

Based on this definition, it is stated that Blue Ocean Strategy (BOS) is a strategy that exits the world of competition by creating new market space and making competitors and competition irrelevant. Or in other words BOS is a strategy that tries to get out of the existing market space and focuses more on creating new market space.

**Strategy Canvas**

Three characteristics of a good strategy as shown by the strategy canvas, the value curve has three complementary qualities.

The focus of every great strategy has a focus, and a strategic profile or company value curve should clearly show that focus. Divergence / move away by creating four steps, namely subtract, remove, add and create. This strategy distinguishes their profile from the general profile of the sector. An alluring motto, a good strategy has a clear and compelling motto.

Reading the value curve of the strategy canvas allows companies to see the future and the present. To be able to do this, companies must understand how to read the value curve. A value curve contains a wealth of strategic knowledge about the current and future status of a business.

![Strategy Canvas](Source: Kim & Mauborgne, 2006)

**RESEARCH METHODS**

This research was conducted at Amati Coffee Batam, Taman Buana Central Park, Tembesi, Kec. Batu Aji, Batam City, Riau Islands in April 2022 – July 2022. The research model in this observation is grouped into 1 group, namely Strategy Design Analysis With a Blue Ocean Strategy Approach to Increase Sales in Business Competition (Case Study at AMATI COFFEE BATAM)”.

In this study, the data needed are in the form of primary data and secondary data. Primary data is data collected by researchers directly from the source, namely Amati Coffee.

Secondary data is data that comes from other sources such as the results of
previous research, journals, interviews with expert Coffee and others, which are used as a theoretical basis that can support problem solving in research.

After the required data is obtained, the next step is to process it with a mathematical model that is in accordance with the method used. Then perform data processing, which is then analysed the results in the form of conclusions from this research. In the data processing and analysis technique section, it will briefly, concisely, and clearly explain the stages in the implementation of the Blue Ocean Strategy. The following are the stages of data processing:

1. Make observations in the company.
2. Conduct interviews with the company and customers.
3. Creating an initial strategy canvas (to see the position between the object under study and competitors in the real situation)
4. Carry out the four working steps of the Blue Ocean Strategy (BOS), namely eliminating, reducing, increasing, and creating.
5. Schema Eliminate – Reduce – Increase – Create and define focus, drift and strategy based on Blue Ocean Strategy (BOS).

RESULTS AND DISCUSSION

Research results

At this stage, data collection is carried out regarding the data needed to analyze the company's position in determining the right strategy to survive in the competition between Coffee companies or other Coffee shops.

1. Internal Factor

Selling prices for products at Amati Coffee vary because they have different product variations. Starting from a drink menu that is mixed in single origin Coffee and bland Coffee, there are various methods available, namely latte art, cappuccino, milk shake, espresso, Vietnam drip, v60, AeroPress, French fries, traditional brewing and various tea variants.セット. The food menu that is usually found in angkringan in general, there are various fried foods, cat rice, various satays and snacks such as crackers. The menu for single origin Coffee that has been packaged with a net of 100gr, 250gr, 500gr and 1kg, there are also single origin Coffee variants from various regions of Indonesia depending on the availability of stock from farmers in each region. However, in the sale of packaged Coffee, Amati Coffee does not provide Coffee grinding services so the Coffee offered is still in the form of Roast Bean. They have the principle to keep the Coffee fresh, milling is done when the customer wants to brew the Coffee and often does not provide packaged Coffee during the shop's operating hours.

2. External Factors

a. General Environment

The general environment is the external environment of the organization which consists of factors that have a broad scope and are independent of the company's operations. The factors are

b. Social

Social influence in the environment can not be separated from interaction with the surrounding community. Society is one of the most important supporting factors in the progress of a company. Good relationships around the company will have a good impact on the company.

c. Government

The government is still on the scale of the head of the local environment to give permission to operate Coffee shops or hangouts. The existence of good relations

169
with the social environment and local government then an industry will run very well.

d. Technology

Technological advances provide benefits for business people to advance in marketing and introducing products to a wider market segment. So that the resulting product is not fixated on the target market in the company.

e. Industrial Environment

The industrial environment is a set of threat factors from new businesses, suppliers, buyers, substitute products and the intensity of competition among competitors that directly affect the company and its competitive actions and responses. The influencing forces are

1. Threat of new entrants
2. The degree of rivalry among existing competitors
3. Pressure from substitute products
4. Bargaining power of suppliers

Figure 3. Initial Strategy Canvas

This validity test is carried out using the SPSS program with the following criteria:

a. If $r_{count} > r_{table}$ then the statement is declared valid.

b. If $r_{count} < r_{table}$ then the statement is declared invalid.

From the validity test using Software SPSS 26.00, it was found that 13 variables in observing Coffee were declared valid because they had a value $> 0.159$. The statement that is declared valid is then carried out with a reliability test to see the statement of the consistency of the answers to the questions obtained by the respondents. The reliability test in this study is as shown in the table above.

The strategy canvas itself has the function of summarizing the current situation in a known market space. This allows us to understand where the competition is currently happening and understand what factors are used as a competitive arena in products, services and delivery, as well as understand what customers get from competitive treatments on the market (Kim & Mauborgne, 2005). For the initial strategy canvas, the data used is the result of the average value of the questionnaire recapitulation, namely

From the Initial Canvas Curve above, the level of competition with high value companies and competitors provides better offers to customers than Amati Coffee itself. The company's competition between competitors is quite tight in several variables which indicate that the company
is in the Red Ocean position where there is very high competition. That way the company must create a new strategy in order to be in the Blue Ocean Strategy, by moving away from the focus of the current offered value to stay away from the competition. The move away/divergence is carried out because based on the initial strategy canvas, it is known that Amati Coffee has the same value focus as level up as a competitor.

Discussions

Based on the results of the meeting point of the two axes, both axes are obtained, the SWOT analysis diagram of Amati Coffee is in Quadrant III, which means that Amati Coffee faces a large market opportunity but also faces internal weaknesses, so it is necessary to change the strategy to get out of the competition. Based on the results of the meeting point of the two axes, the level up Coffee SWOT diagram is in quadrant I which means it is the best position because the company is in a strong position and has the opportunity in the market. From the Analysis of the Strategy Canvas, this research used 60 questionnaires. Then do the recapitulation of respondents and calculate the average to find out the strengths and weaknesses of the company. If the average variable result from the company is greater than the competitor, it can be used as a strength, otherwise if the variable average result from the competitor is higher, it will be a strength for the competitor company and a weakness for the company. The results of the average variables used as strengths and weaknesses are as follows:

Variables that become Strength
Observe Coffee
1. Service Quality (3.40)
2. Special Promotion (3.40)
3. Variables that become weaknesses
Amati Coffee
4. Product price (3.27)
5. Product Quality (3.38)
6. Material Quality (3.37)
7. Completeness of Coffee Variants (3.32)
8. Product Innovation (3.47)
9. Comfort of Place (3.38)

Based on the four-step framework scheme Eliminate–Decrease–Increase – Create, where Observe Coffee in the Eliminate framework scheme there are no deleted variables (Eliminate), in the Subtract framework scheme the reduced variable is the price of the product, because the price given is observed Coffee is more expensive than competitors. In the Improve framework scheme, there are four variables that need to be improved, namely the product quality variable, material quality, product innovation and place comfort, this is because these four variables are still under competitors and for the Create framework scheme, where there are three new variables created to dominate new markets, with new market segments, the first variable is the beginner barista school with market segmentation of people who want to learn barista knowledge.

Every great strategy must have focus and a strategic profile or company value curve must clearly show that focus (Kim & Mauborgne 2005). In terms of competition, these attributes are product
quality, material quality, product innovation, place comfort, and new factors created. Giving focus on attributes that are still of low value and new factors created will produce a new value curve that is different from competitors so that the Amati Coffee strategy can meet the divergence movement (movement away).

Amati Coffee provides products according to customer tastes and also the best service for customers, by providing a history of Coffee variants and Coffee flavor tables that have never been given to customers. This method will be able to attract customers to come and want to come back, because they will be curious about the flavors in Coffee and the history that is in the Coffee variant. Besides, the existence of the Beginner Barista School will make it easier for Observe Coffee itself in management finance and marketing, because with new or new baristas serving, then indirectly the novice barista will invite his close friends to shop at Amati Coffee and also the management of Amati Coffee can save on labor costs because the barista used is an apprentice or beginner barista who is studying at Amati Coffee itself. With this kind of focus, Amati Coffee will be able to compete with competitors.

Based on the Initial Strategy Canvas, it can be seen that there are still some very strict attributes, especially on the attributes of material quality and product innovation. The quality of the material itself is very important for both companies because it is the main ingredient in the products offered to customers. In addition, product innovation needs to be improved, because to meet the needs and desires of consumers. Consumer habits are quickly bored or bored with old products, if Amati Coffee ignores this, the consumer can turn to choosing another hangout place that suits his wants and needs. The strength of the strategy is usually reflected by the meaning or strength of a tagline (Kim, WC, & R. Mauborgne, 2005). This motto is in accordance with the real situation of the product or company. In this research,

CONCLUSION

Based on the results of the study, it can be concluded as follows:

1. Through the EFAS and IFAS Matrix, the company can find out the company's position which is currently in quadrant III, which means that a strategy change is needed.
2. The strategy needed by Amati Coffee is that there are three proposed strategies, namely the first is a beginner barista school, the second is to add the history of Coffee variants and the third is to provide a taste table.

Based on the research that has been done and the conclusions that have been obtained, then to end the writing of this thesis, the author tries to provide suggestions for Amati Coffee as follows:

1. Based on the results of research conducted by researchers, Amati Coffee needs to consider the results of strategic planning with Blue Ocean Strategy to face competition and leave the Red Ocean in developing business in this Coffee shop industry.
2. Observe Coffee should be able to improve the History of Coffee variants and Coffee taste tables. by creating a history of Coffee variants this will have a good impact on the shop.

Reference


Hermawan, Aj and Rachel Jessica Pravitasari. 2013. Business Model Canvas. (Retrified from accelerated.id/media/Materi_13_-


