



OPTIMIZATION OF SMALL BUSINESS DEVELOPMENT STRATEGY WITH THE BLUE OCEAN METHOD (Case Study at Katamata Coffee & Roastery in Gunungkidul)

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Abstract. Katamata Coffee & Roastery is one of the coffee shops in Gunungkidul and started in 2016. The increasing trend of visiting coffee shops has certainly impacted competition. This study aims to (1) make a sales forecast for the next 12 months, (2) identify internal and external factors for Katamata Coffee & Roastery, and (3) make appropriate strategic decisions in Katamata Coffee & Roastery business development. This research uses quantitative with descriptive analysis. The analysis technique uses quadratic trend, IFE, EFE, IE, and Blue Ocean Strategy. The results show that (1) sales forecasting for the next 12 months shows that data has an increasing trend, (2) internal factor in Katamata Coffee & Roastery, which received the highest score for strength that it has good product quality and various types of coffee and the main weakness is the lack of promotional activities. The external factor that had the highest score for opportunity is participating in UMKM activities in Gunungkidul, and the main threat is the emergence of new competitors. Based on the IE matrix, Katamata is in cell V, which means the company must hold and maintain its position, and (3) decision-making used by the blue ocean method had the results in reduced purchasing raw materials of coffee that used to be less popular, increasing quality control, increasing size of the parking area, increasing online and offline promotion activities, increasing non-cash payment facilities, creating innovative custom coffee products, and creating a unique coffee shop concept.

Keywords: blue ocean, EFE, EFI, IE, and forecasting

Citation: Astuti, I. Y. & Puspitaningrum, D.A., Optimization of small business development strategy with the blue ocean method. SEPA (Jurnal Sosial Ekonomi Pertanian dan Agribisnis), Vol 22 (I), 81-89. doi: <https://dx.doi.org/10.20961/sepa.v22i1.89156>

INTRODUCTION

Indonesia is one of the countries with abundant natural wealth, and one of these is coffee. There are many business opportunities related to the production and consumption of coffee in Indonesia, one of which is opening a coffee shop. A coffee shop is a place that serves coffee as the primary beverage and its derivative products, such as tea and chocolate. In addition to serving coffee and its derivatives, they offer various snacks to accompany coffee. Coffee shops are also places where people gather to relax or engage in light activities such as discussions or chats, completing academic or non-academic tasks, or enjoying the entertainment offered (Merjani, Ningrum, & Sumarya, 2022).

One of the coffee shop businesses in Gunungkidul is Katamata Coffee & Roastery, located in Selang Village, Wonosari District, Gunungkidul Regency. This business was established in 2016 and offers two variants of ground coffee: Arabica and Robusta. The 100g arabica coffee, sold in stand pouch packaging, is priced at IDR 30,000, while the 250g arabica coffee in box packaging is priced at IDR 70,000. The 100g robusta coffee, sold in stand pouch packaging, is priced at IDR 25,000, and the 250g robusta coffee in box packaging is priced at IDR 60,000. Katamata Coffee & Roastery has the branding "First Roastery in Gunungkidul," which has excellent potential for further development. Moreover, Katamata Coffee & Roastery frequently participates in UMKM exhibitions and has received several awards, including Best Coffeehouse in Wonosari by RestaurantGuru, Top 40 Selected Companies, and Top 100 Entrepreneurship Development by the Ministry of Cooperatives and Small and Medium Enterprises (KEMENKOPUKM) Indonesia.

The growing number of coffee shop businesses in Gunungkidul currently has made Katamata Coffee & Roastery face many competitors. This leads to fluctuating product sales (sales rise and fall), making it difficult to expand the business. A list of similar businesses to Katamata in Gunungkidul is presented in Table 1.

Table 1. List of Businesses Similar to Katamata Coffee & Roastery

No	Name	Year
1	Senikmat Kopi	2019
2	Teras Rumah	2020
3	Roetin <i>Coffee</i>	2020
4	Dini Hari Kopi	2020
5	Kopi 2 Sisi	2020
6	Rookoon <i>Coffee</i>	2021
7	Pule <i>Coffee</i>	2022
8	Kedai Kopi 69	2022
9	Sebelas <i>Coffee</i>	2023
10	HomWok	2024
11	Filsafat <i>Coffee</i>	2024

Source: Rumah BUMN Gunungkidul, 2021

Therefore, Katamata Coffee & Roastery needs to create a strategy by utilizing the potential it already possesses so that the business can grow further. The creation of this strategy begins with sales forecasting to predict the amount of product that will be sold. Sales forecasting is necessary to predict various possibilities that may happen in the future, whether it's an increase or decrease in sales, which serves as the basis for preparing strategic decision-making for business continuity (Rangkuti, 2016).

The next step in strategy creation is conducting an environmental scan of the internal and external business environment. Internal ecological analysis aims to identify the strengths and weaknesses of a business. External ecological analysis is also crucial to determine potential opportunities and threats that can be minimized. These internal and external analyses are part of strategic management, which is the art and knowledge of formulating, implementing, and evaluating decisions that enable an organization to achieve its goals (David, 2011).

In addition to considering internal and external factors, the creation of this business strategy must also consider the increasing business competition among similar companies. Competition between these companies arises because they aim to capture as much market share or as many consumers as possible compared to other companies (Puspitaningrum, 2021). The growing competition among businesses triggers the emergence of market-winning strategies, one of which is the Blue Ocean Strategy (BOS). The Blue Ocean Strategy is a strategy implemented by companies to create a unique product that is different from those offered by other companies and is not yet available in the market,

making the application of this strategy vital for the development of a business or product that wants to break free from intense competition (Kim & Mauborgne, 2005).

This study aims to (1) create a sales forecast for Katamata Coffee & Roastery for the next 12 months, (2) identify the internal and external factors of Katamata Coffee & Roastery, and (3) undertake the right strategic decision for the development of Katamata Coffee & Roastery based on the Blue Ocean Strategy approach.

METHOD

The research approach used in this study is a quantitative method that employs descriptive analysis. The descriptive analysis method examines the status of a group of people, an object, a condition, and a system of thought or an event in the present. This study aims to create a systematic and accurate description or picture of the facts being studied (Sugiyono, 2019). The type of research implementation is carried out in the form of a survey and uses a questionnaire as a data collection tool (Singarimbun, 2011). The study's location is at Katamata Coffee & Roastery, which was determined using the purposive method. Katamata Coffee & Roastery is the first Roastery coffee shop in Gunungkidul, with the branding "First Roastery in Gunungkidul." In addition, Katamata Coffee & Roastery was chosen as the research location because it has been established since 2016 and is a legendary coffee shop.

The data utilized in this study are primary and secondary. Primary data is obtained from the results of direct data collection in the field through observation, FGD, in-depth interviews with respondents, and questionnaire distribution. Secondary data is obtained from literature, related institutions, and documentation in the field at the time of the study.

The sampling method for this study was conducted using the non-probability sampling method. This study only involved two groups of respondents, namely Katamata management and Katamata consumers, because this study focuses on creating internal company strategies. After all, it is used to identify the competitive value between coffee shops that consumers have visited. The first group is the Katamata producers, consisting of 4 people whose respondents were determined using the purposive technique considering that they know the most about the actual conditions at Katamata. The second group is the Katamata consumers, consisting of 32 people whose respondents were determined using the accidental sampling technique and have met the sample criteria, namely (1) Respondents are at Katamata Coffee & Roastery when the interview activity takes place, (2) Respondents have visited Katamata Coffee & Roastery at least once (3) Respondents have consumed coffee products from Katamata Coffee & Roastery (4) Respondents have bought coffee products from other coffee shops (competitors) whose offers are the same as Katamata Coffee & Roastery.

The data analysis technique utilized to create sales forecasts based on Supranto (2000) begins with a data pattern test using the E-Views application, calculating the Mean Absolute Deviation (MAD), Mean Absolute Percentage Error (MAPE), and Mean Squared Deviation (MSD) values, then creating forecast predictions for the next 12 months using the Minitab application. Based on research by Nur T. et al., (2022). The data analysis technique used to identify internal and external factors is done through the calculation of the weights of the EFE, EFE, and IE matrix. Meanwhile, the data analysis technique for decision-making through the blue ocean strategy approach, based on research by Sari et al. (2022) and Mekasari (2022), is by testing the level of supply factors, creating a strategy canvas, applying a four-step framework, and conducting idea tests on the utility of buyer, price, cost, and adoption.

RESULT AND DISCUSSION

Sales Forecasting Analysis for the Next 12 Months

Sales forecasting for Katamata Coffee & Roastery begins by taking data over 4 years, from January 2020 to December 2023. This time series data will illustrate the pattern formed from the sales data of Katamata Coffee & Roastery's coffee products. Determining this data's pattern will help select the appropriate forecasting method.

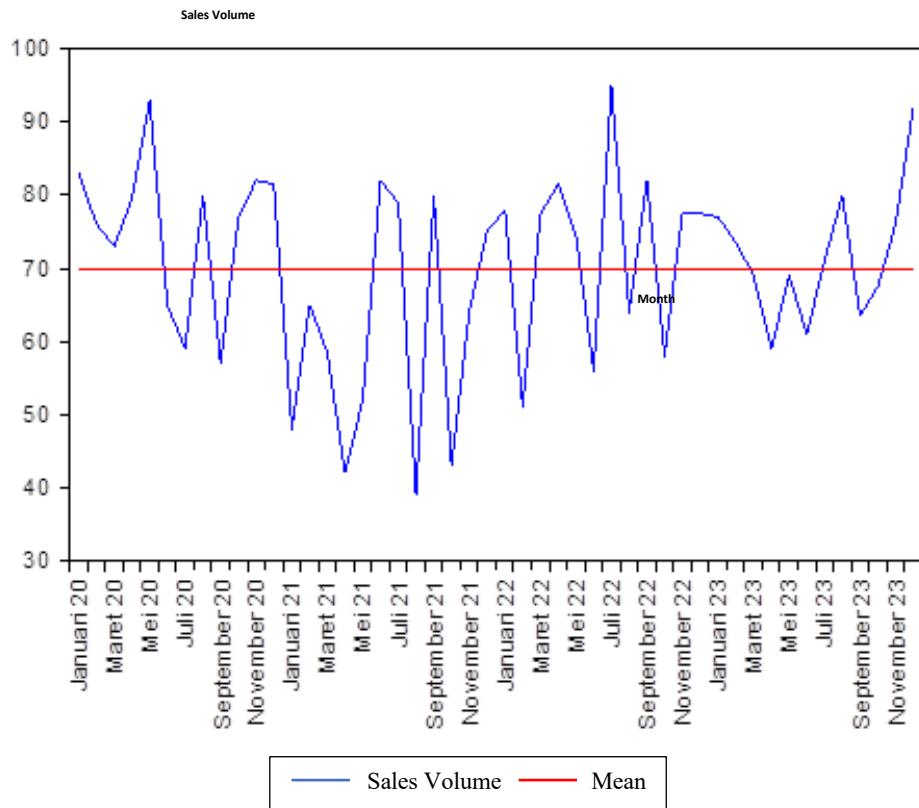


Figure 1. Sales Volume Graph of Katamata Coffee & Roastery

Source: Processed Data, 2024

Based on the graph in Figure 1, the sales volume movement shows non-stationary data because, by observing the data movement, the average is not constant but tends to show a trend with an increasing pattern. Based on the identification of the data pattern showing a trend element, the appropriate forecasting methods are linear, quadratic, and exponential. The best method selection is made by examining the values of Mean Absolute Deviation (MAD), Mean Absolute Percentage Error (MAPE), and Mean Squared Deviation (MSD) calculated using Minitab, as presented in Table 2. The best forecasting method is selected by choosing the minor error value, which is the quadratic trend forecasting method.

Table 2. Error value recapitulation of the forecasting method

No	Forecasting Method	MAD	MAPE	MSD
1.	Linear Trend	10.92	17.48	171.12
2.	Quadratic Trend	10.69	16.89	158.34
3.	Exponential Trend	11.11	17.40	173.02

Source: Processed Data, 2024

The predicted sales volume forecast over the next 12 months using the quadratic trend method has the equation $Y' = 77.79 - 0.988x + 0.02x^2$. The sales forecast results for Katamata Coffee & Roastery's coffee products are presented in Table 3.

Table 3. Results of sales forecast for the next 12 months

Month	Sales Volume (pcs)
January 2024	79
February 2024	80
March 2024	82
April 2024	83
Mei 2024	84
June 2024	85
July 2024	86
Augustus 2024	88
September 2024	89
October 2024	90
November 2024	92
December 2024	93

Source: Processed Data, 2024

The following presents the sales volume forecasting curve for the next 12 months using the quadratic trend method, which has been processed using the Minitab application.

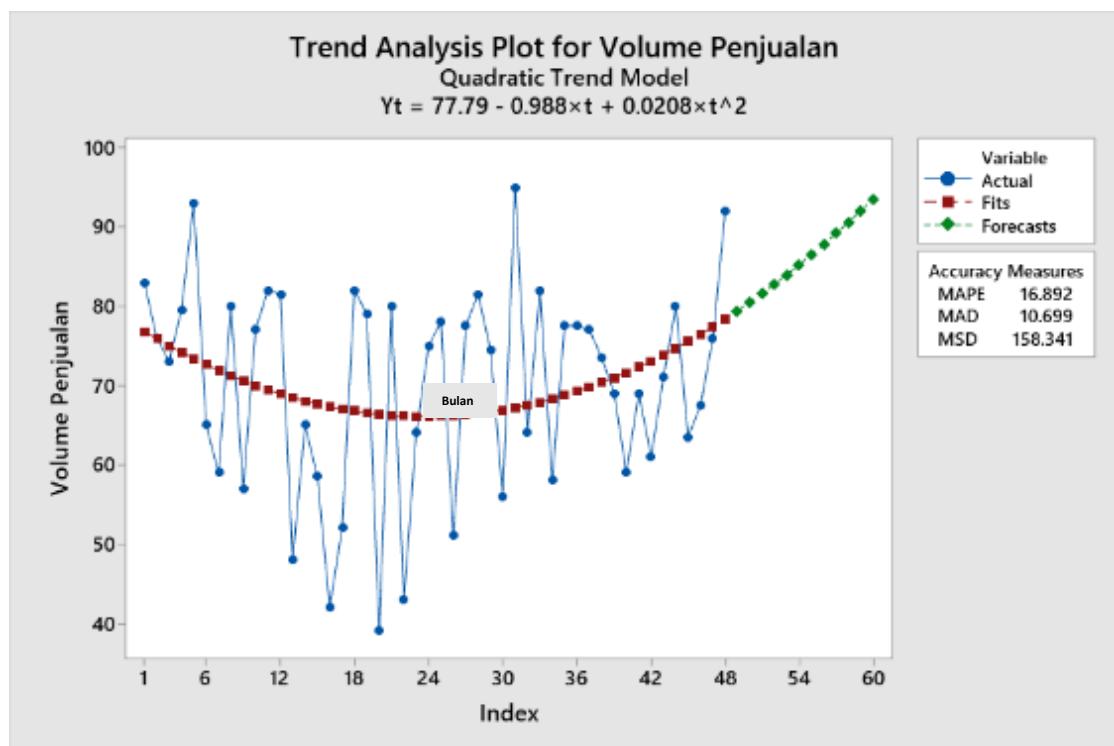


Figure 2. Forecasting Curve of Sales Volume of Katamata Coffee & Roastery

Source: Processed Data, 2024

Internal and External Factor Analysis

Internal and external factors are identified through the EFE matrix, EFE matrix, and IE matrix. Katamata Coffee & Roastery's main strengths are the high quality of its coffee products and the variety

of coffee types, with each factor weighing 0.15 and a rating of 4.00, resulting in a score of 0.58. Other strengths include having affordable prices (score of 0.40), the product-owning Home Industry Food (P-IRT) permit (score of 0.44), and employing skilled employees (score of 0.33).

The main weakness of Katamata Coffee & Roastery is insufficient promotion, which has a weight of 0.10 and a rating of 2.25, resulting in a score of 0.23. Other weaknesses include the business's less strategic location (score 0.18) and difficulty finding human resources to manage it (score 0.17). Therefore, the total score from the EFI matrix calculation is 2.91.

Table 4. Results of the EFI Matrix Analysis

No.	Internal Factor	Weight (a)	Rating (b)	Score (a*b)
Strength				
1.	Katamata Coffee & Roastery has good-quality coffee products	0.146	4.00	0.58
2.	Katamata Coffee & Roastery has products with various types of coffee variations	0.146	4.00	0.58
3.	The coffee products of Katamata Coffee & Roastery have an affordable price	0.146	2.75	0.40
4.	The coffee products of Katamata Coffee & Roastery own a Home Industry Food (P-IRT) permit	0.146	3.00	0.44
5.	Katamata Coffee & Roastery employs skilled employees	0.146	2.25	0.33
Subtotal		0.73		2.33
Weakness				
1.	Katamata Coffee & Roastery's location is less strategic	0.09	2.00	0.18
2.	Promotional activities carried out by Katamata Coffee & Roastery are less intense/intensive	0.10	2.25	0.23
3.	Human resources to manage Katamata Coffee & Roastery are still hard to find	0.08	2.00	0.17
Subtotal		0.27		0.58
Total		1.00		2.91

Source: Processed Data. 2024

Katamata Coffee & Roastery's foremost opportunity is frequent participation in Small and Medium Enterprises (SME) activities in Gunungkidul, with a weight of 0.14 and a rating of 4.00, yielding a score of 0.55. Other opportunities include an understanding of quality coffee (score 0.33), wide networking (score 0.39), the existence of marketplaces for sales (score 0.34), having suppliers from various regions (score 0.31), and the emergence of new coffee shops (score 0.19).

The main threat to Katamata Coffee & Roastery is the emergence of new competitors in the coffee roasting business in Gunungkidul, with a weight of 0.12 and a rating of 3.00, resulting in a score of 0.36. Other threats include unstable raw material prices (score 0.21) and changes in consumer preferences (score 0.31). Therefore, the total score from the EFE matrix calculation is 2.98.

Table 5. Results of the EFE Matrix Analysis

No.	External Factor	Weight (a)	Rating (b)	Score (a*b)
Opportunities				
1.	Increasing public understanding of quality coffee	0.12	2.75	0.33
2.	Katamata Coffee & Roastery has a wide network	0.12	3.25	0.39
3.	Katamata Coffee & Roastery frequently participates in SME activities in Gunungkidul.	0.14	4.00	0.55
4.	The existence of online applications or marketplaces as sales channels	0.11	3.00	0.34
5.	Having suppliers of raw materials from various regions, ensuring the supply of raw materials	0.11	2.75	0.31
6.	The emergence of new coffee shops in Gunungkidul	0.09	2.25	0.19
Subtotal		0.69		2.10
Threats				
1.	The emergence of new competitors in the coffee roasting field, similar to Katamata Coffee & Roastery	0.12	3.00	0.36
2.	Unstable coffee raw material prices	0.09	2.50	0.21
3.	Changes in consumer preferences	0.10	3.00	0.31
Subtotal		0.31		0.88
Total		1.00		2.98

Source: Processed Data. 2024

Based on the total scores from the EFI and EFE matrices, which are 2.91 and 2.98 respectively, Katamata Coffee & Roastery falls into position cell V, which is the "hold & maintain" position, as shown in Figure 3 below.

Total of EFI Score			
	High	Moderate	
	3,00 – 4,00	2,00 – 2,99	1,00 – 1,99
Total of EFE Score	High	I	II
	3,00 – 4,00		III
	Moderate	IV	V
	2,00 – 2,99		VI
Low	1,00 – 1,99	VII	VIII
			IX

Figure 3. Results of the IE Matrix Analysis

Source: Processed Data. 2024

Blue Ocean Strategy (BOS) Analysis

The analysis of the blue ocean strategy begins by identifying the factors of competition between coffee shops through a questionnaire distributed to 32 respondents. This information was then used to create a strategy canvas depicting the competitive situation of Katamata Coffee & Roastery compared to other coffee shops.

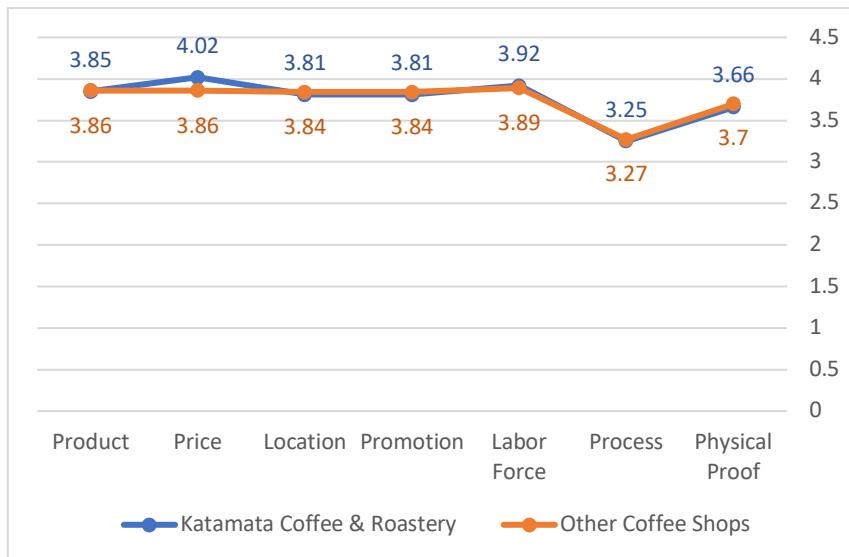


Figure 4. Initial Strategy Canvas of Katamata Coffee & Roastery and Other Coffee Shops

Source: Processed Data. 2024

The strategy canvas curve shown in Figure 4 shows that the level of competition between the companies is quite high. The results depicted on the strategy canvas indicate that Katamata Coffee & Roastery is in a Red Ocean position, meaning there is very high competition, with some values still below those of its competitors.

The values of the curve determine the level of offering from Katamata Coffee & Roastery, so an evaluation of competition factors is needed, involving Katamata Coffee & Roastery's producers to determine which competition factors need to be evaluated to formulate a blue ocean strategy. The four-step framework in Table 6 below was obtained based on the evaluation results.

Table 6. ERRC of Katamata Coffee & Roastery

<i>Eliminate</i>	<i>Reduce</i>
None	Purchase of coffee raw materials that consumers less favor
<i>Raise</i>	<i>Create</i>
1. Quality control 2. Spacious parking space for consumers 3. More intensive promotion, both online and offline 4. Non-cash payment facilities for better convenience	1. Product innovation, specifically unique and high-quality custom coffee 2. A unique and attractive coffee shop concept

Source: Processed Data. 2024

The formulation result of Katamata's blue ocean strategy using the four-step framework is summarized using a new strategy canvas, presented in Figure 5.

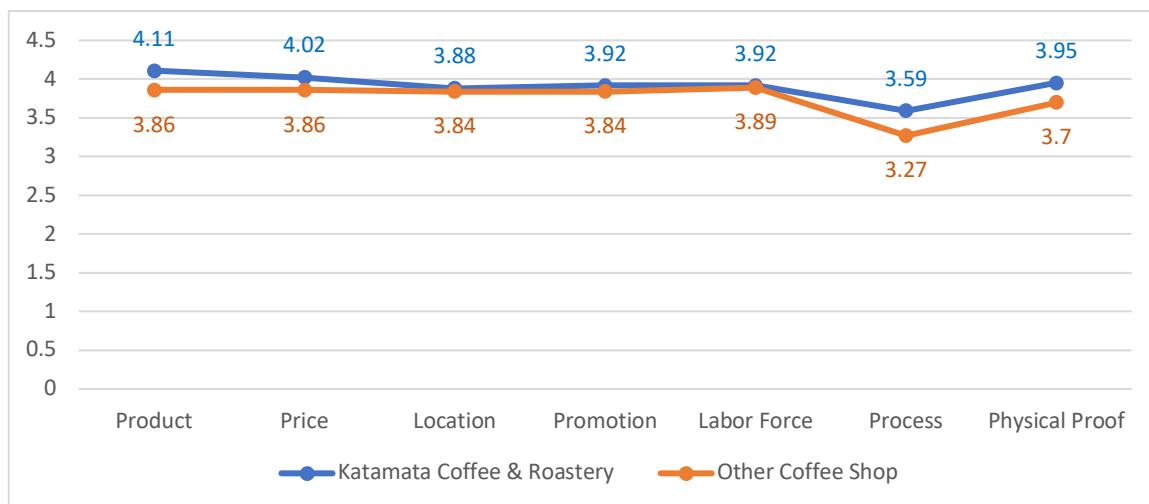


Figure 5. New Strategy Canvas of Katamata Coffee & Roastery and Other Coffee Shops

Source: Processed Data, 2024

From the new strategy canvas curve shown in Figure 5, it can be seen that the level of competition is still quite tight. Still, all of Katamata's competition factors have values above its competitors. A comparison between the initial strategy canvas and the new strategy canvas of Katamata Coffee & Roastery is presented in Figure 6, which distinguishes it from competitors and enables it to break out of the red ocean competition.

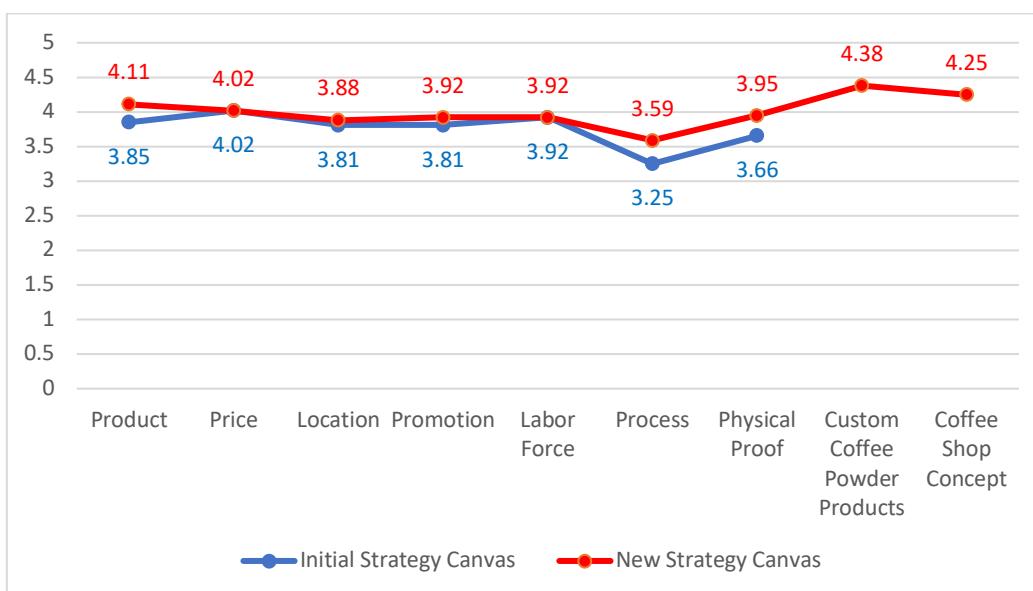


Figure 6. Comparison of Initial and New Strategy Canvas of Katamata Coffee & Roastery

Source: Processed Data, 2024

Based on Figure 6, Katamata Coffee & Roastery's new strategy canvas focuses on creating unique value innovations to distance itself from competitors. This includes developing innovative products, such as custom ground coffee packaged as single-serve coffee with ready-to-brew filter bags for more convenience and creating a unique coffee shop concept that is trendy, appealing, and also following current trends such as a "Coffee & Community Hub" concept or a co-working space concept, equipped with facilities like high-speed internet, small meeting rooms, and printing services.

Therefore, testing of utility of buyer, pricing, cost, and adoption is necessary, as summarized in Figure 7 below.

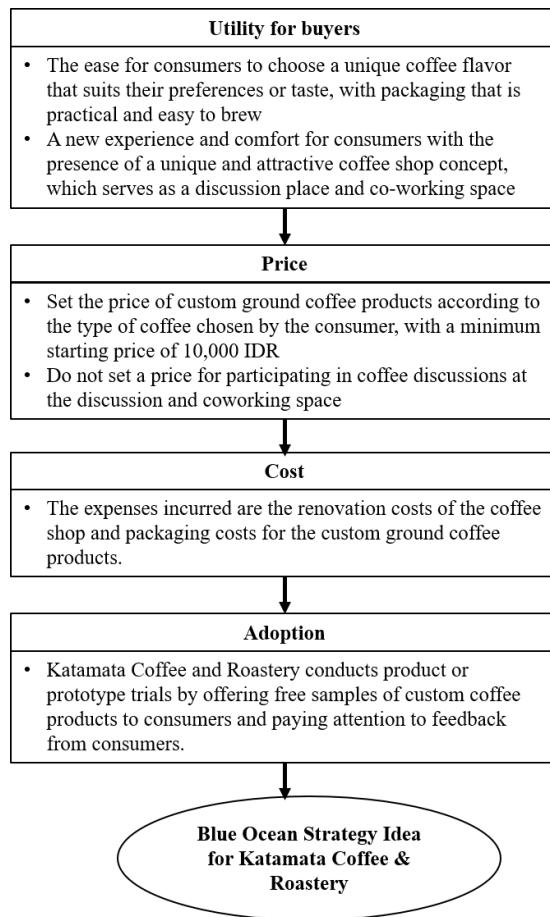


Figure 7. Katamata Coffee & Roastery's blue ocean strategy series

Source: Processed Data, 2024

CONCLUSION

Based on the research results and discussions explained, it can be concluded that the volume of coffee product sales at Katamata Coffee & Roastery, based on the sales forecast for the next 12 months using the quadratic trend method, shows a tendency for the sales volume to increase. The internal factor at Katamata Coffee & Roastery with the highest strength score is having good product quality and a variety of different coffee types. Meanwhile, the highest weakness score is the insufficient promotion efforts made by Katamata Coffee & Roastery. The external factor with the highest opportunity score is the frequent participation in Small and Medium Enterprise (SME) activities in Gunungkidul. The highest threat scores, on the other hand, is the emergence of new competitors in the same field, namely coffee roasting. Based on the IE matrix. Katamata Coffee & Roastery is in cell V. meaning the company has a good ability to take advantage of opportunities and address threats by maintaining and strengthening its position through market penetration and product development strategies. The appropriate strategic decisions for the development of Katamata Coffee & Roastery, using the canvas of strategy and the four-step Blue Ocean framework. are to reduce the purchase of less popular coffee raw materials; improve quality control to maintain product quality; increase the parking area; enhance online and offline promotional activities; improve non-cash payment facilities; create product innovations such as custom coffee products packaged as single-serve coffee with ready-to-brew filter

bags for greater convenience; and develop a unique and attractive coffee shop concept, such as the Coffee & Community Hub concept or a co-working space concept. Based on the business development strategy decision using the Blue Ocean approach, it is recommended that Katamata Coffee & Roastery develop a new product by creating custom single-serve ground coffee products equipped with ready-to-brew filter bags, which are practical and innovative. This custom ground coffee product is produced by exploring the flavors of various coffee types so that the product can meet consumer preferences. Additionally, Katamata Coffee & Roastery is advised to penetrate the market by creating a unique and attractive coffee shop concept, such as the Coffee & Community Hub concept or a co-working space concept.

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