

Strengthening Culinary Micro-Enterprises Competitiveness Through SWOT Analysis and Business Model Canvas

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Abstract

The research objective is to analyze the culinary business situation in the city of Sintang and recommend new business strategies to increase the competitiveness of the culinary business. The method in this research is a mix method, namely combining a quantitative survey with many respondents to obtain SWOT input data and business models, with in-depth qualitative interviews with several key informants to deepen the survey results. The sample in the research was 150 culinary micro business actors using a purposive sampling technique. The results of research using the canvas business model are that culinary micro businesses have broad customer segments. Relations with consumers are direct and good. The value proposition is carried out by prioritizing product quality to improve performance. The main activity is marketing its products directly. Collaboration is carried out with several government and private offices in the city of Sintang. Costs used, fixed costs and variable costs and sole income from direct and online product sales. The SWOT analysis used to assess internal and external factors produces respective external and internal factor scores, where the internal strength factor scores 1.65, the internal weakness factor scores 1.01, the external opportunity factor scores 1.50, and the external threat factor scores 1.05. Based on the diagram, the culinary micro business strategy in Sintang city is in quadrant one, which means it supports aggressive strategies.

Keywords: Culinary Micro Business, SWOT, Strategy Canvas

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Introduction

The concept of creative economy emerged as the right alternative and actively supports the economy in Indonesia today along with the times. The development of world life and business has undergone a shift from a natural resource-based economy to a human resource-based economy, namely knowledge and creativity. The concept of a creative economy first emerged in the United States and England. The advancement of the creative economy in these two countries has since influenced other nations, particularly those across Asia. A creative economy is, at its core, economic activity that leverages innovative thinking to produce novel and distinct outputs that carry significance and worth. The concept of creative economy was introduced when John Howkins published his book *Creative Economy, How People Make Money from Ideas*, which discusses how people make money from their ideas.

According to (Moelyono, 2010) Creative economy is defined as economic activities that rely on creativity, culture, cultural heritage, and the environment as pillars for the future. According to (Hasan, 2018) the concept of creative economy is an economic concept based on human abilities and skills. (Arjana, 2017) Also argues that the creative economy is a new economic concept that combines information and creativity that relies on ideas, ideas and knowledge from human resources as a factor of production.

According to (Moelyono, 2010) the emergence of the creative economy in the current era, on the one hand it is motivated by the existence of increasingly intelligent customers with variations in their needs that change rapidly and develop into very complex, while on the other hand it is motivated by various limitations of the information economy that only rely on the progress and application of science and technology, especially information and communication technology. Information without packaging that combines elements of creativity and innovation actually has no value whatsoever. Therefore, the creative economy focuses more on the creation of goods and services by relying on knowledge, expertise, talent, and dominant creation.

Creative economy has the potential to provide economic benefits and encourage the birth of creative ideas and new innovations to spur competition in the economic and business world. In general, the creative economy is expected to generate maximum income and improve people's welfare. In terms of discourse and opinion, the creative economy has a point of view that is not necessarily economically beneficial, But the creative economy can be beneficial in terms of moral, cultural, natural and environmental communities (Bimantara, 2019). In the creative economy there are 18 subsectors consisting of: animation, architecture, design, photography, music, crafts, culinary, fashion, research and development, publishing, film, advertising, interactive games, performing arts, fine arts, information technology, television and radio, and video. (Suparmin, 2017)

The creative industry of the culinary sector is one of the 18 sectors of the creative economy. Activities in the creative economy have the potential to provide a number of benefits that can be achieved. First, the SME business is growing, the second reduces the poverty rate, the third reduces the unemployment rate. While specifically it can provide job opportunities for the local community. (Aini, 2019).

In the research (Widjayanti & Setyowati, 2021), the results of his research found that UD Sumber Urip's customer segment consists of men, adult women, children over the age of 5 years, and resellers and distributors. The value proposition offered includes snacks for daily consumption at affordable prices, as well as taking orders according to customer needs. The channels used are through agents / sales, entrusted to stores and stalls, directly to customers, websites, and social media. UD Sumber Urip's key activities are making crackers through the use of key resources, such as labor, physical resources, intellectual abilities, and working capital. The main cooperation includes traders, retailers, shops, and stalls that will work with UD Sumber Urip. This collaboration is expected to affect UD Sumber Urip's revenue stream from the sale of its cracker products.

Research (Pratama & Wahyuningsih, 2021) found that BMC can be used to describe concisely, but completely, the formulation of strategies resulting from SWOT analysis. In other words, empirically these two analytical models can be combined, which are mutually supportive in complementing. SWOT analysis is used to identify and assess internal and external environmental conditions and then serves as a basis for determining strategies formulated using BMC.

(Fitriani, Nugraha, & Djamaludin, 2020) Obtaining research results that the leather footwear industry is in a position of high internal and external scores, and is in an aggressive strategy profile so that what must be done is to grow and build stronger industrial development through several strategies that can be applied, including backward, forward, or horizontal integration, market penetration, market development, and product development. In addition, it is also necessary to pay attention to technological advances in the development of canvas business models so that all needs can be well integrated.

In his research found that in this era of globalization, business competition is getting tighter, including in the coffee industry (Sultan & Hasbi, 2018). Kadatuan Koffie is a brand developed by PT Triantum Agrotektur. The application of the canvas business model (BMC) owned by Kadatuan Koffie has been considered ineffective and maximal. Kadatuan Koffie has its own factory to process coffee fruits into ground coffee so that it should make it easier for Kadatuan Koffie to run its business. However, it turns out that there are still obstacles in controlling incoming raw material data and outgoing goods. As a result, many items are missing or not recorded in the form of goods.

(Sulastris, Adam, Saftiana, Nailis, & Putri, 2022) Finding the results of research that the canvas business model is one of the alternative methods to help micro, small and medium enterprises in understanding and developing their businesses. However, there are still many MSME players who do not understand the canvas business model. Therefore, the research also has the purpose of service, which is to increase the ability and understanding of MSME actors about the canvas business model so that counseling and practicum are also carried out for MSME actors in the city of Palembang as many as 20 people. The result that has been achieved is that 90 percent of MSME players can create a canvas business model.

Based on previous studies, the purpose of this study is first, to analyze the situation of micro-scale culinary business in Sintang city and second, to recommend new business strategies to increase the competitiveness of culinary business in Sintang city.. The novelty of the research is that several important points related to the nine elements of the business model canvas have been applied to develop the business.

Literature Review

Business Strategy

Business strategy is the best way to achieve a goal or to carry out a job. Strategy is an approach to setting goals and objectives to be achieved in the long term by an organization or company. The success of a strategy cannot be separated from resources and utilization skills (Pardede, 2011). The main business strategy that a company can implement is how to build and improve its competitive position in a long-term perspective. Strategies are used to achieve long-term goals. Strategic plans are prepared to realize goals that arise as the environment changes. Environmental change creates opportunities or threats to survival of the company. With its strengths and limitations, companies try to seize opportunities or try to deal with those threats in order to continue to exist and thrive. (Ardiansyah & Sutarmin, 2019)

Business Model Canvas

The business model canvas is a method for describing the overall business model. In its mapping, the business model canvas consists of nine main blocks, namely value proposition, customer segments, channels, customer relationship, key activities, key resources, key partnership, revenue streams, and cost structure. Through these nine main blocks, business conditions both internally and externally can be clearly described. Business model mapping with this canvas business model can be an evaluation material for a business.

There are three levels of BMC as a tool to accelerate the innovation of sustainability-oriented business models, namely by expanding BMC (Joyce & Paquin, 2016). The intention is to add two more layers, namely the environmental layer based on the life cycle perspective and the social layer based on the stakeholder perspective, into the BMC. When combined, the three layers of business models become more explicit.

The business model canvas is a framework that describes the logic of how an organization creates and conveys its value proposition to consumers and captures this value into financial profits. There are nine building blocks that are interrelated and support each other. First, value proposition, namely the organization's superior products/services. Second, customer segments, namely the targeted consumer groups. Third, channels, namely distribution methods to consumers. Fourth, customer relationships, namely the way an organization interacts with customers. Fifth, key activities, namely the core activities of the organization. Sixth, key resources, are important assets that an organization needs. Seventh, key partners, namely external partners supporting the organization's operations. Eighth, revenue streams, namely the organization's financial income (Osterwalder & Pigneur, 2012). Ninth, cost structure, namely the organization's operational costs. All of these elements form a comprehensive business system.

SWOT Analysis

SWOT stands for strength, weakness, opportunity, and threat. Thus, SWOT analysis is the activity of analyzing strengths, weaknesses, opportunities, and threats owned. A business really needs to do this analysis because it will help in evaluating and planning the development of the business. According to (Rangkuti, 2014), SWOT analysis is even a systematic tool for identifying strategic factors in the formulation of corporate strategy. According to (Hladchenko, 2014), SWOT analysis is the first stage of strategy management that involves a company's ability to assess strengths, weaknesses, opportunities, and threats to achieve a match or fit between internal factors and external factors.

Internal environmental analysis is a method for identifying and reviewing various aspects within a business organization such as owned resources, management development, and collaboration between departments. The aim is to analyze the company's internal factors including the company's strengths and weaknesses. Meanwhile, external environmental analysis is a strategy for assessing opportunities and challenges from external factors faced by companies in facing business competitors and winning competition in the industry. There are five categories of external factors, namely economic, socio-cultural and environmental, government, technology, and competitive industry. The company must always monitor these five factors so that it is able and continues to adapt to changes outside the company's environment.

Methods

This research uses a mix method research method. According to (Creswell, 2014), the mix method is a research approach that combines or associates qualitative forms and quantitative forms. Researchers collect and analyze data, integrate findings, and draw conclusions using both approaches in a single study or series of investigations. In its presentation, researchers provide an overview by conducting an evaluation using SWOT analysis then the results of the SWOT analysis are evaluated in the business model canvas (BMC) so as to produce a business canvas design that can be used to increase the competitiveness of culinary micro businesses in the city of Sintang. (Hora, et al., 2016) design a business model based on the results of its research with the aim of maintaining the sustainability of a business, which can be used in general as a proposal framework. The sample in this study amounted to 150 culinary micro entrepreneurs in the city of Sintang using techniques *Purposive Sampling*.

This research combines various new fields related to business sustainability into the business canvas model (BMC). The data used in the study came from primary and secondary sources. Primary data was obtained through observations on micro-culinary businesses, in-depth interviews with owners, and surveys to consumers of micro-scale stalls or restaurants in

Sintang city. Secondary data were obtained from various literature related to this research topic.

Results and Discussion

SWOT Analysis

SWOT analysis aims to determine the internal and external factors that exist in culinary micro businesses. Data collection for internal and external factors was carried out through interviews with owners and direct surveys to several consumers of micro-scale stalls or restaurants.

Table 1. Internal Factor Assessment (IFAS)

No	Internal Factors	Weight	Rating	Score
Strength				
1	Providing the best products to consumers	0,20	3	0,60
2	Provide affordable prices to consumers	0,15	3	0,45
3	Providing the best service to consumers	0,10	3	0,30
4	Provide satisfaction to consumers	0,10	3	0,30
				1,65
Weakness				
1	Small business advantages	0,11	3	0,33
2	Unpredictable operating income	0,11	2	0,22
3	Consumers are not fixed and fickle	0,12	2	0,24
4	Products are easily imitated by competitors	0,11	2	0,22
	Total	1		1,01

Source : Data processed (2023)

Table 2. External Factor Assessment (EFAS)

No	External factors	Weight	Rating	Score
Opportunity				
1	Improve product quality	0,16	3	0,48
2	Buyers are getting more crowded	0,14	3	0,42
3	Raising the price of the product	0,11	3	0,33
4	Open a new branch in a more crowded location	0,09	3	0,27
				1,50
Threats				
1	More and more are opening culinary businesses in the city of Sintang	0,15	3	0,45
2	Many sell the same culinary products	0,14	2	0,28
3	Competitors offer cheaper prices	0,11	2	0,22
4	Lack of consumer confidence	0,10	1	0,10
	Total	1		1,05

Source : Data processed (2023)

After analysis using IFAS and EFAS matrices, the values for each internal and external business factor are known. Based on Tables 1 and 2, it is known that the internal factor of strength obtained a score of 1.80 and weakness obtained a score of 0.80. Meanwhile, external factors get a score of 1.50 and threats get a score of 1.05.

To better know the current position of the culinary micro business, a SWOT calculation is made based on quadrants. For quadrant positioning, the difference in values of each internal and external indicator calculated above is used.

The results of the SWOT calculation show that the external indicators of the difference are positive, namely the opportunity score – threat score ($1.50 - 1.05 = 0.45$) this means that there are still opportunities for culinary micro businesses to develop their business. Internal indicators have a positive difference, namely strength score – weakness score ($1.65 - 1.01 = 0.64$), meaning that the strengths possessed are still more than the existing weaknesses.

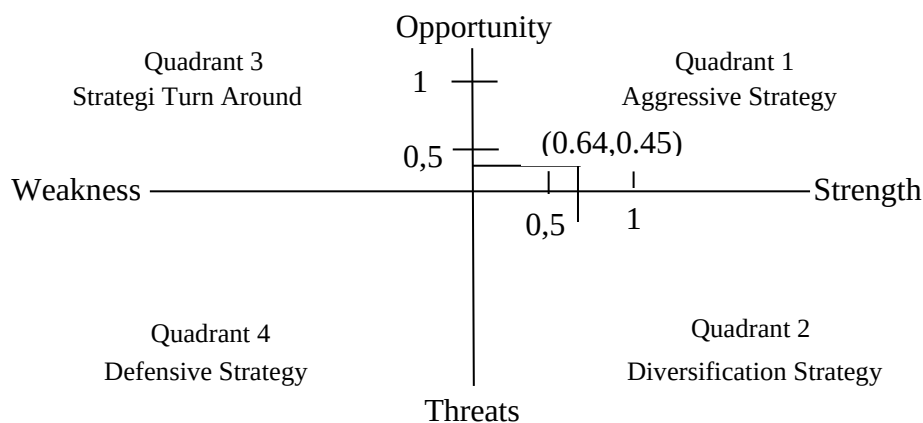


Figure 1. SWOT Analysis Diagram of Micro Culinary Enterprises in Sintang city
Source: Data processed

Based on the diagram in figure 1 above, it is known that culinary micro businesses are included in quadrant 1, meaning they support aggressive strategies. This shows that there are internal factors that can be utilized by culinary micro-businesses to seize existing opportunities so that they can increase sales in the future. The strategy used is the SO strategy, namely: improving product quality and providing the best service to consumers and increasing channels and reach by opening branches in crowded locations.

Furthermore, a more complete and accurate analysis was carried out using the SWOT matrix. This matrix is created by utilizing all the information that has been obtained in internal and external factors. All of these variables are entered into the SWOT matrix to then analyze possible strategies based on SO, ST, WO, and WT strategies.

Table 3. SWOT Matrix

IFAS	S (Strength) 2. Providing the best products 3. Priced 4. Providing the best service 5. Provide satisfaction to consumers	W (Weakness) 1. Small business advantages 2. Unpredictable revenue 3. Consumers are not fixed and fickle 4. Products are easily imitated by competitors
EFAS	SO 1. Improve product quality and provide the best service to consumers	WO 1. Quality products (O1, O2, W1, W2) 2. New cab (O4, S3, S4,
O (Opportunity) 1. Improve product quality 2. Buyers are getting more crowded		

3.Raising the price of the product 4.Opening branches in crowded locations	(O1, S1, S2, S3, S4) 2. Increase channel and coverage by opening branches in crowded locations (O4, O2, S2)	O3)
T (Threats) 1.Many new competitors 2.Products sold by the same competitors 3.Competitor prices are cheaper 4.Lack of consumer confidence	ST 1. Set competitive prices (S2, T1, T3) 2. Improve service to consumers (S3, S4, T4)	WT Making products that have characteristics (W4,T2) 2. Creating loyal customers (W3, T1)

Source : Data processed (2023)

Based on Table 3. The SWOT matrix above obtained 8 strategies. Of the eight strategies, culinary micro-businesses can implement all existing strategies or their application based on priorities.

Canvas Model Design Prototyping

Prototyping is a tool to help develop new, innovative business models. The prototype made is a prototype of the canvas strategy model based on the SWOT strategy obtained, namely the SO Strategy. In the prototype it consists of 9 blocks of strategic canvas models, including: key partners, key activities, value proposition, key resources, channels, customer segments, cost structure, revenue streams, and customer relationships. The SO or aggressive strategy is poured into the 9 blocks of the strategy canvas, so that we get a strategy model for developing culinary micro-businesses that have competitiveness.

The following is a canvas model of the proposed strategy for culinary micro businesses in Sintang city as follows :

<u>Key Partners</u> Government offices in Sintang city Private offices in Sintang city	<u>Key Activities</u> Product sales culinary Product packaging Making culinary products that have Characteristics Order delivery <u>Key Resources</u> Skilled labor Raw materials available Buildings and assets supporter	<u>Value Propositions</u> Product Quality (good taste and neat packaging) Has a distinctive taste	<u>Customer Relationships</u> Providing the best service to consumers Provide satisfaction and comfort to consumers <u>Channels</u> Whatsapp Google map Instagram	<u>Customer Segments</u> Mass market
<u>Cost Structure</u> Employee salaries Holiday rentals Purchase of raw materials		<u>Revenue Streams</u> Operating profit/profit		

Figure 2. Culinary Micro Business Strategy Canvas Model in Sintang city

Source: Data processed (2023)

The culinary micro business model has 9 main elements. First, key partnerships with government and private agencies for catering orders. Second, the core activities consist of making food and beverage products that have distinctive flavors and packaging, as well as direct delivery of orders. Third, main resources include skilled and trained workforce, supply of quality raw materials, and supporting physical facilities. Fourth, the value proposition lies in the product's unique taste and attractive packaging. Fifth, customer relationships are established personally with a direct approach. Sixth, marketing is carried out through digital messages and online maps. Seventh, the target market is mass. Eighth, the expenditure structure consists of operational costs and salaries. Ninth, the income stream comes from food and beverage sales.

Conclusion

Based on the results of the discussion of the canvas business model analysis on culinary micro businesses, it can be concluded that culinary micro businesses in the city of Sintang have a wide customer segment. Relationships with consumers are carried out directly and well. The value proposition is done by prioritizing product quality to improve performance. Its main activity is to market its products directly. Cooperation is carried out with several government and private offices in the city of Sintang. Costs used, namely fixed costs and variable costs and the only income, namely from the sale of products in person and online.

Based on SWOT analysis, the strength of micro culinary businesses in Sintang city is low prices, always maintaining product quality, and always trying to maintain good communication with customers. The downsides are small business profits, unpredictable income, consumers are not fixed and capricious, products are easily imitated by competitors. Business opportunities can be achieved by improving product quality so that buyers are more crowded. Meanwhile, the threat faced is that more and more are opening culinary businesses in the city of Sintang and many are selling the same culinary products. Thus, culinary micro businesses in Sintang city must use aggressive strategies to be able to seize customers in business competition.

The limitations of this research lie in the scope of the samples and areas which are focused in Sintang City, so further testing with wider coverage is needed. The suggestions that can be given include the need to conduct additional studies by increasing the sample size and expanding the coverage area, analyzing other internal and external factors that have the potential to affect competitiveness, routinely monitoring strategy implementation, assistance and canvas business model workshops for business actors, regulatory and infrastructure support from the Sintang City Government, as well as the involvement of related educational and research institutions to develop micro culinary businesses in Sintang City.

In conclusion, culinary micro businesses in Sintang City need to implement strategic steps to increase competitiveness through improving product quality, packaging innovation, expanding consumer segments, optimizing customer service, and mitigating risks from similar business competitors.

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