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# Business Development Strategy of Nii Kutchen Bakery Bengkalis Using Business Model Canvas and SWOT Analysis

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ABSTRACT

This study aims to design a strategy for developing a Bakery business using the Business Model Canvas and SWOT Analysis approach at Nii Kutchen Bakery Bengkalis. The type of research used by the author is descriptive qualitative with the aim of designing new strategies that are used to maintain business and develop businesses that are increasingly competitive. Data collection techniques in this study were interviews, observation, and documentation. The object of this research is Nii Kutchen Bakery Bengkalis. The results of the study show that the results of the Business Model Canvas at Nii Kutchen Bakery Bengkalis indicate the need for a new strategy change because there are still many segments that cannot compete with competitors. So it can be concluded that it is necessary to design a new strategy through SWOT Analysis on each element of the Business Model Canvas to be implemented by Nii Kutchen Bakery Bengkalis in the future.

Keywords: Business Development Strategy, Bakery, Business Model Canvas, SWOT Analysis

## 1. Introduction

Currently, there are many fields of business that are in demand by all groups, from parents to young people. Along with the development of the times and technology, business in Indonesia is growing and more sophisticated every year. Now businesses can not only be found offline, but businesses are also available online through various marketplaces (Tokopedia, Shopee, Lazada, etc.) and through social media (Facebook, Instagram, WhatsApp, etc.). The online business makes it easy for customers to get or order these products with efficient time and performance.

Today's increasingly rapid and sophisticated business development causes entrepreneurs to continue to compete so that their products are not out of date and not less competitive. Not only competing in selling products at relatively cheap prices and efficient places but also many new products that appear more trending or following the developments of this increasingly sophisticated era. In addition, there are also many products that are almost similar in type and use of these products, this triggers business people to continue to be innovative in developing their business so that their business remains sustainable. So entrepreneurs must continue to monitor new competitors and keep abreast of the times that are growing every year.

A sustainable business, of course, has a strategy for business development. According to Iruthayasamy (2020) in the book title "Understanding Business Strategy" says that sales promotion is a strategy, laying off workers to cut costs is a strategy, introducing new products is a strategy, corporate restructuring is a strategy, business change, and innovation is a strategy, etc. So, a strategy in business development must present a unique value proposition that is not only different from competitors but also sustainable. Strategy is not about being better than the competition, but also offering something unique and of value to customers.

According to Sitorus and Utami (2017), strategy is a long-term plan prepared by a company by maximizing resources in order to achieve the company's ultimate goal. An organization or company needs to develop a strategy for the development of its company in order to be able to continue to survive and develop in the future. Strategy is needed to think about the future, and what should be done by the company for business development in the long term.

Cake and bakery is one of the culinary businesses that are in great demand by parents and young people around the world. The cake and bakery business is also one of the business fields that are in great demand by entrepreneurs. This is because the cake and bakery business is one of the business fields that has opportunities and is easy to market. Moreover, various kinds of cake preparations, be it

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birthday cakes, wedding cakes, bread with various flavors, and unique donuts, of which are in great demand by all circles of small children, young, to parents. Because all people can consume these foods.

According to Baumassepe (2017), every business should have its own model based on the existing industry. An understanding of how a business model is an absolute requirement that must be done by an entrepreneur before developing his business. For entrepreneurs who already have a business, it is important for them to immediately know their current business model and need to develop it continuously to adapt to changes in the business environment for long-term profitability. Business models simplify complex business realities into basic elements that are easy to create. In general, people are familiar with the "business plan" or feasibility study before starting a business. However, the “business plan” is made in great detail even though there are still many unproven assumptions.

Now the presence of the Business Model Canvas (BMC) concept popularized by Osterwalder helps entrepreneurs understand their business plans in a simple way. Business Model Canvas is a business modeling tool that is now very popular in the world of entrepreneurship because of its ability to describe the core elements of a business more easily on a single canvas. In addition, the advantage of BMC is that it is easy to change business models quickly and see the implications of changing one element to other business element.

According to Hamali (2016), SWOT analysis is an analysis of strengths, weaknesses, opportunities, and threats. SWOT analysis is a systematic identification of organizational strengths and weaknesses as well as environmental opportunities and threats outside the strategy that presents the best combination of the four. The company can determine the strategy after knowing the strengths, weaknesses, opportunities, and threats, namely by utilizing its strengths to take advantage of existing opportunities, while minimizing or overcoming its weaknesses to avoid existing threats.

In Bengkalis Regency there are more than 100 businesses engaged in the bakery sector. The emergence of the bakery business makes competition in the bakery business world even tighter. So that the business needs a business model that can make the business survive, namely by using a business model canvas. Nii Kucthen Bakery Bengkalis is a bakery located in the Bengkalis sub-district which has an outlet located at JL. Pramuka, Bengkalis. It was founded in 2020 and engaged in the culinary field. However, over time, sales at Nii Kutchen Bakery decreased due to higher raw materials and many competitors in the same culinary field, so Nii Kutchen Bakery needed a new business development strategy so that the business would not lose competitiveness and survive and could increase company profits. Therefore, this paper seeks to provide input on business development strategies that are expected to be used as input for the development of Nii Kutchen Bakery Bengkalis. Based on the background described above, this study will examine further about “Business Development Strategy of Nii Kutchen Bakery Bengkalis Using Business Model Canvas and SWOT Analysis”.

According to SR, Nurmansyah (2018), the strategy is to formulate the right plan (doing the right things) and execute the plan to carry out the plan correctly (doing things right). An effective strategy is not only asking (what) but also how to do it right. Companies can win the competition if they have the ability to execute. According to SR, Nurmansyah (2018), a business cannot be separated from one or all of the activities of buying, producing, selling, or exchanging goods and services involving people or companies. In running a business, a person must be willing to try and work hard regardless of time, be steadfast, diligent, and patient, and have an innovative and creative attitude in creating opportunities for what can be done to meet the needs of the community.

After a business has been operated for a period of time, of course, every entrepreneur wants his business to grow. Business development will be carried out when the product will be improved or develop a new type of product (product diversification) or want to develop by acquiring another company Sumual et al. (2019). According to Osterwalder (in Baumassepe, 2017), created a simple and easy-to-understand framework to describe our business, namely the Business Model Canvas. Business Model Canvas is a business model that is poured into visual images and is divided into 9 Business Aspects which include: Customer segments, Value proposition, Channel, Customer relationship, Revenue stream, Key Resources, Key Activities, Key Partners, and Cost structure.

## 2. Methods

This research was carried out at Nii Kuchen Bakery, Jl. Pramuka, Bengkalis, Riau, Indonesia. In this study, the object of research is Nii Kuchen Bakery Bengkalis. Qualitative data is a type of non-numeric data that cannot be processed in the form of numbers. This data generally can only be observed and recorded so as to produce information. According to Sugiyono (2015), qualitative data can be defined as data in the form of words, schemes, and pictures. The qualitative data of this research are the names and addresses of the research objects. In this study, the data sources used to support the research process are used primary data and secondary data. This type of research is descriptive. According to Arikunto (2019), descriptive research is research that is intended to investigate the circumstances, conditions, or other things that have been mentioned, the results of which are presented in the form of a research report.

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According to Sugiyono (2013), qualitative research does not use the term population, but by Spradley, it is called a "social situation" or a social situation consisting of three elements, namely: places, actors, and activities that interact synergistically. The population in this study are the business owner, employees, and 2 customers of Nii Kuchen Bakery Bengkalis. According to Sugiyono (2013), the sample is part of the number and characteristics possessed by the population. If the population is large, and it is not possible for the researcher to study everything in the population, for example, due to limited funds, manpower, and time, the researcher can use samples taken from that population. The sample in this study was the entire research population, namely the business owner, employees, and 2 customers of Nii Kutchen Bakery Bengkalis.

This study uses non-probability sampling. According to Sugiyono (2013), nonprobability sampling is a sampling technique that does not provide equal opportunities/opportunities for each element or member of the population to be selected as a sample. The type of sampling used is saturated sampling. According to Sugiyono (2013), Saturated Sampling is choosing a sample if all members are used as a sample.

According to Sugiyono (2013), data collection techniques are the most strategic step in research because the main purpose of research is to obtain data. Without knowing the data collection techniques, the researcher will not get data that meets the data standards set. Data collection can be done in various settings, various sources, and in various ways. In this research, the data collection techniques used in this study were interviews, questionnaires, and observation. And in this study using data processing techniques are data reduction, data display, and verification.

Table 1. Operational definition.

| **Variable** | **Concept** | **Indicator** |
|---|---|---|
| Business Model Canvas | According to Baumassepe (2017), the Business Model Canvas is one of the tools to help us see more accurately what our current or future business will look like. | 1. Customer Segment<br>2. Value Proposition<br>3. Channels<br>4. Customer Relationship<br>5. Revenue Streams<br>6. Key Resources<br>7. Key Activities<br>8. Key Partnerships<br>9. Cost Structure |
| SWOT analysis | According to Hamali (2016) SWOT analysis is a systematic identification of organizational strengths and weaknesses as well as environmental opportunities and threats outside the strategy that presents the best combination of the four. | 1. Strength Analysis<br>2. Weakness Analysis<br>3. Opportunities Analysis<br>4. Threats Analysis |

Source: Osterwalder & Pigneur (2019), Hamali (2016)

## 3. Results and Discussion

Nii Kuthen Bakery is a shop that sells various kinds of bread and cakes engaged in the culinary field, established on November 20, 2020, which is located at Jl. Pramuka, Bengkalis. The name of the owner of Nii Kutchen Bakery is Ms. Rahmadania. The Nii Kutchen Bakery logo contains its own meaning in each word, Nii is the owner's name, Kutchen in German is the kitchen, and Bakery in English is a bakery, so when combined all the words Nii Kutchen Bakery means the kitchen and baking are in front, the owner taking concepts from Europe and Japan where they cook in front of the room, so customers can see the production process firsthand.

1. Design the Business Model of Nii Kutchen Bakery Based on the Business Model Canvas
   Analysis in this study uses the analysis of 9 elements in the Business Model Canvas which must be analyzed sequentially to create the right integration between them. After the nine elements of the business model at Nii Kutchen Bakery have been identified and described, the next step is to map these elements into a framework called the "canvas" sequentially. By mapping these elements onto the canvas, it will make it easier to summarize all ongoing business activities and make it easier for us to analyze what is not quite right so that we can take steps to achieve our business goals. Nii Kutchen Bakery's business model mapping can be seen in the image below:

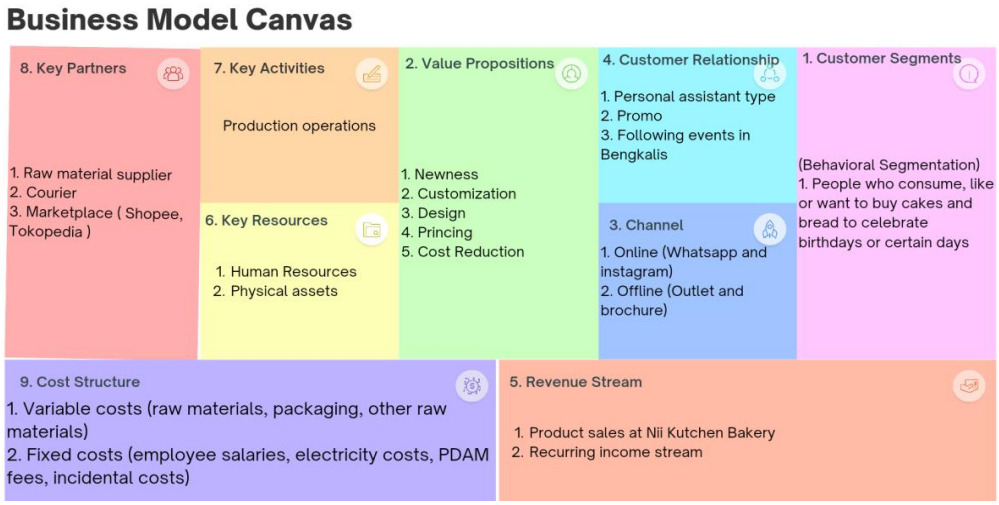


Figure 1. Business Model Canvas of Nii Kutchen Bakery
Source: Processed Data, 2022

2. Implementation of the SWOT Strategy Becomes an Element on the Nii Kutchen Bakery Bengkalis Business Model Canvas
After the Business Model Canvas is completed, the next step is to carry out a SWOT analysis based on the consideration of the information that has been obtained at Nii Kutchen Bakery Bengkalis. SWOT analysis analyzes the strengths, weaknesses, opportunities, and threats of the business.

Table 2 SWOT Matrix of Nii Kutchen Bakery Bengkalis

| Internal / External | **Strength (S)** | **Weakness (W)** |
|---|---|---|
| | 1. Innovative product<br>2. Customers are well segmented<br>3. Affordable prices<br>4. Good product quality | 1. Promotions that are still not updated on social media<br>2. Places that do not provide dine-in<br>3. There are not many product toppings<br>4. There is no BPOM product yet<br>5. Insufficient and undivided human resources |
| **Opportunity (O)**<br>1. There is no other bakery that provides ready products every day<br>2. Products that are not offered in other bakeries<br>3. There are events in Bengkalis/outside Bengkalis<br>4. The development of increasingly sophisticated technology<br>5. Establish cooperation with outside distributor agents | **SO Strategy**<br>1. Expanding customer segments<br>2. Expand marketing media<br>3. Include a business logo sticker on each product packaging<br>4. Increase out-of-home media or outdoor adversting | **WO Strategy**<br>1. Promoting updated products on social media every day<br>2. Adding new toppings or product variants |
| **Threat (T)**<br>1. Disloyal consumers<br>2. There are competitors who launch the same product<br>3. There are competitors who promote similar products widely<br>4. There are competitors who launch new products<br>5. Increase in product raw materials | **ST strategy**<br>1. Include the composition and expiration date on the product packaging<br>2. Providing fast response services to consumers | **WT Strategy**<br>1. Providing dine-in for consumers who want to enjoy their food on the spot<br>2. Adding human resources and dividing the share of each employee<br>3. Manage and include BPOM products on the packaging |

Source: Processed Data, 2022

3. SWOT Analysis of Strategy of Nii Kutchen Bakery Bengkalis
After the SWOT is made, the next step is to analyze the SWOT using the SWOT matrix to clearly describe the external opportunities and threats faced by the company, which are adjusted to its strengths and weaknesses. This matrix will produce four possible alternative strategies, namely SO

(Strength-Opportunity) strategy, ST (Strength-Threat) strategy, WO (Weakness-Opportunity) strategy, and WT (Weakness-Threat) strategy.

Table 3 SWOT Strategy in the New Business Model Canvas Mapping

| NO | SWOT Strategy \ BMC Elements | CS | VP | C | CR | RS | KR | KA | KP | CS |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | SO1 = Expanding customer segments | | | | | | | | | |
| 2 | SO2 = Expand marketing media | | | | | | | | | |
| 3 | SO3 = Include a business logo sticker on each product packaging | | | | | | | | | |
| 4 | SO4 = Increase out-of-home media or outdoor adversting | | | | | | | | | |
| 5 | ST1 = Include the composition and expiration date on the product packaging | | | | | | | | | |
| 6 | ST2 = Providing fast response services to consumers | | | | | | | | | |
| 7 | WO1 = Promoting updated products on social media every day | | | | | | | | | |
| 8 | WO2 = Adding new toppings or product variants | | | | | | | | | |
| 9 | WT1 = Providing dine-in for consumers who want to enjoy their food on the spot | | | | | | | | | |
| 10 | WT2 = Adding human resources and dividing the share of each employee | | | | | | | | | |
| 11 | WT3 = Manage and include BPOM products on the packaging | | | | | | | | | |

Source: Processed Data, 2022

4. Nii Kutchen Bakery Bengkalis's business development strategy with the New Business Model Canvas

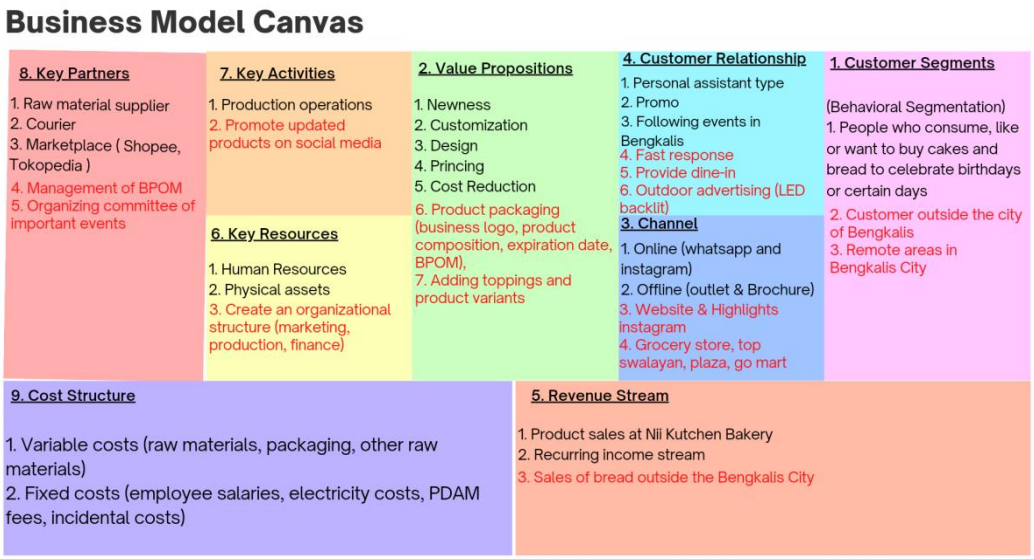


Figure 2. NewBusiness Model Canvas of Nii Kutchen Bakery
Source: Processed Data, 2022

It can be seen from the placement of the new BMC that Nii Kutchen Bakery still needs improvement in developing its business so that the company will be more successful. The first element is very influential on the next element until the final element. This causes almost all elements to require business development according to current developments.

## 4. Conclusions

Based on the results of the discussion described in the previous chapter, the researcher can draw the following conclusions:

1. The results of the Business Model Canvas mapping at Nii Kutchen Bakery Bengkalis show the need for a new strategy change because there are still several segments that are still not competitive with competitors.
2. In the previous discussion, there are several new business model canvas in the business development strategy at Nii Kutchen Bakery Bengkalis, namely the customer segment element is to create new customer segments with customers who are in villages and customers who are outside Bengkalis, the value proposition element is included business logo stickers, composition and expiration date on each product packaging, add toppings and new product variants, as well as management and inclusion of BPOM on the packaging, channel elements namely creating websites, Facebook, posters and banner variants, product toppings, and prices, on customers relationship elements, namely fast response services, providing dine-in and increase out-of-home media or outdoor advertising, on the key resource element, namely adding human resources and dividing the work of each employee, and on the key activity element, namely promoting updated products on social media every day.
3. There are strategic issues in the SWOT identification that has been carried out on the nine elements of the Business Model Canvas. Strategic issues such as affordable price and product quality are strategic strengths. Furthermore, there are weaknesses that must be considered, such as outlets that cannot be dine-in and a lack of human resources and their distribution in serving consumers. While the strategic opportunities that must be utilized as well as possible are the absence of other bakeries that sell similar products such as blackforest-ready cakes and donuts every day and the opportunity for major events to take place in Bengkalis district and outside the region. In addition, increasingly sophisticated technology is also an opportunity for Nii Kutchen Bakery to expand its business outside the island by promoting its business and products. Meanwhile, what is a threat to Nii Kutchen Bakery that must be considered is disloyal customers and the presence of new competitors marketing similar products, as well as increases in raw materials which are also a threat to Nii Kutchen Bakery in maintaining its business.

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