

# The Application of Swot Analysis Strategy and Business Model Canvas in Culinary Home Business in Denpasar

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ARTICLE INFO	ABSTRACT
<b>Keyword:</b> Culinary; SWOT; BMC; Strategy; Home Industry;	The growth of home-based culinary businesses is one of the biggest pillars of the economy in Indonesia. The rapid growth of this industry is also supported by the superior purchasing power of the community, for that many people want to open a business in this field. With a lot of competition, of course, every business wants to maintain its business with the right business strategy. This research helps prospective business actors to see and determine the business strategy of home-based businesses in the culinary field by using SWOT analysis business tools and Business Model Canvas as a business model mapping. This research uses a qualitative method with a case study OnDemand Cakes home business located in Denpasar, by conducting interview and observation techniques through social media from the business. The results showed that the strategy of channel marketing, word of mouth techniques, seeing opportunities to add types of products, product quality and food flavors are specific strategies applied to stay afloat for 8 years of business.

## 1. Introduction

The development of MSMEs is currently very important for the sustainability of a country's economy, especially in Indonesia. MSMEs currently have various types of industries including culinary. (ekon.go.id, 2022) Many of these culinary businesses have developed and come from home industries, according to data (BPS, 2022) published in June 2022, there were 11,223 culinary businesses spread throughout Indonesia in 2020. A total of 8,042 businesses (71.65 percent) are in the form of restaurants or restaurants, 269 businesses (2.40 percent) are catering, and the remaining 2,912 businesses (25.95 percent) are in other categories. This is certainly very interesting considering that the culinary business is one of the community's favorite businesses to support accommodation from other sectors. Revenue from the development of culinary home businesses alone reached Rp 209 trillion or 32.5 percent (cnnindonesia.com), which according to data from the Ministry of Cooperatives and Small Enterprises (UKM) noted that the MSME sector increased from 57.84 percent to 60.34 percent.

As a tourism area, Bali is one of the areas that is quite rapid in the development of its culinary business both in urban and rural areas, one of which occurs in the Denpasar area, the trend of having a culinary business is also increasing and is being widely loved, such as coffee shops currently with a growth of 8.67 percent or above national growth (Balipost.com, 2018) and in 2022 an increase of 11.65 percent (<https://bali.bps.go.id/>) The proliferation of this industry is one proof that local brand enthusiasts have now become a lifestyle for people of various ages. To be able to survive, of course, a strategy analysis is needed to be able to help business development and compete with competitors in the future as a preventive measure to carry out business development.

One of them is SWOT analysis, according to (Freddy Rangkuti, 2004) SWOT analysis, which stands for S (Strength) or strength, W (Weakness) weakness, O (Opportunities), namely opportunities, and T (Threats) or threats which are tools for strategic planning by looking at internal and external factors that can affect the smooth development of a business. SWOT analysis can be assisted by the business model canvas (BMC) method where according to Osterwalder and Pigneur

(2010), a business model is a tool to describe the rationale for how organizations create, deliver and capture value. According to Osterwalder Pigneur (2012), one of the efficient tools in order to create a business model is the Business Model Canvas (BMC). The Business Model Canvas can help formulate nine important components of forming the right business strategy. The combination of SWOT analysis and Business Model Canvas will clarify business steps later to be applied by business people including home culinary business people. One of the home-based culinary brands in the city of Denpasar has the business name Domanda Cakes which has been established since 2015 (<https://www.instagram.com/domandacakes/>) with the meaning of its own name is "laris" in Spanish Latin which was named by the wife of the owner of Domanda Cakes by targeting the local market, business development that has been carried out for more than 8 years is an achievement in the midst of the onslaught of similar products owned by big brands and mass production in the culinary industry itself. However, this does not make Domanda Cakes stop and continue to provide the best products for its customers by offering uniqueness and different product values. Therefore, it is important for Domanda Cakes to continue to exist in changing its business model and adjusting to changes in current market demand.

This research will certainly help many new generations in knowing how to create and maintain a home-based culinary business with its own specialties and uniqueness to be able to remain competitive with today's open access to information. Several other industries can formulate business strategies using the Business Model Canvas which is also contained in several previous studies, namely research from (Alfarisi, 2019) which states that from the business model canvas analysis conducted with a sandal company, the results show that it is necessary to deepen the company's value proposition to be able to compete in the market and maintain product existence. Meanwhile, research from (Vitria Putri, 2012) on culinary business development using SWOT analysis and Business Model Canvas which produces solutions that can be used by business owners to compete with similar competitors by expanding market reach in channel elements, attending business development training (value proposition), increasing labor and opening new branches (key resources).

The results of the study certainly show that SWOT analysis and business mapping through Business Model Canvas is one of the analytical tools that can provide openness to the company's evaluation strategy to see market potential or opportunities to add more value to an organization. Through this research, we can see what small and medium enterprises can do with the value and uniqueness of culinary products to continue to exist in developing their business so that they are right in making decisions.

## **2. Research Methods**

The research method in analyzing this culinary home business is to use Qualitative methods by conducting observations and interviews with Domandas Cake business owners online named Mr. Kurniawan always the owner and baker at Domandas Cake, besides that the observation process is carried out by visiting Domandas Cake Instagram located on Jalan Tukad Citarum III, Renon Denpasar Bali which has been established from 2015. Observations were made by looking at responses and responses from comments on photos and other types of content on Instagram.

This research will begin by mapping the Business Model Canvas (BMC) to see how the business model used by Domanda Cakes using nine blocks or categories from the Business Model Canvas, namely Customer Segment, Value Propositions, Channel, Customer Relationship, Revenue Streams, Key Activities, Key Partnerships, Key Resources and Cost Structure. Finally, the next stage is to evaluate the existing mapping using a SWOT analysis business measurement tool where researchers and business people can discuss to develop business strategies.

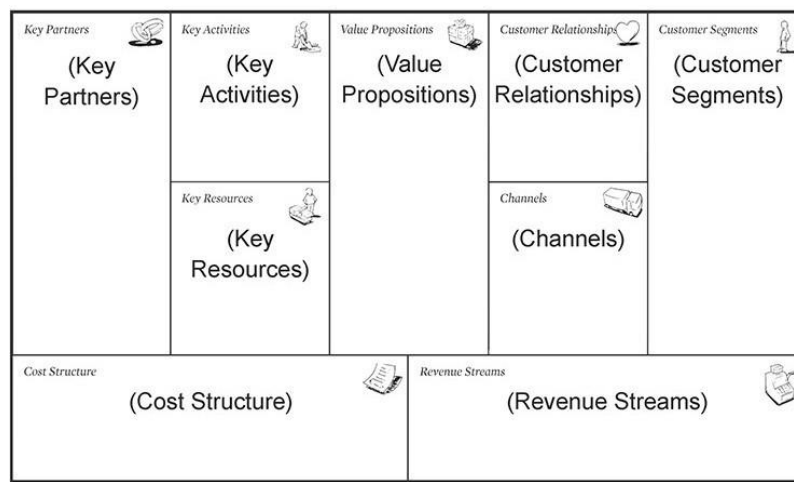
## **3. Results and Discussion**

The results and discussion include the theoretical studies contained in this research with the results of the interviews and observations that have been conducted.

## Business Model Canvas

Business Model Canvas is a canvas-shaped business model consisting of nine boxes. These boxes will describe how a business or an organization will form an added value and its customers will feel its own satisfaction so that it can retain its customers, besides that the Business Model Canvas can explain a business in a form that is easier to understand and explain in a structured manner how the company can run and its continuation. (PPM Management Team, 2012)

Picture 1 Business Model Canvas



### 1. Customer Segments

Domanda Cakes has various customer segments but still focuses on its specialty in selling children's birthday cakes. It is certain that Domanda Cakes targets young mothers who want to buy their children birthday cakes but still with the current design. Young mothers who have ages above 25 - 35 years old who have children aged above 1 year to 10 years. This makes Domanda Cakes more specific in terms of setting its target market. In addition, as a decision maker, young mothers will provide free marketing due to the large community of young mothers who can also offer or recommend Domanda Cakes products. The target market of this home-based business has also expanded to the corporate market that celebrates company birthdays as well as parents whose children buy customized birthday cakes.

### 2. Value Propositions

After being in the culinary business for more than 8 years, Domanda Cakes can form value propositions that can be felt by customers, namely providing good taste, good quality, custom cake designs according to customer requests, and affordable prices. Mr. Kurniawan stated that "the most important thing for Domanda Cakes is the taste of the cake itself", the right sweetness and not excess can touch the hearts of customers to always return to order at Domanda Cakes. Mr. Kurniawan believes that the power of taste for the culinary business will be able to help his business survive amidst the many competitors that exist and provide "word of mouth" or free word of mouth marketing which is honest feedback from his customers.

### 3. Channels

The channels used by Domanda Cakes currently are social media Instagram (<https://www.instagram.com/domandacakes/>) and Whatsapp to provide examples of cakes that have been ordered by customers, besides that the Domanda Cakes team is also diligent in following up related promotions to its customers by approaching via Whatsapp chat to inform products from Domanda Cakes. Other channels are carried out from closest friends and also business partners who have invested in Domanda Cakes where the business partners work in various industries such as banking and government, making it easier for Domanda Cakes to be able to expand into other culinary businesses and types.

#### 4. Customer Relationships

In maintaining customer relations, Domanda Cakes conducts research and development to maintain customer satisfaction. From the interview process with Mr. Kurniawan as the business owner with the minimum workforce available at this time Domanda Cakes only follows up via Whatsapp. However, this does not make Domanda Cakes business stuck because this home-based business is very concerned about the quality of the taste of the products produced. "By providing outstanding taste and service, this is how Domanda Cakes can stay connected with its customers. Plus, we offer free delivery service for customers within a short distance from the Domanda Cakes office.

#### 5. Revenue Streams

Domanda Cakes takes advantage of the opportunity from loyal customers to the taste that is prioritized to make Domanda Cakes increase its revenue streams which previously only from birthday cakes, increasing its business opportunities towards catering which is done by the wife of Mr. Kurniawan as the owner of the Domanda Cakes business and has been running including receiving orders mainly from office events. The same thing is applied in its business strategy, which is to focus on good food taste.

#### 6. Key Resources

The number of repeat orders that occur makes business owners need skilled personnel to help them complete orders. This is supported by employee training standards that have been owned and developed according to the needs of Domanda Cakes' customers. In addition to production workers, operations will not be able to run if not supported by sophisticated and good quality production machinery, such as mixers, ovens, etc. In addition, support from suppliers in providing good prices and quality of goods will greatly help Domanda Cakes in maintaining its customers and the quality of its products and production.

#### 7. Key Activities

Activities carried out in addition to making cakes are by delivering birthday cakes that are close to the Domanda Cakes office and also posting to Instagram and Whatsapp to update production results. In addition, Domanda Cakes also conducts employee training for the same skills and collaborates with many parties to be able to expand its market network.

#### 8. Key Partnerships

Collaboration is one of the important activities for Domanda Cakes to survive until now. The owner's creativity with the opportunity taken at the right time makes the business grow to expand into other types of products. Domanda Cakes' current partners are suppliers who will be compared

with at least 3 suppliers as a comparison to determine which ingredients from suppliers will be taken with adjustments from business quality standards. Other partners are corporations to develop other product lines such as catering to be offered to other corporations, thus facilitating the business development of Domanda Cakes.

9. Cost Structures

The existing cost components of the Domanda Cakes operational process are operational and variable costs such as electricity, water, cleaning, baking tools and machines, vehicle gasoline and baking ingredients. Meanwhile, the fixed costs are employee salaries.

**SWOT Analysis**

SWOT analysis is a strategic evaluation to formulate company strategy. According to Sondang P Siagan, logically SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis will help companies to see various possibilities.

Picture 2 SWOT Analysis Diagram



Table 1 SWOT Analysis Domanda Cakes

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>● Has a good taste</li> <li>● quality is maintained</li> <li>● using chocolate decorations</li> <li>● owner's background who has been making cakes from the age of 8 years</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>● Manage employees to last long</li> <li>● The need to hone employee skills so that it takes time</li> <li>● lack of employees and sometimes still working alone</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Marketing through other social media</li> <li>● Developing other products for small cakes, puddings, and catering</li> <li>● Channel team wide enough to capture the market</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Too many competitors (Red Ocean)</li> <li>● The price of cake ingredients will continue to rise at a rate of 10% every year</li> <li>● Employees who steal recipes</li> </ul>

From the conclusion of the chart above, Domanda Cakes is very concerned about the quality of the taste of the cakes and other culinary products produced. Word of mouth promotion is something that is very concerned about doing effective and fast marketing including being supported by customer relations that are still being carried out. The many threats that occur do not make Domanda Cakes stop working and innovating to bring opportunities for other product development.

#### 4. Conclusion

Through this research, it can be concluded that Domanda Cakes has many product variants and maximizes the skills of Mr. Kurniawan as the owner. A strong value proposition of delicious flavors combined with creativity in composing cakes and opening new opportunities to expand the business and network owned is one of the strategies that can be done from the type of home business with a red ocean position like Domanda Cakes. This makes a good example for people who want to enter the culinary business realm to be able to find the advantages of their products and dare to compete to prove that the product deserves to be a winner. Friendly service and maintaining relationships with suppliers is the second strategy owned by Domanda Cakes to support operations to keep running well and get feedback from supplier and customer satisfaction. The third strategy of Domanda Cakes is to maintain the promotion method through word of mouth which is a free promotion but has a very good long-term effect on business development and customer trust.

#### 5. Acknowledgment

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