

Optimizing the Blue Ocean Strategy to Enhance Innovation, Customer Satisfaction, and Business Performance at Cafe Camellia

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ABSTRACT

This research was conducted to address the decline in revenue and profit experienced by Cafe Camellia due to decreased consumer purchasing power and increasing market competition. The study focuses on strategies to enhance business performance through product innovation, interior design improvement, and human resource management development. The research problems include identifying effective strategies to boost revenue and profit, as well as examining how the implementation of product innovation, attractive interior design, and sound HR management can improve customer satisfaction while reducing employee turnover. A mixed-methods approach was employed, combining qualitative and quantitative methods through SWOT analysis, the application of Blue Ocean Strategy, and the Design Thinking process to generate innovative and market-relevant solutions. The findings indicate that a strategic combination of customer-oriented product innovation, improvements in café layout and atmosphere, and more professional, development-focused human resource management significantly enhances customer loyalty and workforce stability, thereby contributing to increased revenue and profitability for Cafe Camellia. In conclusion, the synergy between product innovation, interior design, and human resource management serves as a key factor in addressing current business challenges and forms a strategic foundation for the future management of Cafe Camellia.

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1. INTRODUCTION

Cafe Camellia, established in 2023 by Narendra Putra, a coffee enthusiast with an extensive background in the coffee industry, serves as the focal point for this research. Having undergone formal barista training in Jakarta, Putra's vision for Cafe Camellia was to offer a unique combination of premium coffee and an industrial aesthetic, situated strategically on Jalan By Ir. Soekarno No. 88X in Tabanan. Initially, the café enjoyed a promising sales trajectory, with monthly revenues ranging between IDR 10–12 million. However, this momentum was short-lived, as subsequent months witnessed a substantial decline in sales. This downturn can be attributed to a combination of factors, including reduced consumer purchasing power, stagnation in menu innovation, and insufficient promotional efforts, all of which have placed the café's profitability under significant strain.

These challenges underscore the critical need for strategic interventions aimed at enhancing both product and service offerings. In particular, the incorporation of innovative product development, the reimagining of interior design, and the integration of digital technologies are essential to strengthen Cafe Camellia's competitive position in an increasingly saturated market. Furthermore, internal operational issues such as high employee turnover, attributed to low motivation and dissatisfaction with wages, have compounded the café's difficulties. Thus, the café's mission to offer high-quality products and maintain a distinct brand identity must be complemented by a strategic overhaul to address these operational and market challenges effectively.

This study seeks to explore the implementation of design-oriented methodologies, including Design Thinking, Blue Ocean Strategy, and SWOT analysis, to develop a comprehensive strategy for Cafe Camellia. The Design Thinking framework is particularly relevant, as it focuses on user-centric innovation and iterative problem-solving, which are critical to improving both customer satisfaction and operational efficiency (Ramadhan & Firdausiah, 2024). Moreover, the Blue Ocean Strategy presents a framework for navigating the competitive landscape by focusing on differentiation and the creation of unique value propositions (Nuraeni et al., 2022). The

combination of these methodologies will not only enable the café to rejuvenate its product and service offerings but also create a sustainable pathway for growth and profitability.

This paper proceeds with a detailed analysis of Cafe Camellia's current strategic position, followed by a synthesis of relevant theories and practices, ultimately culminating in actionable recommendations for business transformation. By utilizing empirical research methods such as SWOT analysis, customer interviews, and market observations, this study aims to generate practical insights for enhancing the café's business performance and securing its position in a competitive industry.

2. METHOD

This research adopts a multi-method approach to examine the strategic transformations necessary for Cafe Camellia's business growth and competitiveness. The study begins with a SWOT analysis, a widely recognized tool for assessing internal strengths and weaknesses, as well as external opportunities and threats. This situational analysis is crucial for identifying the café's strategic position and informing decisions in a competitive and ever-changing market environment, such as the food and beverage sector (Alfatera, 2023).

Following the SWOT analysis, the research applies the Design Thinking methodology, which provides a structured, user-centered framework for product and service innovation. The five stages of Design Thinking—Empathize, Define, Ideate, Prototype, and Test—are employed to generate creative, feasible, and customer-centric solutions. This process allows for the development of tailored strategies that align with the needs and preferences of both customers and employees (Aziz, 2023; Kusumaningrum, 2025). Specifically, the Empathize and Prototype stages facilitate the integration of feedback from both customers and employees, enabling the refinement of service design and digital interfaces to improve overall user experience.

Concurrently, Blue Ocean Strategy (BOS) is utilized to reposition Cafe Camellia within a less competitive and more profitable niche by eliminating non-value-adding features, reducing reliance on price-based discounts, and enhancing service quality. BOS also focuses on the creation of differentiated offerings, such as exclusive loyalty programs and community-based events, which can foster deeper emotional connections with customers and elevate the café's brand identity (Shaabiri, Erlina, & Faisol, 2025). The strategies developed through BOS are then implemented through several key actions: product development, routine staff training, and interior redesign aimed at improving the overall customer experience.

The final phase of the research involves evaluating the implemented strategies through follow-up surveys, customer and employee interviews, and comparative analysis of sales data. This feedback loop ensures that the interventions are continuously improved and adapted to market shifts, guaranteeing the sustainability of the strategies in the long term.

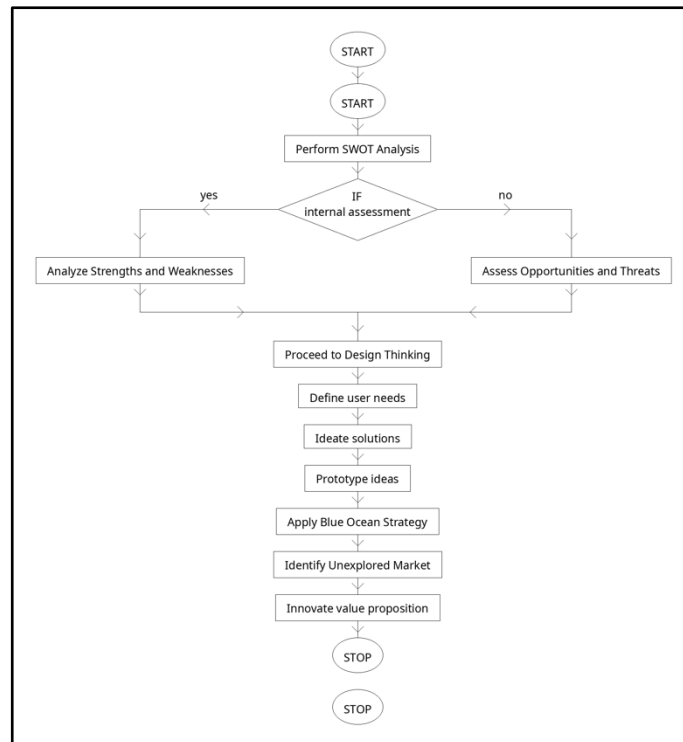


Figure 1. Research Method Process: SWOT Analysis, Design Thinking, and Blue Ocean Strategy

3. RESULT AND DISCUSSION

3.1 SWOT Analysis of Cafe Camellia

The SWOT analysis of Cafe Camellia identifies critical internal and external factors that influence its business performance. Strengths include the café's strategic location, ensuring high visibility and easy access for customers. The café's well-designed interior creates a pleasant atmosphere, and its core products, particularly coffee and beverages, are perceived as high quality by customers. Furthermore, the café benefits from fast service, enhancing both operational efficiency and customer satisfaction.

However, the weaknesses identified in the analysis highlight several operational and strategic shortcomings. The menu's limited variety restricts its appeal to a wider customer base, while cleanliness issues in certain areas, such as tables and glassware, detract from the overall customer experience. Additionally, customer service lacks a personal touch, which diminishes opportunities for customer engagement and loyalty. Another weakness is the uneven workload distribution among staff, leading to service delays and employee fatigue. Furthermore, the absence of regular staff training impacts the development of both customer service skills and product knowledge.

Externally, opportunities exist for Cafe Camellia to expand its menu to cater to health-conscious consumers, incorporating vegan options and local specialties. Strengthening brand awareness through social media marketing, collaborations with influencers, and organizing special events could attract a broader customer base. Additionally, offering food delivery services through online platforms could further extend the café's market reach. Organizing in-café activities, such as live music, workshops, and promotional campaigns, would also increase customer traffic and engagement.

Nevertheless, the café faces significant threats. Rising competition from new entrants in the local café market poses a direct challenge. Changing consumer preferences, particularly in terms of food and beverage trends, could reduce the attractiveness of the café's current offerings. Additionally, rising ingredient costs may pressure profit margins, potentially necessitating price adjustments. Furthermore, unforeseen disruptions such as pandemics or natural disasters could affect business operations and financial stability.

3.2 Design Thinking Implementation at Cafe Camellia

The application of Design Thinking at Cafe Camellia has shown partial success, particularly in the early stages. Below is a summary of the indicators, shortcomings, and recommendations for each phase:

Table 1. Design Thinking at Cafe Camellia

Design Thinking Stage	Indicators of Implementation at Cafe Camellia	Shortcomings	Recommendations
Empathize	Observations of staff-customer interactions and analysis of customer complaints show an effort to understand customer needs.	Lack of depth in uncovering the underlying reasons behind customer complaints.	Conduct in-depth interviews with customers to gain deeper insight into their experiences (Aziz, 2023).
Define	Identified issues are fairly clear, such as limited menu variety, suboptimal cleanliness, and uneven workload distribution.	Problem definitions tend to be descriptive and do not reach the root causes.	Conduct further analysis to identify root causes, for example using a fishbone diagram (Ramadhan & Firdausiah, 2024).
Ideate	No clear indication of brainstorming sessions or creative idea development to address identified problems.	Lack of innovation in seeking solutions.	Organize brainstorming sessions involving all staff to generate creative ideas for problem-solving (Kusumaningrum, 2025).
Prototype	No information indicating the development of prototypes or trial solutions.	No evidence of experimentation to test the effectiveness of proposed solutions.	Conduct trials of proposed solutions, such as testing new menu items or modifying the café layout (Aziz, 2023).
Test	No systematic evaluation of implemented changes.	No mechanism to measure the effectiveness of implemented solutions.	Conduct regular evaluations of changes made and gather feedback from both customers and employees (Hatammimi & Andini, 2022).

This table highlights the key phases of Design Thinking at Cafe Camellia, illustrating the areas where the café has made progress, as well as where improvements are needed. The recommendations provided aim to address the gaps identified during each phase and enhance the overall design thinking process.

3.3 Blue Ocean Strategy (BOS) and Cafe Camellia

The application of Blue Ocean Strategy (BOS) provides a valuable framework for differentiating Cafe Camellia in an increasingly competitive market. In the Reduce dimension, the café could streamline its operations by eliminating underperforming menu items, such as rice bowls, cireng, and affogato coffee. These items not only lack customer demand but also increase operational complexity. Additionally, addressing internal issues such as unauthorized product consumption by staff and improving inventory control would enhance operational efficiency and discipline (Shaabiri, Erlina, & Faisol, 2025).

In the Raise component, the café should focus on improving service quality by offering regular staff training in hospitality, communication, and upselling techniques. This would help build stronger emotional connections with customers and improve both customer loyalty and overall satisfaction. Furthermore, enhancing physical comfort by redesigning seating arrangements and adding air-conditioning would improve the customer experience, particularly during hotter months (Shaabiri, Erlina, & Faisol, 2025).

The Create element encourages the café to introduce unique offerings that differentiate it from local competitors. Hosting community events such as brewing workshops and barista talks would foster a deeper connection with customers and enhance the café's brand identity. Additionally, promoting signature items like the "Aren Singaraja Latte" and "Gyoza Camellia" through storytelling and visual branding would strengthen the café's unique position in the market. A digital loyalty program could also be introduced, which would encourage repeat visits and enhance customer retention.

3.4 Operational Optimization and Strategic Implications

The implementation of the Blue Ocean Strategy requires operational optimization to support the café's strategic shifts. Regular training for baristas and service staff, along with the development of clear Standard Operating Procedures (SOPs), is essential to ensure consistency in service delivery. Streamlining the café's kitchen and service workflows would reduce wait times and improve customer satisfaction. Additionally, adopting digital tools such as inventory tracking and a customer-facing app for ordering and loyalty programs would improve operational efficiency and enhance the overall customer experience.

Moreover, redesigning the interior to align with the café's premium brand identity would help create a more inviting and aesthetically pleasing atmosphere. These operational improvements would complement the strategic innovations derived from the Blue Ocean Strategy, ensuring the café's long-term sustainability and growth.

In conclusion, the integration of SWOT analysis, Design Thinking, and Blue Ocean Strategy provides Cafe Camellia with a comprehensive framework for overcoming its challenges. By addressing operational inefficiencies, enhancing customer service, and differentiating itself through innovative offerings, the café can position itself for long-term success in a competitive market.

4. CONCLUSION

This study has provided a comprehensive analysis of the challenges and opportunities facing Cafe Camellia, utilizing SWOT analysis, Design Thinking, and Blue Ocean Strategy (BOS) as the primary methodologies. The findings highlight key areas where the café has made progress, as well as several critical aspects that require further improvement in order to achieve sustainable growth and enhance customer satisfaction.

Through the SWOT analysis, it was identified that Cafe Camellia benefits from its strategic location and high-quality core products, but it faces internal weaknesses such as a limited menu, cleanliness issues, and inconsistent customer service. Externally, the café has opportunities to expand its offerings, improve brand awareness, and engage with the local community. However, rising competition and shifting consumer trends present significant threats to its market position.

The application of Design Thinking revealed that the café has made efforts to understand customer needs but still lacks depth in uncovering the underlying causes of customer dissatisfaction. The café has yet to fully embrace the iterative nature of Design Thinking, particularly in the Ideate, Prototype, and Test stages. To enhance this process, it is recommended that Cafe Camellia focus on deeper customer engagement through in-depth interviews, more structured brainstorming sessions, and rigorous testing of potential solutions.

The Blue Ocean Strategy provides a promising framework for differentiation, suggesting that the café can stand out by eliminating non-value-adding elements, improving service quality, and creating unique customer experiences. By implementing initiatives such as developing signature products, introducing loyalty programs,

and hosting community events, Cafe Camellia can position itself in a less competitive niche and strengthen its brand identity.

In conclusion, Cafe Camellia's path to success lies in a combination of addressing internal inefficiencies, enhancing customer engagement, and strategically differentiating its offerings. The integration of Design Thinking and Blue Ocean Strategy presents a robust approach for navigating the competitive landscape and ensuring long-term sustainability. Moving forward, it is essential for the café to invest in continuous staff development, refine its menu, and leverage digital tools to improve operational efficiency and customer experience.

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