

How to Reinvent Marketing Strategy through Business Model Canvas and SWOT Analysis: Case of a bag Producer of SME in Indonesia

Sauptika Kancana¹, Naili Farida², Ngatno³, Bulan Prabawani⁴

¹Business Administration Department, UPN 'Veteran' Yogyakarta, Yogyakarta, Indonesia

²Business Administration Department, Universitas Diponegoro, Semarang, Indonesia

³Business Administration Department, Universitas Diponegoro, Semarang, Indonesia

⁴Business Administration Department, Universitas Diponegoro, Semarang, Indonesia

Email address: skancana1@gmail.com

Abstract—Marketing strategy is a tool for a company to win a market competition. As a strategy, it is need to be evaluated, moreover if the target of sale can not be reached. This evaluation can be conducted both in a big company and also in small medium enterprises as well. This study tries to reveal how to reinvent marketing strategy of a bag producer *Jingga* as one of SMEs in Indonesia. As this home industry got decreasing in product sale. This study is descriptive, having a in depth structured interview with the owner as a informant to get comprehensive information about marketing strategy which has been conducted. Data analysis of this research used Business Model Canvas (BMC) as state condition mapping and the result of SWOT strategy analysis to revise BMC for the new one in marketing strategy of the firm. From nine blocks of BMC is found that the firm still have obstacles in Value Proposition, Customer Relationship, Channel, Key Activities, Revenue Stream. Meanwhile from SWOT analysis is found that the firm can do potentially for SO, WO, ST and WT strategy by creating eco friendly innovative products, open offline store, promoting in social medias, using marketplaces, outsourcing production, open reseller. So that from SWOT analysis findings can be used to make map of new BMC model.

Keywords—marketing strategy, BMC, SWOT analysis.

I. INTRODUCTION

Marketing strategy is very urgent in running a business. Having the strategy, firm can direct its operational activities concordance with the goal of the firm in winning market competition. Strategy needs to be evaluated periodically, whether it succeed to get the define objectives of the firm or not. Many ways to evaluate and then to reinvent of marketing strategy, one of them by combining analysis of Business Model Canvas (BMC) as it is actually part of business strategy (Abdoun & Ibrahim, 2018) and SWOT analysis. The usage of SWOT analysis in this case has a function to enrich the new model of BMC like another analysis (León et al., 2016).

BMC is a simple model that is capable to map the process of a business. It can be applied before the business operates or when the business on going (Muhamed et al., 2021). Business Model Canvas (BMC) initially introduced by Osterwalder having nine building blocks. These blocks show the process of customer segmenting until cost structures mapping. The firm can personally identify the process of the business as the firm

wants. By making as if in canvas, it will look clear each parts relate one another.

The SWOT analysis is the popular tool especially for manager in setting up a strategy. It usually is the form of SWOT matrix. From this matrix will be found matching strategy. This matching strategy is the result of internal-external factor of the firm. There are four types of this strategy, i.e. SO strategy, WO strategy, ST strategy and WT strategy.

II. LITERATURE REVIEW

1. Business Model Canvas (BMC)

Business Model Canvas (BMC) initially introduced by Osterwalder in 2005. As he said, in this model the firm can describe, design and invent systemically the business model by its own. BMC consists of nine building blocks:

1. The Customer Segments Building Block defines different groups of people or organizations and the company wishes to achieve and serve. A business model can identify one or more customer segments, large or small. An organization must make conscious decisions about which segments to serve and which segments to ignore. Once this decision is made, a business model can be carefully designed based on a solid understanding of the customer's specific needs (Osterwalder et al., n.d.)
2. Value Propositions: The building blocks of value propositions are outlined collection of products and services created value for a specific customer segment. The value proposition is the reason why customers choose one company over another. It solves a customer problem or meets a customer need. Each value proposition includes one set of products and/or services that meet the requirements of a specific customer segment. In this sense, a value proposition is the synthesis or set of benefits that a company offers to its customers (Osterwalder et al., n.d.)
3. Channels: The channel building block describes how company communicates and achieves goals to its segment customers to provide value proposition. Communication, distribution and sales channels are the link between companies and customers. (Osterwalder et al., n.d.)

4. **Customer Relationships:** The cornerstone of customer relations describes the type of relationship a company has establish itself in a specific market segment. A business must define the type of relationship it wants to make with each customer segment. Interactions can range from personal to automated (Osterwalder et al., n.d.).
5. **Revenue Streams:** The average household income represents the amount of money a business receives from each customer Units (costs and revenues will be deducted for generate income). (Osterwalder et al., n.d.). A company must ask itself, For what value is each client Member truly willing to pay? Successfully answering that question allows the firm to induce one or further profit Aqueducts from each client (Osterwalder et al., n.d.).
6. **Key Resources:** The Key resources Building Block describes the most important means needed to make a business model work. Every business model requires Key resources. These allow an enterprise to produce and offer a Value Proposition, reach requests, maintain connections with client parts, and earn earnings (Osterwalder et al., n.d.).
7. **Key Activities:** Every business model requires crucial resources. These resources allow an enterprise to produce and offer a Value Proposition, reach requests, maintain connections with customer corridor, and earn revenues (Osterwalder et al., n.d.).
8. **Key Partnerships:** The crucial hookups erecting Block describes the network of suppliers and mates that make the business model work. Companies forge hookups for numerous reasons, and hookups are getting a foundation of numerous business models. Companies produce alliances to optimize their business models, reduce threat, or acquire coffers (Osterwalder et al., n.d.).
9. **Cost Structure:** The Cost Structure describes all costs incurred to operate a business model. This structure block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining client connections, and generating profit all dodge costs. similar costs can be calculated fairly fluently later defining Key coffers, Key Conditioning, and crucial hookups. (Osterwalder et al., n.d.).

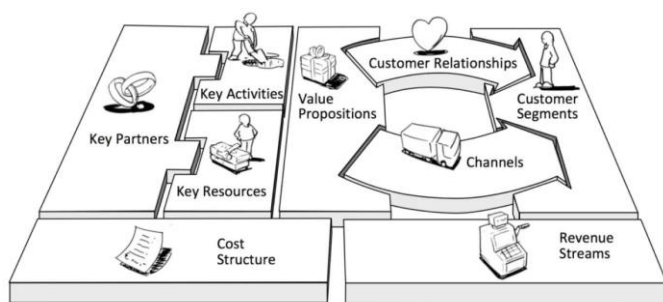


Fig. 1. Business Model Canvas

2. SWOT

In strategic management, firm need to evaluate external and internal factor before formulating strategy. Internal factor generates to be Strengths and Weaknesses meanwhile external factor break down as Opportunities and Threats. Then this familiar to be SWOT as its abbreviation. SWOT-Matrix is an crucial matching tool that helps firm develop four types of strategies: SO (strengths-opportunities) Strategies, WO (weaknesses-opportunities) Strategies, ST (strengths-threats) Strategies, and WT (weaknesses-threats) Strategies (Fred R. David, 2015).

	INTERNAL	
EXTERNAL	STRENGTHS	WEAKNESSES
OPPORTUNITIES	SO Strategy use a firm's internal strengths to take advantage of external opportunities	WO Strategy aim at improving internal weaknesses by taking advantage of external opportunities
THREATS	ST Strategy use a firm's strengths to avoid or reduce the impact of external threats	WT Strategy defensive tactics directed at reducing internal weakness and avoiding external threats

Fig. 2. SWOT matrix

3. Marketing Strategy

To market a product, firm needs strategy, this strategy should be in line with the goal of marketing that is to get customers as many as possible so the firm can maximize its profit. Marketing mix consists of four elements (4Ps) as a tool of strategy covers product, price, promotion and place or distribution. To win in the tight competition, firm should run these mix in developing appropriate strategy. As Philip Kotler and Lane Keller (2009) state 1) product consists of product variety, quality, design, features, brand name, packaging, sizes, services, warranties, returns, 2) price break down into list price, discounts, allowances, payment period, credit term, 3) promotion covers sales promotion, advertising, sales force, public speaking, direct marketing and 4) under place there are channels, coverage, assortments, locations, inventory, transport Evaluating marketing strategy can be done through mapping customer segment and also from each of these 4Ps attribute.

III. RESEARCH METHODS

This research is descriptive using qualitative approach. Taking a bag home industry as a case in this study. As a case study, so that it proposes to investigate in getting much information. The owner of bag home industry is the informant of this research. So, the data is primer. It is taken using an instrument that is structured questions. This instrument as a guidance for running in-dept interview with the informant.

After data collecting, then it is analyzed with Business Model Canvas (BMC) to map the state of the nine indicators :1) customer segments 2) value propositions, 3) channels, 4) customer relationships, 5) revenue streams, 6) key activities, 7) key resources, 8) key partners, 9) cost structures, which are run by the firm so far. Then next step, SWOT strategy analysis, it purposes to describe Strengths, Weaknesses (as

internal factors) and Opportunities, Threads (as external factor). From the result of this analysis then it will be used to input in new BMC (Basuki, 2023).

IV. RESULT AND DISCUSSION

A. BMC model

The activities of the business that are undergone by ‘Jingga’ using BMC analysis can be shown as follows:

1. The Customer Segments
Target market which is served right now by Jingga covers multi segments: government agencies, private agencies, schools, colleges, house wife and public. Jingga does not focus on certain segment because the owner thinks that she is able to make kinds of bag that the customer wants. Some of the customers are loyal customer, they do repeat order for some products.
2. Value Propositions
Value is important for customer beyond their cost to get the product. So, jingga in producing the bag concern for quality of the bag, making up to date design follow trend and use the good materials include using eco-friendly materials.
3. Channels
So far Jingga still uses conventional model to market its products. She offers the products door to door, by visiting government and also private agencies. Although this is hard because it is not easy to be accepted but Jingga sometimes still use this way. Besides that Jingga uses network of community where she joins.
4. Customer Relationships
To build relationship with customers, Jingga usually contacts with the loyal customers by giving information about new products which will be launched. Jingga seldom gives discounts and souvenirs for its customers to maintain the relationship
5. Revenue Streams
Every firm needs to keep the cash flow from its business process. Jingga still depends on direct order from its customer to get the revenue. Moreover, Jingga gives a payment period for its customers after the product done. Actually, this condition is rather hard for Jingga since It must postpone the revenue which should be accepted
6. Key Resources
Jingga has reliable tangible as well as intangible resources in bag production. Having good sewing machines and other supported tools is very important. Jingga’s also has skilled, experienced and knowledgeable employees. Previously, they ever worked in bag producer.
7. Key activities
The core operational activities in Jingga bag production is making design, setting up pattern of bag model, preparing materials, cutting materials, sewing and finishing. To get qualified product, every step of this activities is done carefully. However, all of this still is done by itself, so sometimes make production process takes a time.
8. Key Partnerships
To get qualified raw materials, Jingga buys from many suppliers. Each supplier has special in raw material.

Generally, to make leather bag, Jingga will take qualified leather from leather supplier. This leather material also has level of quality. For non leather materials such as synthetic and eco friendly materials, Jingga has special supplier as well. This is also for threads.

9. Cost Structure

There are two kinds of structure in Jingga, namely production cost and overhead cost. For production cost usually Jingga uses for buying raw materials such as leather, synthetic leather, eco friendly and threads. Meanwhile for overhead cost, that is all expenses besides production cost, for example: employees salaries, electricity, etc.

The figure of BMC model ‘before’ of Jingga, shown as follows:

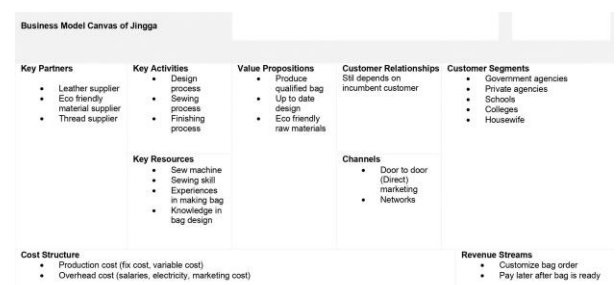


Fig. 3. BMC model ‘before’ of Jingga

B. SWOT Matrix Analysis

After matching between Strengths, Weaknesses and Opportunities and Threats, there are four strategies from Jingga SWOT matrix analysis, those are: SO Strategy, WO strategy, ST strategy and WT strategy.

SO strategy, from SO strategy are found three strategies:

1. S1, O1, O5 Making innovative bag from eco friendly material
2. S4, O3 Making offering to target market
3. S3,O2 Making various bag from kinds of materials

WO strategy, from WO strategy can be generated three strategies:

1. W3, W4, O4 Using marketplace to sell the products
2. W3, W4, O3 Opening store near downtown
3. W2, O3 Developing product promotion through social medias

ST strategy, from ST strategy is discovered two strategies:

1. S2, S3, T2, T3, T4 Creating low end bag having good design
2. S1,S5,T1,T5 Creating qualified bag to get new customer and to maintain loyal customer

WT strategy, from WT strategy is resulted two strategies:

1. W1, T5 To use outsourcing production process
2. W5, T5 To give discount in certain seasons

The figure of SWOT matrix analysis of Jingga shown as follows:

V. CONCLUSION

It is ordinary to reinvent the marketing strategy of the firm. To make it more efficient and effective to reach the set up objectives. The usage of combination analysis between BMC and SWOT matrix can be one of alternatives to reinvent marketing strategy. As this alternative can be applied both in small (Umar et al., 2018), or big enterprises. This two analysis is complement each other (Putri et al., 2022)

In Jingga this alternative model has been applied. Some elements of nine blocks in BMC in Jingga case: value propositions, channels, customer relationship, key activities and revenue stream can be revised by adding some activities in each element, which previously is none. The adding elements is the result of SWOT matrix: SO, strategy, WO strategy, ST strategy and WT strategy. From this analysis generate the ne Business Model Canvas (BMC) for Jingga.

REFERENCES

[1] Abdoun, A., & Ibrahim, J. (2018). Business Model Canvas, the Lean Canvas and the Strategy Sketch: Comparison. *International Journal of Scientific & Engineering Research*, 9(1), 871–890. <http://www.ijser.org>

[2] Basuki, C. (2023). Business Model Canvas and SWOT Analysis as a Development Strategy Frozen Food Culinary Industry. *Article in Journal of Business Management and Social Studies*, 3(3), 131–145. <https://doi.org/10.53748/jbms.v3i3.60>

[3] Fred R. David, F. R. D., “Strategic Management_Concepts and Cases, Global Edition, 2015

[4] <http://http://www.pearsonmylabandmastering.com>

[5] Kotler and Keller, Marketing Management. New Jersey, USA: Pearson Education, pp. 63, 2009.

[6] León, M. C., Nieto-Hipólito, J. L., Garibaldi-Beltrán, J., Amaya-Parra, G., Luque-Morales, P., Magaña-Espinoza, P., & Aguilar-Velazco, J. (2016). Designing a Model of a Digital Ecosystem for Healthcare and Wellness Using the Business Model Canvas. *Journal of Medical Systems*, 40(6), 1–9. <https://doi.org/10.1007/s10916-016-0488-3>

[7] Muhamed, B., Mokadem, W., & Mohamed Abdeldayem, M. (2021). Business Model Canvas (BMC) as a tool of Planning and Implementing Entrepreneurial Projects: A Case Study of GOOGLE Business Model Canvas. 9(5), 1245–1260. www.globalscientificjournal.com

[8] Osterwalder, A., Pigneur, Y., Smith, A., & Movement, T. (n.d.). You’re holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow’s enterprises. It’s a book for the . . . written by.

[9] Putri, T. M., Larasati, M., & Putra, R. Y. (2022). Business Model Canvas (BMC) In Developing Micro, Small, Medium Enterprises (MSMES) In Padang City. *Jurnal Multidisiplin Madani*, 2(2), 987–1000.

[10] Umar, A., Sasongko, A. H., Aguzman, G., & Sugiharto. (2018). Business model canvas as a solution for competing strategy of small business in Indonesia. *International Journal of Entrepreneurship*, 22(1), 1–9.

INTERNAL EXTERNAL	STRENGTHS	WEAKNESSES
	<ol style="list-style-type: none"> 1. Qualified raw material used 2. Up to date design 3. Having experience in making bag 4. Good services 5. Having loyal customers 	<ol style="list-style-type: none"> 1. Production process longer 2. Low brand awareness 3. People buy in the owner's house 4. Located far from downtown 5. Expensive 6. Limited Channel
OPPORTUNITIES	S-O Strategy	W-O Strategy
<ol style="list-style-type: none"> 1. Demanding of Life style mode from market 2. Raw materials readiness 3. Many events from public 4. Emerging of digital marketing platform 5. Eco-friendly issues 	<p>S1,O1,O5 Making innovative bag from eco friendly materials</p> <p>S4,O3 Making offering to target market</p> <p>S3, O2 Making various bag from kinds materials</p>	<p>W3, W4, O4 Using marketplace to sell the products</p> <p>W3, W4, O3 Opening store near downtown</p> <p>W2, O3 Developing product promotion via social medias</p>
THREATS	S-T Strategy	W-T Strategy
<ol style="list-style-type: none"> 1. Marketplaces competitor 2. Inflation 3. Many models of bag in market 4. Decreasing people's purchasing power 5. Offline competitor having fast process and cheap price 	<p>S2, S3, T2 T3, T4 Creating low end bag having good design</p> <p>S1, S5, T1, T5 Creating qualified bag to get new customer and maintain loyal customer</p>	<p>W1, T5 To use outsourcing production</p> <p>W5, T5 To give discount in certain season</p>

Fig. 4. SWOT matrix analysis of Jingga

C. New Business Model Canvas Jingga

The result of SWOT matrix analysis then will be used to reinvent marketing strategy of Jingga home industry. The old model of BMC Jingga is revised become the new one. Five building blocks that need to be added with new activities. First, value proposition, Jingga must be able to create innovative bag that is differ from the copetitions both from desgn and materials used. Second, channels, for the new model, the firm is necessary to open offline store near downtown, so, it is easy for customer to reach it, and for online store the firm must open online shop through marketplaces. Third, to build customer relationship, Jingga can give discounts or sales promotion, give souvenirs to potential customer that visit the showroom and follows up by direct message. Fourth, Jingga can produce effeciently by using other parties in supporting production process or out sourcing production. It can minimize production time and cost. Fifth, Jingga can open resellers for marketing its products. Consequently there will be new source for revenue stream from them. The figure of New Business Model (BMC) Jingga is shown as follows:

