

THE DEVELOPMENT OF BUSINESS STRATEGY AND BUSINESS MODEL OF SUSHI HAIKARA

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Abstract- *The growth of food and beverage industry in Indonesia is rampant. It can be seen from the growth in the culinary industry with a number of people who engaged in this industry and sell any kind of foods. One kind of food which is grown today is Japanese food, especially sushi. The numbers of sushi's outlets that offer sushi with high prices without focusing on quality encourage the emergence of sushi's outlets that offer medium prices without neglecting the quality of sushi. By looking at these opportunities, Sushi Haikara tries to offer sushi with medium price and high quality. As a start-up business, Sushi Haikara faces some issues as well as challenge in operating the business. It still does not have strong brand awareness and business model yet to focus on its position, concept, and make its brand well-known to the public; as well as develops strategy for the future. This final project focuses on improving business strategy for Sushi Haikara using three business strategies in order to solve the issues and challenge, as well as prepare development strategy for the future of this business. In order to be able to develop the business, Haikara should improve and strengthening its brand, so that public know the presence of this brand, by improving products (both in quality and taste), services, employees, and all aspects which are needed for supporting the business. After focusing on strengthening its brand, Haikara could continue the planning of business development, one of those is by opening branch in other areas. Those strategies as the solutions should be balanced with good implementation, which needs to be applied systematically. It is divided into short-term and long-term plan. The aspects that should be considered for implementation, consists of human resources, marketing and promotion, operational, and financial. Those aspects are very crucial for the business process and need to be improved in order to survive in the industry and develop its business.*

Key Words: Business Strategy, Business Model, Japanese Food

1. Introduction

The growth of the food and beverage industry in Indonesia is rampant. We can see the growth in the culinary industry with a number of people who engaged into this industry in each region. One of food which is developed rapidly nowadays is Japanese food, especially sushi. The emergence of a variety of Japanese food outlets that serving sushi indicates that there is high consumer. The numbers of sushi's outlets that offer sushi with high prices without focusing on quality encourage the emergence of sushi's outlets that offer medium prices without neglecting the quality of sushi. By looking at these opportunities, Sushi Haikara ventured to enter the competition in the sushi's business by opening outlet in Bintaro area and offers sushi with medium price and high quality. Sushi Haikara tries to give something different, by using all import and fresh ingredients because the quality is a priority.

The emergence of sushi restaurants creates tough competition in this industry. Sushi Haikara creates differentiation and strength in order to win the competition. As start-up business, Sushi Haikara still does not have strong brand awareness, development strategy, and business model yet. The aim of this research are to build brand to be better known by public, create its business model, and make development strategy to expand the business, which can sustain for long-term and broad distribution channel by opening branches, and increase sales revenue.

2. Business Issue Exploration

A. Conceptual Framework

There are four stages of strategic management process in preparing company's strategic planning process, which are: environmental scanning, strategy formulation, strategy implementation, and evaluation and control (Wheelen, 2010: 63). The following figure explain about the conceptual framework which is based on those four stage of strategic management. Conceptual framework consists of external environment analysis and internal environment analysis

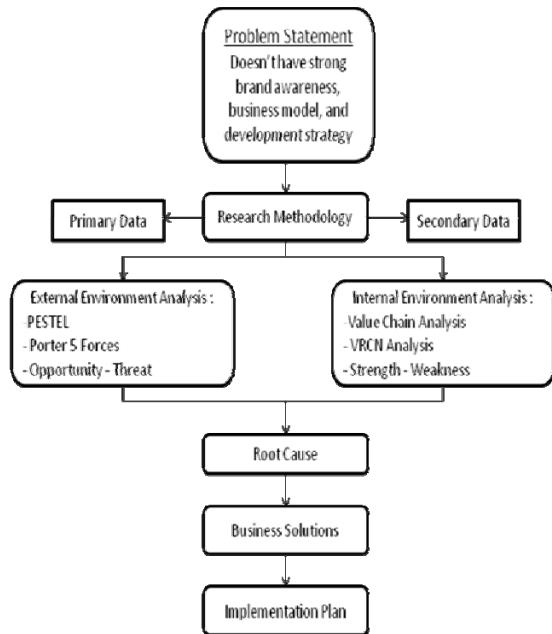


Figure 2.1 Conceptual Framework

Figure 2.1 above explains about conceptual framework of Sushi Haikara. It consists of external environment analysis and internal environment analysis. For external analysis consists of PESTEL, Porter's 5 Forces, and Opportunity-Threat. While for internal analysis consists of Value Chain analysis, Valuable-Rare-Costly to Imitate-Nonsubstitutable, and Strength-Weakness. After analyzing the situation and find issues or challenges of the business, then define the business strategy using Porter's Generic Strategy and Diamond Strategy. Then, create business model for the company using business model canvas. After defining all the strategies, make the implementation plan in order to be implemented as the improvement for the company.

Research method for this final project can be done by doing in-depth interview with the owner, observing the business activities, spreading questionnaires to 200 respondents of Sushi Haikara's customers, and analyzing both external and internal environment.

B. External Environment Analysis

a) PESTEL Analysis

- Political and Legal Changes

As business that relate with imported products, Sushi Haikara has to be aware with tariff and other laws that influence business process. In addition, because Sushi Haikara operates in Lotte Mart shopping place, means that it also has to comply with the mall's management policy, which will be the guidance for any business which operating in the mall area in conducting their business activities. It includes the regulation about operational time, taxation policy, etc.

- Economic Changes

The economic growth is affected by increasing of inflation rate, which will influence the prices of raw materials and purchasing power of customers. The increasing of purchasing power could support business continuity, especially for culinary business that never stops because all the people must need foods for their life.

- Social and Environmental Changes

Changes in lifestyle also require people to be more practical and simple in life. Many people prefer to come to one stop shopping because besides they can do shopping as well as find foods. Therefore, Lotte Mart Bintaro has chosen because Bintaro is potential residential area to get target customers.

- Technological Changes

Most businesses also utilize the social media to support their business. This is also done by Sushi Haikara, which utilize the opportunities of technological development, such as social media and SMS blast by using database from friends and colleagues to promote its business, two-way communication with consumers, and easier to receive and respond complaints from customers.

b) Five-Forces Porter's Analysis

- Bargaining power of buyer

Bargaining power of buyer in Sushi Haikara is strong. It can be a threat to Sushi Haikara due to the number of choices can affect customer loyalty towards Sushi Haikara.

- Bargaining power of supplier

Sushi Haikara's bargaining power of supplier will be high. Supplier is very important in Sushi Haikara's business, because without the supplier, this business cannot be run.

- Threat of new entrants

Entry barrier of Sushi Haikara is low because of the easiness for newcomers to open business in this industry. This thing tends to create uncontrollable in the existing of newcomers.

- Threat of substitutes

The high of substitute product of Japanese food (sushi) provides a threat to Sushi Haikara to be able to dominate the market and attract more customers.

- Industry competitor

Competition in sushi industry is quite high due to the emerging of Japanese food restaurants and there are many people who love Japanese foods.

c) Threats-Opportunities

Threat is analyzed to know what will become the threats for the company in the industry and be able to anticipate it. Here are threats of Sushi Haikara:

- Increase the cost of raw materials
- Buyers have strong bargaining power
- Broader competitor's distribution channel
- Low barriers entry for newcomers
- Government and mall policies

Opportunity is analyzed and to know the potential opportunities that the company has and be able to utilize it. Here are the opportunities of Sushi Haikara:

- Increase the purchasing power towards Japanese foods (sushi)
- Increase of people's welfare
- Development of technology
- Growth in culinary industry, especially for Japanese food (sushi)

C. Internal Environment Analysis

a) Value Chain Analysis

- Primary Activities

These are activities that are directly involved in the creation and sale of a product or service. It consists of:

- Inbound Logistics, include the process of purchasing and checking raw materials for foods and drinks directly from suppliers.
- Operations, consist of production process, which is the process of making or cooking from raw materials into foods and drinks which appropriate with the customer's order until it is ready to be given to the customers.
- Outbond Logistics, is process of delivering the order from kitchen (production process) to the customers.
- Marketing and Sales, include the process to promote Sushi Haikara by giving discount for the entire menu, using sms blast to colleagues or customers who already being saved in database, spreading flyers in residents surrounding Bintaro area, and using social media.
- Service, includes greetings, interaction with the customers, fast response about any criticism, complain, and suggestion from the customers.

- Support Activities
 - These activities ensure that the primary activities are carried out efficiently and effectively.
 - Firm Infrastructure, consists of activities which usually support the entire value chain. The aim is to support and build strong image for Haikara.
 - Human Resources Management, include selection, recruitment, training, development, and remuneration of employees.
 - Technology development is used for few things, such as developing and innovating new menu.
 - Procurement, involves purchasing department in purchasing high quality of raw materials and finding some suppliers who can support the business process.

b) VCRN Analysis

Valuable – rare – costly to imitate – nonsubstitutable are four criteria to determine sustainable competitive advantage. Regarding on human resources (e.g. waitress and chefs), it is valuable, easy to be trained in order to be suitable with the company's requirement, there are some substitution and it is easy to be imitated especially if there's no commitment between the employees with their profession and company.

Regarding on product quality and service, it is valuable because those can help the company in neutralizing threats, for the quality is almost rare because it uses high and import ingredients while the competitors do not, but it is still easy to be imitated and have substitution. For the service, it could be imitated only if the employees are supported by good skill and good environment.

Regarding on innovation like create new variation of sushi which usually does every three months, it is valuable because without innovation there is no differences between the company and competitors. The innovation which has been made mostly rare with others especially for the taste, sometimes it is not easy to be imitated and have substitution.

Regarding on the location and atmosphere, it is valuable. Although the location is limited and not strategic enough, Sushi Haikara has good atmosphere which supported by Japanese and modern ambience. But the location does not rare, costly to imitate, and nonsubstitutable. The competitors could easily imitate the atmosphere by making better and more comfortable place for the customers.

Regarding on the reputation of Sushi Haikara, it is valuable, rare, costly to be imitated, and non substitutable. This reputation which comes from quality of foods and beverages, service, integrity, etc., creates sustainable competitive advantage for Sushi Haikara and it helps to sustain in culinary or sushi industry. But in order to maintain this position, Sushi Haikara has to develop its innovation unless another competitor will follow and maybe they can give better service than Haikara.

c) Strengths - Weaknesses

Here are strengths of Sushi Haikara:

- High quality product
- Friendly service
- Correspondence between the price and satisfaction
- The foods (especially sushi) are always fresh

Here are the weaknesses of Sushi Haikara:

- Difficult to find and train employees
- Limited area inside the restaurant
- Initial capital as a bank loan

D. Root of Problem

Based on the external and internal analysis, the author determines the root of problem for Sushi Haikara's business is as follows:

- Location or place is small (limited seat)
- Promotion is less aggressive
- Lack of employee's knowledge of products
- Lack of menu variation
- Value and concept is not clear enough
- Broader competitor's distribution channel

3. Business Solutions

After exploring business issues by analyzing external and internal factors in Sushi Haikara and identifying root of problem, the next step is formulate the process of strengthening brand awareness, make strategy to develop the business for the future, and create business model as direction for business concept.

A. Generic Competitive Strategy

After analyzing the issues and result of the questionnaires, Sushi Haikara should maintain its position in focus strategy, with specifically creating differentiation concept. By implementing differentiation focus strategy, Sushi Haikara could enter the market which is not served by bigger competitors, so it can compete in blue ocean market.

B. Diamond Strategy

There are five elements of business diamond strategy, which are, arenas (where the business will be active), vehicles (how the business will get there), differentiators (how the business will win), staging (what business's speed and sequence of moves will be), and economic logic (how returns will be obtained). It can be seen by the following figures.

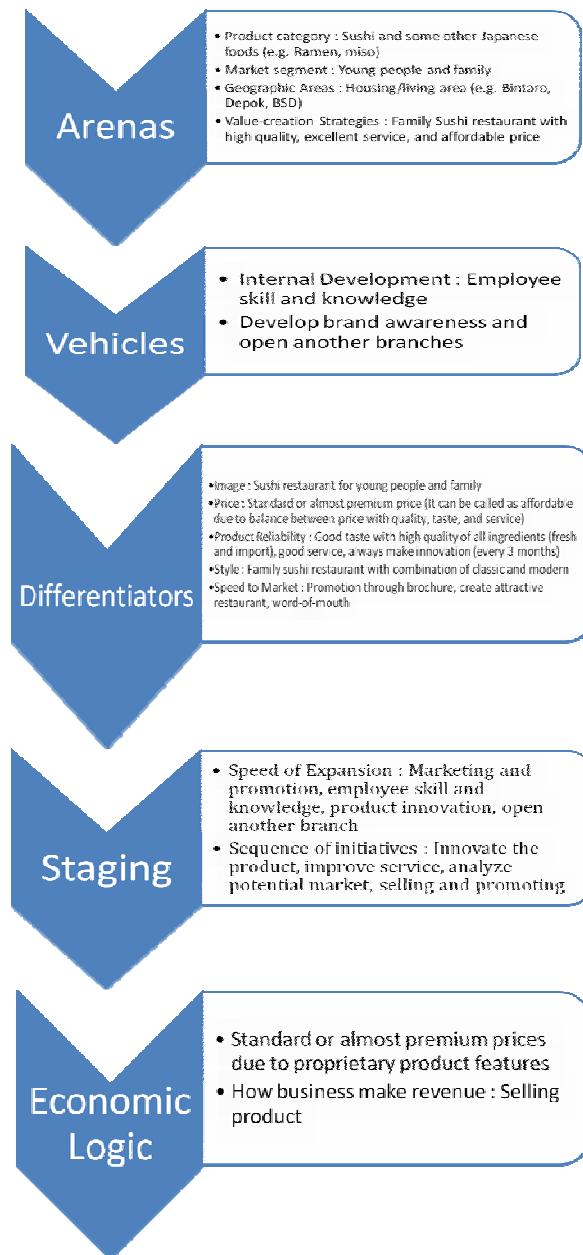


Figure 3.1 Diamond Strategy

C. Business Model

Table 3.1 Business Model Canvas of Sushi Haikara

Key Partners	Key Activities	Value Proposition	Customer Relationship	Customer Segment
Supplier	<ul style="list-style-type: none"> • Operation • Marketing • Finding customers • Hire and train employees • Maintain good quality and services to customers • Maintain good relationship with suppliers • R&D menu 	<p>Give high quality and service by providing import and fresh ingredients</p> <p>Provide family sushi restaurant with classic and modern atmosphere</p>	<p>- Brochure</p> <p>- Discount</p>	<p>Young people (>20 years) and families who like sushi and ramen.</p> <p>Young people (>20 years) and families who emphasize on quality and taste rather than price.</p>
	Key Resources		Channel Restaurant	
	<ul style="list-style-type: none"> • Fixed assets • Employees (waitress, chefs) 			
	Cost Structure Operational cost Salary Marketing cost Renting cost		Revenue Stream Selling products	

Based on nine elements of business model canvas on the Table 3.1 above, here is the explanation of Sushi Haikara's business model, start from its value proposition until cost structure.

1. Customer Segment: The customer segment of Sushi Haikara is young people who are above 20 years old and families who like Japanese foods (especially sushi) who come from middle-up class.
2. Value Proposition: Sushi Haikara should improve its concept by offering family restaurant concept, due to most of the customers who come there with family, with combination of classic Japanese and modern atmosphere and give high quality and service for the customers by providing import and fresh ingredients.
3. Channels: Sushi Haikara focuses its channel in offline store, which is by opening restaurant. As the implementation, Haikara rents a place in Lotte Mart Bintaro and makes a restaurant as the media for integrating customers and value.
4. Customer Relationships: Haikara builds relationship by spreading brochures, giving voucher discount for every product to the customers, utilizing customers' database, and sending sms or bbm for any information related with promotion of Sushi Haikara.
5. Revenue Stream: All revenues that the company gets come from selling the products directly to the customer through its restaurant.
6. Key Resources: It consists of fixed asset investment and human resource (employees) of Sushi Haikara.
7. Key Activities: The main activity that required to support value proposition, such as operate and promote the restaurant, maintain good relationship with suppliers and customers, etc.
8. Key Partnerships: In order to support this business, the company builds partnership with suppliers based on long-term relationship and trust.
9. Cost Structure: The costs that the company needs to pay consist of operation for purchasing raw materials and day-to-day activities, marketing for promoting Sushi Haikara surrounding Bintaro area, salary cost as the compensation for the employees, and renting cost.

I. IMPLEMENTATION PLAN

Based on the formulation of business solutions in chapter 3, it needs implementation plan which appropriate with the company's condition. It consists of activities and programs that should be done to improve and develop the company based on strategies in business solutions. For this research, implementation plan is divided into two parts: short term and long term.

A. Short-Term Program

Short term plan is used for one year in order to make immediate improvement in the company. That timetable could make the owner, employees, and other related parties easy in implementing it. Short-term program of Sushi Haikara can be seen from the following table.

Table 4.1 Short-Term Program

No	Activity / Program	Duration (Times)	Month											
			1	2	3	4	5	6	7	8	9	10	11	12
1	Make survey	3												
2	Analyze current situation and potential market	3												
3	Make SOP (Standard Operation Procedure)	1												
4	Improved facilities	4												
	Utilize empty space for 'take away' and waiting line													
	Provide plate for each person													
	Provide baby chair													
5	Improve promotion and marketing system													
	Give voucher discount	6												
	Make monthly promo with different themes	6												
	Give free sushi for birthday people	12												
	Make sushi competition	3												
6	Improve marketing and promotion	1												

B. Long-Term Program

Long term program is used for about next five years in order to make the company could compete and survive from the competition for the next five years. It can be seen from the following table.

Table 4.2 Long-Term Program

No	Activity / Program	Duration (Year)	Year				
			1	2	3	4	5
1	Implementation of SOP (Standard Operation Procedure)	5					
2	Improve quality	5					
3	Open new branches	5					
4	Financial Long-term Plan	5					

C. Resources Requirement

In executing implementation plan which has been described previously, there are some resources needed to support the plan, as follows:

- **Financial Resources**

Financial resource is important source for implementing the plan that has been set. By having limitation in financial resources, it could hamper the implementation of the plan. In order to be more effective, efficient, and reduce loss possibility, Sushi Haikara has to improve its budgetary system, so it will be well-organized. In addition, to develop the business, it has to make investment plan. It has to be able to separate the revenue to make savings for paying renting place and cost for the continuity of business process; and to invest the rest to open other branches as implementation for expanding the business.

- Human Resources

Without the support from human resources, the implementation plan could not be implemented. Employee is one of the important assets for Sushi Haikara, because if there's

no employee, Haikara cannot be operated. Those employees have to be given clear job description based on their capability. In order to produce good quality of employees, Haikara should support them by giving good facilities, such as, good compensation, welfare, career path, provide training and development, and so on. Training is given to improve their skill and knowledge about all the things, including all details of menu and behavior in meeting and serving people. The owner could make assessment of the employees' performance, so it could be used to improve the quality of service for the future. To fulfill its vision by giving excellent service, the employees have to prioritize the customers because they are the king in this business. It could be done by becoming friendly, handling complains quickly, etc.

- **Information Resources**

Sushi Haikara needs information about customers by making customer's database in order to keep the relationship. Besides that, the information is also needed to find varieties innovation menu, make financial system, update about competitor's innovation, etc.

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