

**MANAGING BUSINESS GROWTH FOR A SMALL BUSINESS ENTITY
(CASE STUDY: TOKO NATA BAHAGIA, TRADITIONAL CONVENIENCE STORE)**

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Abstract -The increasing amount of global retailers and franchised multi-chain stores in the past decade in Indonesia has tightened the market for independent convenience stores. Modern stores provide affordable prices and a 'modern look' store atmosphere that are bright and clean that has shifted the behavior of consumers to leave patronizing traditional markets and stores. The large economy scale of multi-chain stores has gained the advantage of bargaining power with product suppliers through trading terms and has set a different level of trading compared to traditional stores through its product cycle and pricing system. Previous researches had proven that by the increase of modern retailers by 8%, has eliminated traditional kiosks, stores and markets by 30% (AC Nielson data). The objective of this research is to find out how a traditional convenience store can survive the fierce competition of the retail industry. Taking a case study of a single traditional store named Nata Bahagia that has operated for 22 years in North Bandung, this research intends to formulate solutions to manage and increase its business growth. Currently the business issue is that's the store is in a healthy condition and is progressing an income growth, but as operational costs rise thus making the profit not increasing. By implementing a comprehensive research of Nata Bahagia by studying its business situation (PESTEL & Customer behavior analysis') and the company situation (Porter's 5 Forces, Value Chain, & Financial analysis'), the store could find the root causes of the business issue. The result could then be formulated in the strategy formulation analysis by implementing SWOT, Grand Strategy, TOWS, and Internal-External analysis'. The result is that to manage the company's business growth the store has to improve their productivity and is in a good condition to increase their business growth. Productivity is implemented by reducing operational costs and increasing sales. One of the programs to increase sales is by improving their delivery service and accommodating local & domestic homemade products to add cost advantage. To expand the company's business growth, since the store is locally well known, the best is a social approach by creating a facility that could help provide welfare for the society which is by making a basic-need wholesaler (currently does not exist in the area). The purpose is to solve the problem that many small-medium enterprises (SME) face when purchasing to suppliers, no bargaining power. By collecting the many small-volume purchases of these SME's, the wholesaler would gain bargaining power and issue trading terms.

Keywords : retail industry, convenience store, small-medium enterprises, PESTEL, customer behavior analysis, Porter's 5 Forces, Value Chain, SWOT, Grand Strategy, TOWS, Internal-External

1. Introduction

Company Background - In 1990, Toko Bahagia II was built on Jl Cigadung Raya Barat 159, a northern area of Bandung. The store lies between several housings such as Unpad I & Unpad II and housings of Aliwigar. Back then the store was known as "Warung" Bahagia. *Warung* is a conventional retail form of shop that is common in Indonesia and usually operated by shop owners. The store was very successful back then since it had no competition. But as the time passes, many new small warungs and stores began emerging in the area. By 2012, in the same district of cigadung itself, there are 9 modern stores, 23 traditional stores, 79 kiosks (warung), and 50 sidewalk food stalls (warteg). Not to mention the global

retailers and big supermarkets that are increasing in the city. In 2007, the store went into financial condition that it had to be sold to new owners. The new owners operated with a more modern management and hired staff to operate the store. The scope of business were added with a pharmacy and Delivery Service.

Company mission - To elevate the stakeholder's welfare (owners, employees, & society) and prosper together by delivering excellent service and fair price by implementing efficient operational usage.

Company Motto : Advance together, prosper together.

Since 2007 until late 2011, the store survived with a very slow growth that it barely made profit. The condition of interior and building was not maintained, equipments were severe, customers were waiting in long queues, merchandise were overly loaded on shelves, staff were not uniformed, the lighting were dark, etc. But in the past two years (2011 & 2012), growth has been significantly good on a two digit growth, this might also be the effect of the strong public consumption that has increase Indonesia's GDP (Gross Domestic Product) growth in the last two years.

Business challenge

Many residents make small stands in their house and sell general commodities and try to sell the same thing while sharing the same market. Global modern retailers find Indonesia as an attractive market, the fact is that the growth of traditional retailers are declining by 8% each year, while modern retailer's growth is inclining by a significant 30% every year. The change of consumer behavior that seek for modern retailers that offer comfort in shopping and affordable prices.

Business issue - the business issue for nata bahagia is how to increase profit in a high competing retail industry in order to generate the stakeholder's welfare and gain multiple growth. To generate proper salary and dividend, the store has to multiply its net profit by 235%. Modern retailers have a different way of generating profit, which is by gaining benefits of trading terms, listing fees, renting spaces/gondolas, and often parking fees. Meanwhile, the many emerging SME's (small-medium enterprises) is seen not as a threat but as an opportunity to collaborate and gain advantage of trading terms.

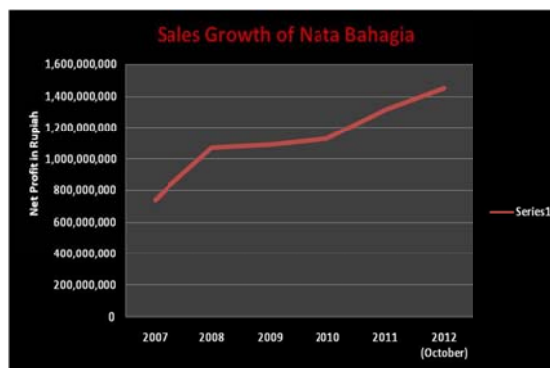


Figure 1. Sales Growth of Nata Bahagia

2. Business Issue Exploration

This research will start by giving an understanding of what a Retail Industry is in which it will be defined in Industry Comprehension. Then this research will analyze the "Business Situation" by implementing PESTEL & Competition Analysis and understanding the Customer Behavior in the retail industry. Then the

research will analyze the “Company Situation” of Nata Bahagia by implementing Porter’s 5 Forces, Value Chain, and Financial Analysis. After acquiring a clear situation of the business and company situation, it can then summarize its problems in the Internal & External Factor Summary (IFAS & EFAS) analysis in Chapter II which will then be concluded as the Root Cause of the Business Issue acquired in the first chapter.

In Chapter III the research can generate business alternatives by using Strategy Formulations such as SWOT Analysis, TOWS Matrix, Internal-External Matrix, and Grand Strategy Matrix. After formulating several options of alternative strategies, the decision stage will be on how to pick the best solutions by implementing decision analysis of Quantitative Strategic Planning Matrix (QSPM) method. Chapter IV will then generate recommendations and implementation plans for the solutions to be implemented.

Retail Definition

Retailing is a set of business activities that adds value to the products and services sold to consumers for their personal or family use. Often people think of retailing only as the sale of products in stores, but retailing also involves the sale of services such as overnight lodging in a motel, a doctor’s exam, DVD rental, or a home delivered pizza service. Not all retailing is done in stores (Levy, 2011:6). Retailers are a key component in a supply chain that links manufacturers to consumers.

PESTEL Factor Analysis

Political Factor - Indonesia became a member of the G-20 or the Group of Twenty Finance Ministers and Central Bank Governors in 1999 that has opened doors for global retailers to enter Indonesia. Economical Factor - The strong growth of Indonesia’s GDP in 2011 is 6,5% per May 2011, has especially made Indonesia an eye catcher for foreign investors. Social Factor – A great shift in customer behavior to shop at a more cleaner and comfortable shopping environment, while traditional retailers cannot compete with the changes. Technological Factor - The internet phenomenon that has opened doors for many traders, many Indonesians has made profit and elevated welfare, The many social medias are Twitter, FaceBook, Foursquare, Instagram, LinkedIn, Yelp, and YouTube which can spread marketing fastly and effectively.

Environmental Factor - A Green Building is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building’s life-cycle from siting to design, construction, operation, maintenance, renovation, and deconstruction. (Holley, 2012:7). Legal Factor - *Resale Price Maintenance* (RPM). Monopoly also comes in a different situation where large retailers and large chain-stores can get, for example cooking oil, for a very low net price based on the scale of purchase and trading terms and dominate the market, it is also a form of monopoly. If the regulations forbid to implement *Minimum Resale Price* for these items, it would create a unhealthy price war between large retailers and chain stores against traditional retailers

Industry Competition Challenge

Product Cycle difference - large retailers, they get an amount of listing fee from every product listed on their database, the fee for one product to be listed could reach up to Rp 20,000,000.- (depending on the store size) multiplied by thousands of products sold. Another superiority of a large retailer is able to rent shelves to suppliers, the more strategic shelf it is to attract customers, the higher the rent price.

In Nata Bahagia most purchases are habitual since the merchandise sold are items that are basic needs and customers have bought them before. Customers rarely compare brands, but they do compare prices

with other stores. Their average purchase per day is Rp. 15000 per basket, meaning that they only buy very urgent needs and do not shop for monthly groceries. That is why the assortment of products (SKU's) do not vary widely but are just items that are fast moving to gain inventory efficiency.

Porter's Five Forces Analysis

Porter's 5 Force analysis is a model introduced in 1979 by Michael Porter and used by companies for industry analysis and corporate strategy development. It is useful because it helps understand both the strength of the current competitive position, and it the strength of a position the company is considering to move into.

Industry Competitors

- Large Modern Retailers : Lion Superindo, Toserba Jogja Griya, Borma, Hero & Giant Supermarket, Toko Setiabudhi, Carrefour, Giant, Hypermart, Lottermart Wholesaler
- Widespread Modern Retailers : Alfamart, Yomart, Indomaret, Super Indo, Borma
- Local stores : Toko Elok, kiosks

Supplier Power

- Suppliers often only offer a wider range of varieties & trading terms to large retailers and often inconsistent supply to small retailers.

Threat of Substitutes

- New stores with leading retail brands seems more attractive to consumers because of its name, price, and attractive building appearance.
- Consumers are interested in discounts & promotions, and very affected by advertisement
- Nata Bahagia is known for its affordable price

Buyer Power

- Customer's dissatisfaction towards incompleteness of variety
- Shift in customer behavior
- Consumers are very price sensitive

Degree of Rivalry

- Prominent franchised mini markets are aggressively expanding their retails to remote areas

Threat of New Entrants

- The form of a franchised minimarket is more feasible to potential store owners because it has standard management and convenient supply.
- Residents can easily build kiosks inside their house since it has little capital and anyone can trade.

Financial Condition Analysis

The increase of Net Sales per year is quite apparent especially in year 2011 and the ongoing 2012, where it has increased by 17% in 2011 and 8% in 2012 (and still ongoing). It surpasses the national economy growth of GDP with an average 6.5% for the past two years. So other than the general economy growth factor, the increase is also from internal company growth. It may be caused of the higher profit mark up taken in 2012 and it might be caused of higher employee productivity.

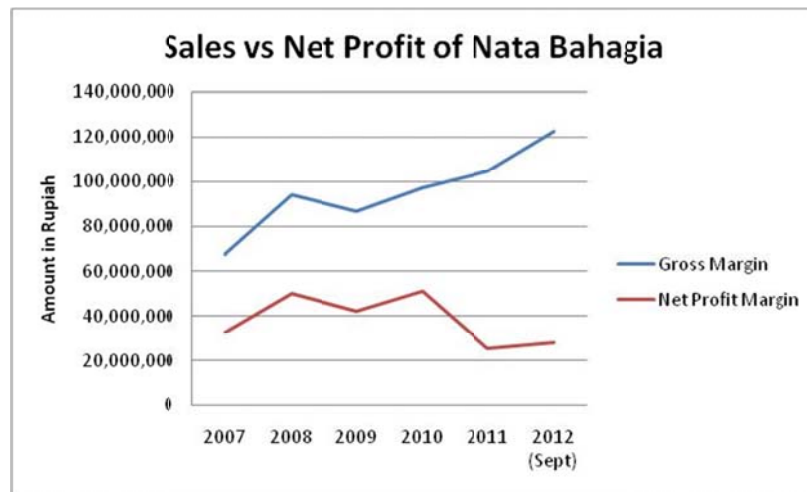


Figure 2. Sales & Net Profit of Nata Bahagia

From the graphic above we can see that the gross margin inclines well, and as concluded that the net sales has performed good increase, though it shows that the net profit in the last two years has declined quite significantly. What has happened in the last two years is that management has changed, and the type of leadership also changed. The inventory turnover is significantly high since Nata Bahagia only sell fast moving items with an appropriate profit mark-up. It means that the company is efficiently managing and selling the inventory. But it also means that companies have to be careful with a high inventory rate as they are subject to stock-outs.

The owner's equity is different from the total assets of the previous tables. In this table, other assets such as land and building behind the store is added to increase value of future bank loans. Currently the company is only using 2% of loan from its assets. It is still healthy to take advantage of more bank loans if there are intentions to expand the business.

Internal Factor Analysis Summary (IFAS) & External Factor Analysis Summary (EFAS)

Internal Factor – Strength

- Independent management ; Free to decide its company policy and business expansion
- Delivery service ; Franchised chain stores do not have this service yet (in Bandung)
- Prominent local brand name ; The society has known the store's existence for several decades
- Pharmacy within the store ; Customers can shop for grocery and medicine at one place and also get health & medicine consultancy
- Health & medicine consultation ; Customers are given free health & medicine consultations before purchase
- Dedicated employees ; Loyal, honest, spirited, committed, and friendly

Internal Factor – Weakness

- Lack of stock opname system causing shortages ; Hard to know the loss, accurate stock quantity, stock supply, and prediction for further purchasing
- Lack of standard employee Training ; No standard attitude, work procedures, and company culture
- Minimal marketing and R&D ; No effort to attract new customers, sustain loyal customers, and create management innovations
- Limited financing ; Limited fast moving cash and inproportionate prive

- No extra incentives from suppliers or space rent fees ; No advantages of trading terms, listing fees, gondola rent fees, cagder rent fee & parking fees
- Complicated and often discontinued supply chain ; Do not have bargaining power with suppliers that is defined in Trading Terms

External Factor – Opportunities

- Growth of national GDP ; Public consumption is the biggest contribution to the GDP growth
- Consumer internet awareness & internet banking ; Developing countries are becoming more exposed to global information through the internet
- Government loan ; The government increases fund for KUR (Kredit Usaha Rakyat) to increase GDP growth
- Female marketing ; Mothers shop for their husband, children, related families, and themselves.
- Local homemade products ; Many local producers will find places to sell their products
- Vertical Growth ; No wholesaler or cooperation in North Bandung

External Factor – Threats

- Tenacity consumers ; Consumers are willing to compare prices to get the best deal
- Expansion of global retailers & franchised chain stores ; Expanding their market aggressively without concerning traditional retailers
- Trading terms with distributors & suppliers ; Trading terms between suppliers and large retailers cause small retailers limited merchandise and expensive
- Minimum regional employee salary ; Low salary can cause high turnover
- Different pricing system & product cycle ; Modern retailers have more benefits than traditional ones
- Mergers of modern & traditional retailers ; Franchised retailers are offering joint ventures to small independent warungs/stores

Root Cause Analysis

Product - Lack of assortment. Disconnected supply. Limited assortment. The total vendors of 130 for a small store is time consuming and should be downsized. Over stocking.

Place - The location is strategic that it is on a main suburb street and public transportation passes it. There are rumors that the street will be widened in a few years. No storage room.

Packaging - Due to the store's limited selling space of 100m², the amount of gondolas and shelves are limited, making it scarce to find space for new items. The air conditioner is not functioned as it consumes large energy, the result is in certain areas close to the door, it easily gets dusty. The staff are still not capable of computer skills and prefer labeling items manually which consumes more time and cost.

Positioning - Nata Bahagia in the customer's mind is a convenience store that is affordable but the varieties and assortments are not complete, thus making it not necessary to be the first place to shop for monthly grocery, customers prefer shopping at Nata Bahagia for urgent needs.

People - The entry job level of the store is the delivery boy that consumes a lot of body strength. No formal employee training. Limit of employee's capabilities since they are junior or high school graduates. Lack of experience or lack of initiative disturbs working procedure and team work.

Promotion - Because it is a single store and promotion budget is limited and relatively more expensive than promoting multiple chain stores, the store has not issued intensive promotional or marketing program.

Price - The company takes a fairly thin profit margin based on its item category, the company believes in making customers feel that if they have saved spending, they could spend on other needs and come back to the store to buy more. But on some basic needs such as cooking oil, the store can't compete with modern retailers who offer such affordable prices, taking benefits from trading terms. The difference of pricing system between modern and traditional retailers also create a lack of benefit. For certain products, a few vendors fill in the same products, making the price to fluctuate and create inconsistency to customers.

Service - Delivery service does not create direct profit since the fee is only Rp 1000 per delivery, it barely covers gasoline and motorbike service. But it increases sales from home based customers who wants their purchased to be delivered.

Finance - Operational cash has not increased much since 2007 since it is always taken away by a fixed amount of dividend that does not adjust to the current net profit and no additional aid has been given.

For a small-medium enterprise entity, the main focus for development are improving the productivity and growing its business. Small entities need to focus on improving internal strengths to build a strong foundation for chances of growth and company longevity.

3. Business Solution

Alternative Strategies by Using Grand Strategy Matrix

the total score IFE and EFE Analysis of Nata Bahagia which is IFE (1.05) and EFE (1.60), the firm lies in Quadrant I which is good for **growth**. Some of the strategies that could be implied are market penetration, product & market development, backward & forward integration, and concentric diversification

Nata Bahagia SFAS Matrix

	Strategic Factors	Weight	Rating	Weighted Score	Short	Intermediate	Long	Comments
S1	Independent management	0.10	4.00	0.40	x			Unlimited freedom of business expansion
S2	Delivery service	0.15	5.00	0.75	x			Pioneer delivery brand
S3	Local brand image	0.05	3.00	0.15	x			Local name recognition
W3	Minimal marketing and R&D	0.05	2.00	0.10		x		Increase effort to strengthen sales
O3	Government loan	0.10	4.00	0.40	x			Take advantage of GDP growth
O4	Female marketing	0.10	3.00	0.30		x		All time shopper
O5	Local homemade products	0.15	4.00	0.60		x		Creating more varieties to customers
O6	Vertical Growth	0.15	4.00	0.60		x		Wholesaler or Consumption Cooperation
T6	Mergers of modern & traditional retailers	0.15	4.00	0.60		x		Integration with small traditional retailers
		1.00		3.90				

Figure 3. Grand Strategy Matrix of Nata Bahagia

Analysis by Using SWOT Analysis

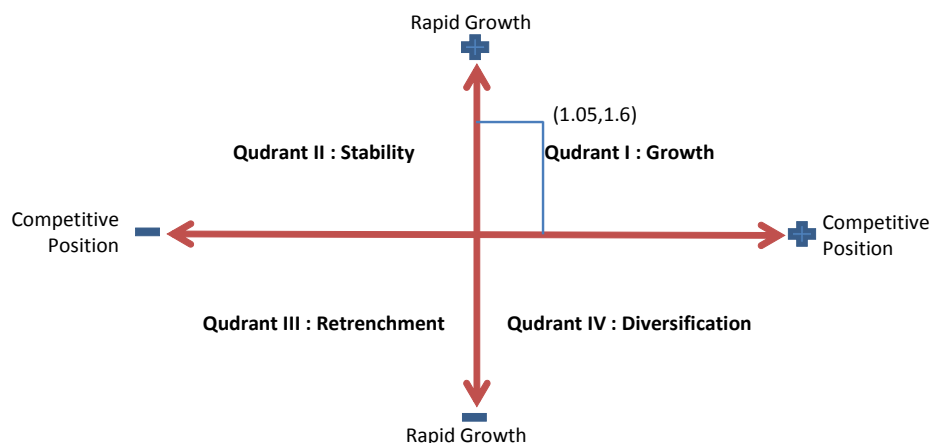


Figure 4 . SWOT Analysis of Nata Bahagia

From the SFAS Matrix of Nata Bahagia, it could be concluded that the most preferable choice of strategies are :

- Delivery Service, to be a pioneer delivery service company in delivering basic needs.
- Vertical Integration, creating a wholesaler or consumption corporation in north Bandung.
- Local homemade products, creating selling space for producers thus increasing product varieties for customers
- Mergers / joint ventures, cooperating with other traditional retailers to gain bargaining power.

Alternative Strategies by Using TOWS Matrix

Generating Strategy by Using Internal – External (IE) Matrix

The total score IFE and EFE Analysis of Nata Bahagia which is IFE (1.05) and EFE (1.60), This IE matrix tells us that our company **should hold and maintain its position**. The company should pursue strategies focused on increasing market penetration and product development.

From the result of the QSPM analysis, there will be several solutions to take from each category. The aim of this research is managing growth for a small business entity, while the business itself is running but needs improvements to produce the company's maximal output. Therefore the focus will be generating solutions for productivity and growth. The aim of focusing on productivity is set a firm foundation to the company and explore its maximal output. The categories above operational developments & product developments are both a content of productivity growth. A growth strategy is taken due the result of the Grand Strategy Matrix that shown the company is indeed in a condition to grow. The implementation of the solutions will be done gradually, first focusing on improving the productivity of the company, then continue on the business growth which both efforts still be in the same company house. The actions that will be taken from the QSPM analysis above are as follow :

Operational developments :

- Independent management, gives the freedom to improve operational procedures by eliminating unnecessary methods or actions and add necessary actions based on the current needs of the management.

Product developments :

- Delivery service, is a strategy to win more market by delivering purchase straight to the customer's house.
- Local homemade products, is a product development to increase merchandise assortments and varieties based on the company's condition that is financially limited. The method with local suppliers will be on consignment that wont be a burden to the company's financial condition.

Business growth :

- Government loan. Banks are currently eager to loan investments that the company should take advantage of. The simplest credit loan is taking the KUR (kredit usaha rakyat) since the assurance is 70% of the intended loan nominal.

Alternative Strategies for Nata Bahagia Generated by TOWS Matrix

INTERNAL FACTORS		STRENGTHS		WEAKNESSES	
		S1	S2	W1	W2
EXTERNAL FACTORS		S1	Independent management	W1	Lack of stock opname system causing shortages
		S2	Delivery service	W2	Lack of standard employee Training
		S3	Prominent local brand name	W3	Minimal marketing and R&D
		S4	Pharmacy within the store	W4	Limited financing
		S5	Health & medicine consultation	W5	No extra incentives from suppliers or space rent fees
		S6	Dedicated employees	W6	Complicated and often discontinued supply chain
OPPORTUNITIES		SO Strategies		WO Strategies	
O1	Growth of national GDP	S1, O1, O5, O3	Free to take advantage of the GDP growth to establish a vertical growth business expansion (wholesaler/cooperation) by using government loan	W1, O4	Dominance of female end users as an approach to boost marketing and promotions
O2	Consumer internet awareness & internet banking	S2, S4, O2	Develop and improve delivery service & pharmacy by emphasizing marketing on the internet through social media	W4, W5, O3	Gain a government loan to multiply cash flow and improve supply chain
O3	Government loan	S1, O5	Management could increase sales by accomodating local homemade products		
O4	Female marketing	S5, O4	Knowledge elevation for female consumers on health & medicine		
O5	Local homemade products				
O6	Vertical Growth				
THREATS		ST Strategies		WT Strategies	
T1	Tenacity consumers	S2, S5, T1	Eliminate tenacity customers by encouraging dedicated employees and strengthening delivery service	W2, T4	By having a standard employee training, creates positive characters that is proper to increase salary
T2	Expansion of global retailers & franchised chain stores	S2, T2	Be a delivery service pioneer in the retail industry since modern retailers don't have it	W1, W5, T5	Issuing trading terms with suppliers & distributors, thus simplifying relation with suppliers and eliminate discontinued supply chain. And can also gain information on what merchandise that are highly demanded
T3	Trading terms with distributors & suppliers	S1, T5, T3	By integrating with other traditional retailers, it can gain a bargaining power and issue trading terms	W5, T5	Joining with other retailers to gain a stronger supply chain
T4	Minimum regional employee salary	S5, T4	Improve employee salary and maintain loyalty and spirit	W2, T2	Benchmarking to modern retailers for standard employee attitude, service, and SOP
T5	Different pricing system & product cycle			T1, W1, W3	Tenacity customers are end users that can help improve operational and merchandise shortages
T6	Mergers of modern & traditional retailers			W4, T3, T5	Limited finance on a low cost strategy with the competing price war forces the store to be more efficient on operational expense

Figure 5 . Alternative Strategies for Nata Bahagia

- Vertical integration. The difficulties of the store is that it has no bargaining power against suppliers to get trading terms due to its small purchase volumes. Then it is only logical to collaborate with other small traditional retailers that face the same problems, then the organization itself it would be like a corporated wholesaler. Therefore establishing a wholesaler would be in the right track. The items to be sold in the wholesaler are basix needs for cooking and other fast moving items such as the ones shown in the BCG matrix. There would be two methods of customer purchase, which are direct purchase and pre-order purchase. Direct purchase are customers that directly buy their needs at the wholesale and pay cash. While pre-order purchase are member of the wholesale, which would commonly be owners of SME's, and

order a certain amount of items that will be collectively purchased to the supplier / distributor / manufacture. The benefits (discounts) of trading terms will be distributed evenly.

4. Business Implementation

Productivity Improvement Plans for 2013-2016

The average monthly income of the store is Rp12,766,710 and the average operational costs of 2012 is Rp10,258,704. The average operational expenses spent from the income is 80% and 20% of profit. It shows that the operational expenses are too dominant compared to its profit and that is why owners tend to be un-desirable to continue the business if the profit is not attractive. The balance profit formulation that the store intends to target with additional tax as it will be charged in the future is as the following :

Operational Expense : Profit : Tax : Additional Cashflow = 40% : 40% : 10% : 10%

In order to gain the balance profit formulation as stated above, Nata Bahagia must attain the maximum productivity value. Productivity is measured by :

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}} = \frac{\text{Sales}}{\text{Expenses}}$$

To gain the maximum productivity, logically the output has to be increased and the input has to be decreased. By implementing both actions, profit can be taken more considerably. For Nata Bahagia there are two actions that is to be taken simultaneously to produce its maximum productivity :

(1) Increase sales to increase income (Increase Sales)

By increasing income with implementing more marketing, improving service quality, and creating a strong brand image.

(2) Reduce operational expenses (Expense Reduction) The target is to reduce operational expenses by 30% to balance profit formulation as above.

Operational Expense Reduction

a) Implement supply chain management

Tight business competition in a globalized world requires companies to adjust strategies and tactics of everyday business. When viewed in depth, the core of enterprise competitiveness lies in how a company implements the process of creating a product or service cheaper, better, and faster than its competitors. However, for many companies it is not possible to apply and implement the resource, so one way is to create a supply chain management strategy. Supply chain or supply chain is a system where an organization delivering goods production and services to its customers. The activities involved in the supply chain management of the flow of goods, information flow, the flow of transactions and cash flows.

Recommendation : Create a comprehensive inventory policy that would avoid inventory loss. There are seven top strategies that managers could implement that require a good data program, the seven strategies are ;

1. Perform periodic inventory review.
2. Provide tight management of usage rates, lead times, and safety stock.
3. Reduce safety stock levels.

4. Introduce or enhance cycle counting practice.
5. Follow the ABC approach.
6. Shift more inventory or inventory ownership to suppliers.
7. Follow quantitative approaches.
8. Reduce the amount of suppliers.

b) Staff empowerment by creating company regulations and implement employee training

Since the staff salary is the largest component that consumes the operational expense, the output of the staff has to be maximal and the staff hired has to comply a high staff selection standard.

Recommendation :

1. Create a Business Process Guide. A business process begins with a mission objective and ends with achievement of the business objective.
2. Create a Standard Operating Procedure (SOP).
3. Implement a 2-4 weeks employee training.

c) Reduce energy & plastic use

- Reduce electricity use

Recommendation : Implement solar power electricity system to attain free natural electricity.

- Reduce plastic use

Recommendation : Work together with an organization that campaigns plastic reduction. For example "Greeneration Indonesia", a social-preneur organization that enhance the importance of balancing the three pillar of sustainability ; social, economy, and environmental. For a convenience store the actions that could be taken to reduce plastics are :

1. Ask politely if the customer if they need their purchase to be wrapped in plastic or not. Customers with single purchases like cigarettes often don't need plastic bags.
2. Put up small billboards that define the awareness of using plastic bags more wisely.
3. Give out paper bags to loyal customers.

d) Online payment

Payment to vendors are done in three ways (1) credit, (2) cash, and (3) consignment, but all are paid in cash. Counting the cash takes up time and might result in some errors.

Recommendation : Apply a bank account and do the payment through bank payment either by bank check or transfer by online e-banking. Many suppliers/distributors have accept this type of payment. It will reduce time and gain security. And booking can be done more systemized and clearly stated.

Increase Sales

a) Promotion & Marketing

Recommendations :

1. Sales promotion activities :
 - Offer weekly or monthly discounts for basic cooking material items because it is a primary need.
 - Bundle products together in cheaper prices to sell products more faster and offer a good deal.
 - Offer lottery for school donations
 - Create a bonus system to gain points when reaching a certain amount of purchase
 - Give out basic needs to the poor as a form of attention to the society
2. Marketing activities

- Create a program for maternal or female health medication needs using the approach of female marketing.
- Create events to attract customers working together with certain brands
- Support local activities
- Put up a running text board outside the store to communicate the prices inside the store
- Start using social media such as Twitter and Facebook to increase social existence
- Continue spreading fridge magnets to in the neighborhood
- Make a website and start selling beyond the store (domestic or international)

b) Create a brand image

Brand image is the impression in the consumers' mind of a brand's total personality (real and imaginary qualities and shortcomings).

- Brand vision ; to be seen as a reliable company that could deliver its products with accuracy of time and good service.
- Brand mission ; to create an image that communicates that the store is open to anyone (employees, employer, and customers) and that the company delivers excellent service.
- Brand values ; offering basic daily needs
- Brand personality ; light-hearted, helpful, and happy, which should also be communicated by the staff's character.
- Brand tone of voice ; welcoming, attractive, and inviting.

Recommendations :

1. Create a brand identity by creating a brand logo that represents the brand's platform.
2. Create a shop atmosphere that represents the store's brand personality and brand tone of voice which by creating an atmosphere that welcoming to all segments of customers, and create a simple system of product displaying.
3. Define the store's friendliness by offering constant affordable prices and negotiable trading policies.
4. Facilitate the society's needs and make the store as a community centre.
5. Make programs that also elevate the society's welfare, together with the slogan, "Advance together, Prosper together !"

c) Pricing System

In a developing country where living costs become a struggle but prices are high and personal needs are high, customers become very price sensitive. Some customers tend to patronize several stores to compare prices and settle at the fairest store. Therefore many business companies tend to lower their prices and offer many interesting promotions, all the effort to attract customers.

Recommendations :

1. Leader pricing, is a pricing system where retailers set prices below normal prices to increase customer's traffic flow or boost complementary sales, it is often called loss leaders.
2. Price Lining, is when retailers frequently offer a limited number of predetermined price points within a merchandise category, for instance offering three SKU's in low, medium, or high prices. With this strategy some merchandise can be bought a little or above the expected cost for a price line in the customer's mind.
3. Odd pricing, is a pricing that refers to ending up the price in an odd number for example '9'. Odd pricing is the assumption that customers don't notice the last three digits (in Rupiah) of a price.

d) Create a stronger delivery service troop

Delivery service is one of the services that consumer desire stores to deliver purchases that are heavy or need items immediately. Other stores or individual traders might already have this kind of service, but improving the service that Nata Bahagia has had for several years would increase customer's satisfaction. The store needs to create a solid team of delivery boys and phone operator and focus on chase the ball beyond to the store's customer's houses and be a reliable service for them.

Recommendations :

Objective : to increase delivery service, to increase more profits from this service, to catch the ball at the customer's home, to exploit the company's brand through its performance (passive marketing).

1. Make a Standard Operation Procedure (SOP) for the delivery service team.
2. Create a regulation for rewards and punishments system to give the staff incentive support and know their limits.
3. Staff has to go through proper training by skilled trainers for installing gas and mineral water gallons before undertaking the real task and face customers.
4. Adding more delivery boys with more stringent requirements
5. Adding more motorbike vehicles
6. Adding staff for picking up calls, issuing delivery orders, and controlling time of delivery (delivery administration)
7. Continue handing out fridge magnets which is to promote the delivery service
8. Increasing the amount of water gallons and gas tubes
9. Issuing trading terms with suppliers for constant supply with agreeing on an amount of quantity for every order
10. Searching for suppliers with better water & gas prices

e) Allocate 30% or merchandise for local content & homemade products

They are emerging vastly with the help of simplified bank loans. To enliven this economy activity, the store intends to allocate more of its display space for homemade products, fresh cakes & hot beverage. Although there are quality standards to protect consumers from bad health influence.

Recommendations :

1. Allocate 30% of the store's display area for local content and homemade products, locally and domestically.
2. Products that could be in interest are flavored crackers, fresh bakery & doughnuts, peanuts, etc.
3. Create programs with suppliers to supply constantly.
4. Do a scanning around the neighborhood to see what the society could offer.

Business Growth Plans for 2013 - 2018

Recommendation : Making a basic need wholesaler

The district of Cigadung does not have a wholesaler that sell a complete variety of basic needs, by creating one will be an effort to reduce time and money for resellers or SME's. it is also an effort to integrate the many SME's in the district by membership unions and gain trading benefits from suppliers to buy in larger volumes and less price. To establish a wholesaler needs a comprehensive feasibility study on the business prospects, which has been studied in a Business Plan for Nata Bahagia Wholesaler which is attached to this research. The conclusion of the business plan is adequately positive. The business proposes a start-up funding of a total Rp. 433,900,000 and owners intend to borrow a bank loan of KUR (kredit usaha rakyat) with the maximum plafond of Rp.500,000,000. Financial formulation has stated a positive NPV (net present value) of Rp. 288,299,929 and an IRR (internal rate of return) of 31%. The IRR is positive because it is higher than the bank rate being used on NPV which is 12%, based on the bank loan's general interest rate. The payback period is 2 years 9 months.

Objective : to make a wholesaler that supports the needs of a small scale area of north Bandung and make a collective system that is pre-order purchasing to SME's to purchase in big volumes to suppliers.

The Products - The wholesaler will be built at the back of Toko Nata Bahagia with different management to the store and thus it will be called "Grosir Nata Bahagia". The wholesaler intends to sell basic needs such as rice, eggs, cooking oil, flour, sugar, instant noodle, cigarette, mineral water, tubed natural gas (3kg & 12kg), and merchandise that are commonly sold in small warungs.

The Market - Our target market are local neighborhood residents that stands in the low class segment and SME's that encompasses a radius of 2 kilometer area around the store, specifically in the "Cigadung" district area in north of Bandung.

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