

Conference Paper

SWOT Analysis of Web 2.0 Entrepreneur Strategy in Enhancing Competitive Advantage: A Case Study of IACE Food Start-up Business in Surakarta

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Abstract

Web 2.0 technology that supports social media is now one type of media used in marketing strategies for entrepreneurs that is considered effective because of its worldwide impact. The wide range of businesses offered through social media today are not always well-known brands but also start-up endeavors. Analysis of data from social media can provide information that is very useful for a business, but maybe it is a beginner's business able to compete in the market with this marketing strategy? This study provides evidence of how effective SWOT analysis of social media strategy can improve a business' competitive advantage. The research data obtained are qualitative data relating to the use of social media (Instagram and website) from the results of interviews with employees of start-up businesses engaged in the field of food and which are members of food start-up of the Indonesia Agency for Creative Economy (IACE) that is well-known as BEKRAF (Badan Ekonomi Kreatif) in Surakarta. The research was carried out by conducting SWOT analysis of social-media usage data and then through strategy formulation, separating the strategies referring to cost advantage and differentiation advantage. The researchers present the results of the research by providing recommendations for social-media strategies to achieve competitive advantage for start-up entrepreneurs in Surakarta.

Keywords: SWOT, Web 2.0, food start-up business, competitive advantage, entrepreneur

1. Introduction

Surakarta is one of the cities in Central Java which is also known as 'Solo'. The city of Solo or the city of Surakarta is the birthplace of the current President of Indonesia, Joko Widodo. Since Joko Widodo became the President of Indonesia, the city of Surakarta has been in the spotlight both nationally and internationally. Not only has it been noticed for cultural activities that become seeds and tourist destinations, but also culinary tours. The culinary city of Surakarta is not only famous during the day but

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also famous for its evening culinary tours. Many food stalls that start at 9 o'clock in the morning until the morning.

The people of Surakarta have responded very well to the events that have made the city of Surakarta better known both nationally and internationally. Business opportunities are opening up for members of the public, especially souvenir businesses. Most tourists who visit the city of Surakarta will buy souvenirs for family members or friends from their hometown. Some of the favorite souvenirs from the legendary city of Surakarta include: peep (rice crust), mandarin bread, and abon. Young people have grasped this business opportunity with a creative variety of typical Surakartan food. One type is a peep buntel which is a creation of peep food made with various flavors. This peep buntel effort comes from a household business that can last up to two years. Not many small and medium micro businesses are able to survive for more than two years.

New business actors, commonly referred to as start-up businesses develop creativity to enhance the creativity of each business. One attempt to increase creativity is through social media which is a web 2.0 technology. With the current development of web 2.0, business actors can create ads for their products and influence the people who see them to buy the product (Drahosova, 2017). Nowadays it is very important to follow technology development in all aspects of life, one of them in the mastery of technology that supports marketing activities.

There are various social media that have been exploited by various start-up businesses, among others: Instagram, website, Facebook, Twitter, LinkedIn, and google business. Various media have advantages and disadvantages. The advantages of social media marketing include exchange of information and communication, being able to work from home, exchange of data, education, service, and exchange of hardware (Drahosova, 2017). Therefore, this research seeks to understand the internal and external analysis of the use of web 2.0 technology for entrepreneur media, the impact of using web 2.0 as an entrepreneur, and the competitive advantage gained by food start-up businesses in Surakarta which use web 2.0.

2. Literature Review

2.1. SWOT analysis method

The purpose of this study is to use a well-known SWOT model to analyze the use of social media in a start-up business in the field of food. The SWOT model is able

to present a company's picture. Based on the outline of the SWOT analysis phase, according to Wihrich (1982), the following are the steps of SWOT analysis which are adapted for this study:

Strength: determines the power point of using social media by start-up businesses both in terms of internal and external factors of the company; it consists of:

- Is there a uniqueness about social media food start-up business accounts that make them different from other start-up businesses?
- What makes a consumer see or follow a social media start-up business account?
- Is there a product that competitors cannot emulate from the start-up business?

Weaknesses: determines the weaknesses of the company from the standpoint of the owner and the consumer; it consists of :

- Is there a procedure that can make it more efficient with social media?
- What and why are other social media start-ups better than the start-up business?
- What should your company avoid?
- Does your competitor have a particular segment?

Opportunities: are the main factors that show how companies are able to compete in the technology world; it consists of :

- Where and what are the exciting opportunities of using social media for start-up business?
- Is there a new trend that comes with the use of social media?
- How does the start-up business predict the future of technological developments?

Threats: is a change of situation that may cause negative impact for the business; it consists of:

- Is there a change in consumer interest?
- Are there competitor activities in social media that surprise your efforts?
- Are there technological changes that could affect your business?

2.2. Web 2.0

The term Web 2.0 is still new and just beginning to be explored in the marketing and health literature associated with the promotion of health applications (Neiger, 2012). At the beginning of its emergence, the internet that is currently called Web 1.0 had static content and did not allow any participation from viewers (Dooley, 2012).

Web 2.0 began to appear about 20 years ago and the following year web log appeared which then became famous for blogs which is web which can be modified freely by the user (Kaplan, 2010).

The web 2.0 platform brings up social media that allows users to build social networks over the internet. Related social media activities are postings, giving opinions, rating, discussion, and comments or reviews (Kennedy, 2007).

Posted activity is very diverse, ranging from state status, image, or video. File sharing provides a great space for users to upload various media that can enhance personal relationships for account owners and readers.

2.3. Competitive advantage

A company's competitive advantage can be built on one of the three value disciplines. The first is operational excellence. Companies that use this strategy strive to achieve the most cost-efficient business processes that deliver the quality of services and goods that fulfil customer expectations. The second is customer intimacy. Companies that use this strategy maintain business by demonstrating a tremendous understanding of customer needs and expectations beyond the average competitor. The third is products or services that are always innovative and leading (product leadership). In companies with operational excellence, home management work ensures all employees always think about cost effectiveness. Is there an item whose cost can be reduced? Where is there financial waste? What if the cost is calculated based on activity (activity based costing)? Which cost driver should be studied? Which activities are not adding value? What cost activities should be eliminated? Which items cost the most? Is there a possibility of activities being done together so that the total cost is cheaper (shared services, shared activities)? And so on. In companies with a customer intimacy orientation (customer intimacy), it must be ensured that all employees understand correctly the importance of the customer. Who is the customer? How should customer behavior be dealt with? What are customers most interested in? What makes the customer

dissatisfied and run away? How can customer delight be created? How can customers be made loyal?

Michael Porter (1985) categorizes schemes into three types of strategies that companies use to achieve and maintain competitive advantage. These three strategies include two dimensions of strategy area and strategic strength. Porter also identified two competencies that he found important, namely product differentiation and product cost efficiency. Empirical research on the impact of marketing strategies on profits suggests that firms with those dominate the market and are more likely to profit, as well as those with a low market share. Meanwhile, companies that control the market experience the most losses. Porter’s explanation of the event was widely believed to be successful because it used a cost advantage strategy and the company with a low market share was also successful because it focused on a small but profitable market.

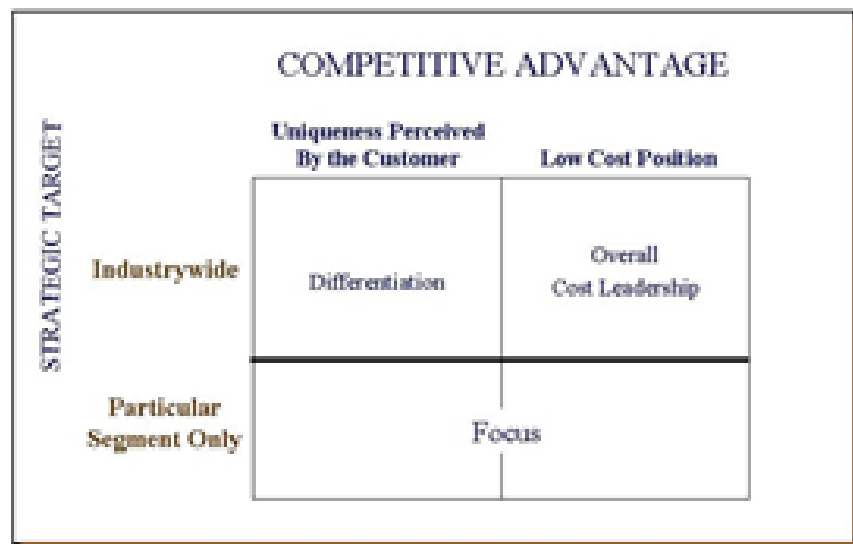


Figure 1: Michael Porter’s Generic Strategy Theory. Source: Porter, 1985.

2.4. Indonesia agency for creative economy

The Indonesia Agency for Creative Economy (Badan Ekonomi Kreatif ‘BEKRAF’) is a non-ministerial government institution under and responsible to the president through the minister in charge of government affairs in the field of tourism. The Creative Economy Agency is the body first established by President Joko Widodo through Presidential Regulation No. 6 of 2015. Originally, creative economic affairs was part of the Ministry of Tourism and Creative Economy which was formed by the United Indonesia Cabinet II 2011 to 2014. Currently the position of Head of Economic Agency Creative is held by Triawan Munaf.

The Creative Economy Agency is in charge of assisting the president in formulating, defining, coordinating and synchronizing policies in the creative economy. In carrying out the task, Bekraf held several functions, such as: formulating, defining, and implementing policies in the creative economy; designing and implementing programs in the field of creative economy, implementing coordination and synchronization of planning and implementation of policies and programs in the field of creative economy; providing technical guidance and supervision over the implementation of policies and programs in the field of creative economy; implementing coaching and support to all stakeholders in the creative economy; implementing communication and coordination with state institutions, ministries & non-ministry government institutions, local governments, and other related parties; implementing other functions assigned by the president related to the creative economy.

Since 2016, IACE has established a food start-up community consisting of 16 creative industry sub-sectors, one of which is food. Members of the IACE are newbies from one year to three years old.

3. Methods

The company selected for this research is a start-up company in the field of food aged 1-3 years, in line with the IACE requirements for a start-up business and run alone or within a family. Selected business beginners have adopted social media strategies, especially a business website platform such as google business and Instagram. Researchers collected qualitative data by interviewing employees of the business as well as owners with an open questionnaire to encourage discussion about the use of social media. Researchers independently analyzed the answers and patterns of the answers. The information was then used to construct a SWOT analysis. Statistical data were also collected by researchers for three months and google business to present simple quantitative analysis about the effectiveness of each social media strategy. The combination of interview and quantitative data provided additional knowledge for companies in the use of social media and in order to give them a competitive advantage in strategic decision-making.

4. Results

4.1. SWOT analysis

After discussion with the entrepreneur of each start-up business in Surakarta city, it was found that there are some positive aspects of social media use for start-up businesses. The following make up the SWOT analysis.

The Strength analysis of the food start-up business in Surakarta which used social media as a marketing strategy are as follows:

1. Food start-up business in Surakarta which is a member of IACE is a start-up of souvenirs food. Besides, it also modify the product differently from the original one.
2. The colorful packaging translates into colorful pages on social media attracting people to follow the Instagram account and see the picture.
3. The product of the food start-up business is not easily copied.
4. Instagram makes it easier for the owner of the business to interact with the customer.
5. Google Business gives a lot of information about the visitors via the web, and so for the Instagram

4.1.1. Weaknesses

1. The food start-up business relatively has few numbers of followers.
2. When a Search Engine Optimiser (SEO) is untouchable by the owner, the rank of the web page in google business will be low.
3. Advertisements on social media need a lot of money; they need much more than just an internet connection.
4. The food start-up business doesn't have skilled personnel for handling social media.
5. Sometimes there are negative reviews from the customers.

4.1.2. Opportunity

1. Nowadays, social media can provide reports and some useful information in order to analyze the effectiveness of the social media use.

2. Some business investors use social media as a scale up indicator for a start-up business.
3. Many people, especially tourists, use online information and a search engine before travelling and finding souvenirs.
4. The increase in cellphone users and social media users.
5. There are many social media services offering social media handling and upgrade at a low cost.
6. Social media provides attractive ways (icon, emoticon) to conduct conversations with the customer.
7. The Surakarta government supports the scale up of start-up businesses, especially souvenir start-up businesses through programs such as patents, licenses, and networks.
8. Many application vendors support start-up businesses especially in souvenirs such as Go-Food (Food Delivery application), Grab-Food, etc.

4.1.3. Threats

1. Mature business start payment advertisement in social media.
2. Mature businesses do celebrity endorsement in order to increase their followers, while start-up businesses don't have enough money to pay the celebrity.
3. Many other start-up businesses are doing social media marketing too.
4. Many celebrities run food businesses in Surakarta such as Solo Pluffy, Solovely, Vallen's cake and these usually instantly have more followers on Instagram among the Surkartan people than the original business.
5. Web 2.0 technology is now changing to become faster and has now become Web 4.0 technology

4.2. The development of Web 2.0 technology

The development of Web 2.0 technology offers advantages to food start-up businesses. Now, Instagram and google business give a lot of information.

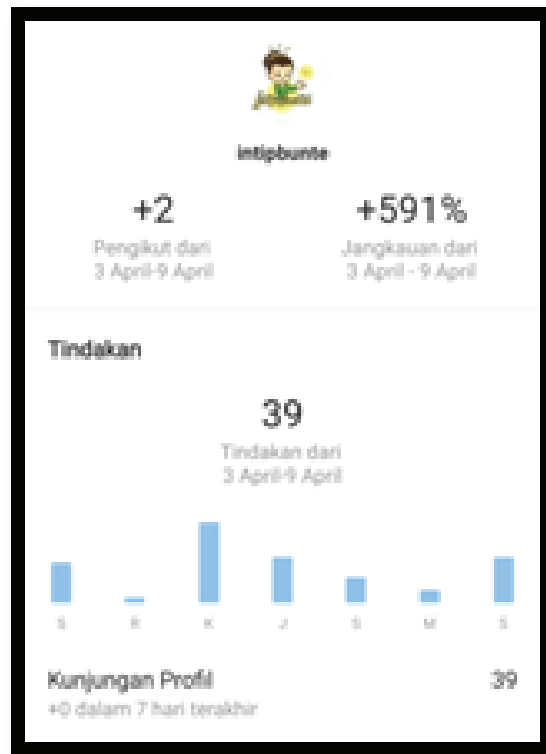


Figure 2: Visitor page of original food start-up business in Surakarta. Source: Instagram/intipbunte.

Figure 2 shows that there were no visitors in the week from April 3rd to April 9th 2018. There was an additional 591% account reach around that date and there were two additional followers for the Instagram account. This means that the souvenirs food start-up business still has low traffic. This could be due to a lack of skilled personnel in IT or social media.

Figure 3 shows the social media data for cities of residence of visitors. The data shows that the visitors who look for food souvenirs are not only from Surakarta city, but also from the Indonesia capital city (Jakarta), Yogyakarta city, Semarang city and also Sukoharjo city. This means that in two years, the food start-up business reached customers in five cities in Indonesia.

Social media providers have grown very fast in developing their applications. Instagram now offers two kinds of account, personal and business accounts. The business account can provide information on account visitors and also their age and gender. Figure 4 shows that the followers of the food start-up business in Surakarta are dominated by women at 60% and the biggest percentage of visitors are aged in the range 25-34 years old. This means that the souvenir food start-up business in Surakarta is most popular amongst young people and females. Figure 5 shows that most of the visitors on the google business web are looking at pictures of a product. Only 6%

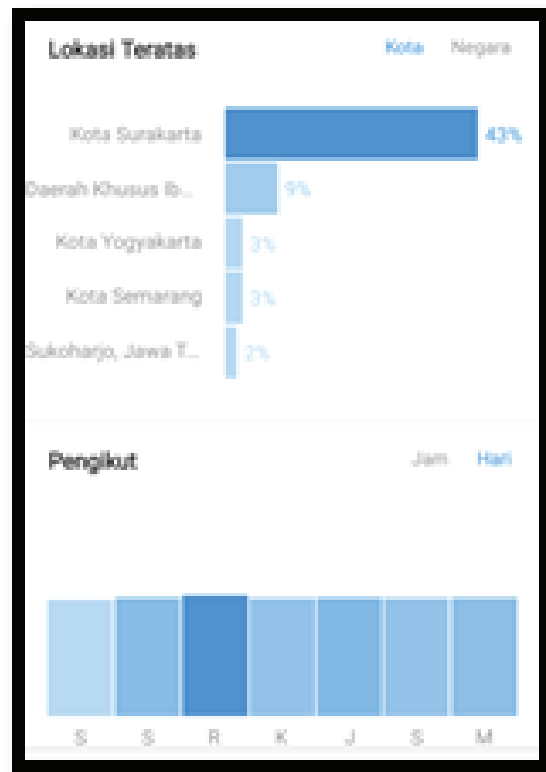


Figure 3: Visitors' city of original food start-up business in Surakarta. Source: Instagram/intipbuntel.

were asking for shop directions. This means that the picture of the product uploaded on the website and also the news are not so interesting to the web surfer.

5. Discussion

5.1. The competitive advantage of food souvenir start-up businesses in Surakarta

The SWOT analysis and the data gleaned from social media gives a focused strategy to food souvenir start-up businesses. While food souvenir start-up businesses represent one of the businesses with a lower market share, they are still profitable because they have a unique market and segmented customers. From the aforementioned results, there are some strategic competitive advantages gained from the SWOT analysis and social media performance that can be implemented for food souvenir start-up businesses.

1. Increase the SEO and followers focusing on female customers in the range of 25-34 years old.

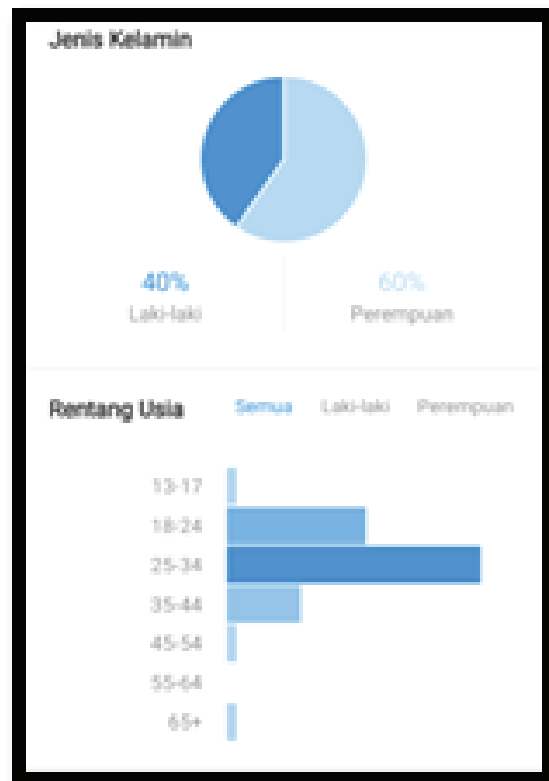


Figure 4: The biographical information gained from the Instagram account.

2. Increase the advertisements reaching customers in the five cities (Surakarta, Jakarta, Semarang, Yogyakarta, Sukoharjo).
3. Renew the pictures and make them more interesting, so the customer is not just seeing the picture but is also eager to know the real product by buying the product.
4. Hire skilled personnel for handling the web 2.0 that supports the marketing strategy.

This research shows that SWOT analysis is useful for start-up businesses in improving their strategy. This finding is in line with the research of Das (2017) that through SWOT analysis, MSMEs in Ganjam District can reduce threats by understanding their potential strength. The findings of this research are in line with Porter's Competitive Advantage Theory in that the business with a low market share is as profitable as a business which dominates the market share (Porter, 1985). Even though the food souvenir start-up business in Surakarta was a young business, it successfully influenced customers in five big cities in Indonesia by web 2.0 technology. These findings are

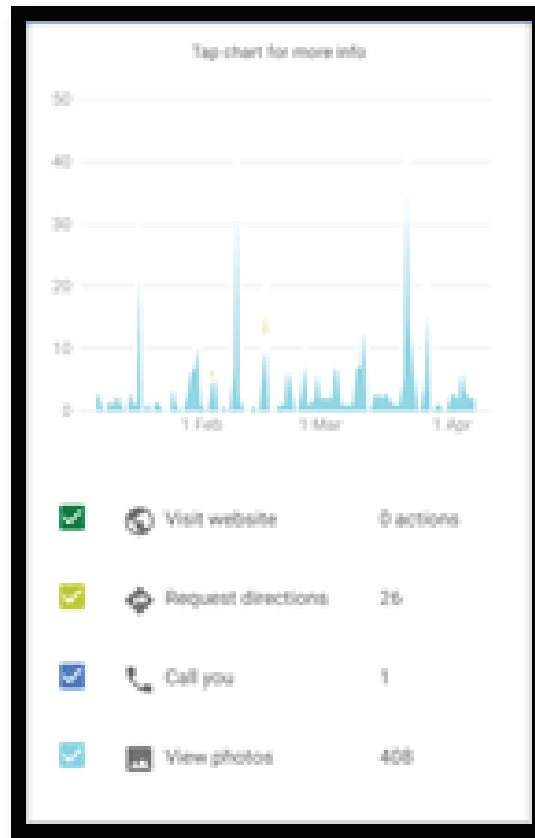


Figure 5: The user activity information gained from the google business account. Source: googlebusiness/intipbuntel).

also in line with the research of Brooks (2014) that the use of social media can be effectively increased by competitive knowledge.

This research is contrary to Park (2017) who finds that social media usage negatively moderates the relationship between knowledge and entrepreneurial opportunity. The weakness of social media usage is in line with the findings of Bank (2015) who demonstrates the freedom of expression of the social media user. So, when the user gives a bad review for the business it will negatively impact on the business and nobody can control this freedom of expression in web 2.0 technology.

6. Conclusion

SWOT analysis is an easy model that helps start-up businesses to understand the internal and external environments. Besides, it helps to generate strategy that can increase competitive advantage. It is better for the start-up business to pursue a promising segmented market and it is shown by the quantitative data that this is easier to get from the Web 2.0 platform.

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