

Conference Paper

Innovation Strategy Analysis through a Blue Ocean Strategy for Wear It

Samuel Sabatinus and Christina Whidya Utami

Master of Entrepreneurial Management, Management and Business Faculty, Ciputra University, Surabaya, Indonesia

ORCID:

Christina Whidya Utami: <http://orcid.org/0000-0003-2513-1333>

Abstract

This study aimed to find the right blue ocean strategy to get out of the red ocean for Wear It, a startup business engaged in garment convection since 2016. This study went through 3 stages: determining the SWOT, Key Success Factor, and 4-Action Framework (ERRC). The Key Success Factors that were obtained will be included in the strategy canvas to see the comparison with competitors and determine the 4 Action Framework. This research used a qualitative approach through in-depth interviews with 5 stakeholders including founders, customers and suppliers of Wear It. The results indicate that the blue ocean strategy is important in order to survive in the market. The resulting 4-Action Framework is to (E) eliminate the founder element; (R) raise marketing, product quality, product innovation, and brand elements; (R) reduce price, store, and quality control elements; and (C) create customer education and sales elements in order to create a new value curve for Wear It.

Keywords: Blue Ocean Strategy, SWOT, Key Success Factor, ERRC

Corresponding Author:
Christina W Utami
whidyautami@ciputra.ac.id

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1. Introduction

Currently, the fashion industry in Indonesia has developed quite well and is even able to support exports which have a positive impact on foreign exchange and GDP. This is in accordance with a survey from the creative economy agency in 2017, who states that the fashion industry has the highest contribution of 56% of the export value compared to 16 other creative economy sub-sectors. However, the number of competitors that have sprung up has resulted in a red ocean market condition. Red ocean is a market condition in which customers are contested by many parties in all available ways, as if the company must struggle to get customers [1].

To overcome this problem, a strategy called the Blue Ocean Strategy (BOS) can be used. Companies with a BOS strategy will be able to get out of the red ocean by creating product innovations that are not owned by other businesses. To avoid

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losses in a sustainable company due to unfavorable market conditions, companies need to develop new products that prioritize product innovation, because without product innovation, new products will not be successful in the market [2]. BOS is an approach used to find new spaces in business to improve a company's ability to compete in the market. BOS is also a business strategy that can produce product/service innovations by differentiating products/services and reducing costs simultaneously [3].

2. Methods & Equipment

2.1. Methods

The approach used in this study is a qualitative approach. The object of this research is Wear It, which is a business that is engaged in convection. This study will conduct interviews with 5 people, namely Ivan Suryajaya and Henri Rusli Teguh Satria as founders and business partners, Frederick and Albesagita as regular customers of Wear It, and Adi as one of the suppliers. Furthermore, this study will also conduct observation on the competitor of Wear It: Ozzy Clothing and Harahetta.id. The data analysis will be conducted through 3 stages: determining the SWOT, Key Success Factor, and 4 Action Frameworks (ERRC).

2.1.1. Equipment

There are two analysis tools for blue ocean strategy: strategy canvas and 4-action framework. The initial strategy canvas depiction was intended to provide an overview of Wear It's business position against its competitors. The Key Success Factors that have been obtained will be included in the strategy canvas to see the comparison with competitors. In the strategy canvas, value curves are fundamental. The value curve graphically depicts the company's performance against the competitiveness factors in the industry. The 4-action framework is used to reconstruct the customer value elements in creating a new value curve, by eliminating, raising, reducing, and creating competitive factors in the business.

3. Results & Discussion

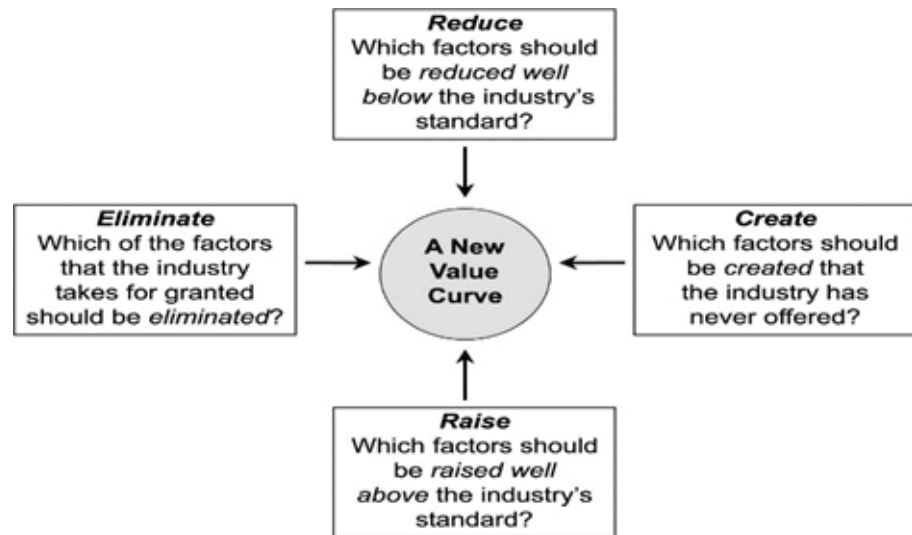


Figure 1: The 4-Action Framework of BOS Source: Kim and Mauborgne [4]

3.1. SWOT Analysis

SWOT determines strengths, weaknesses, opportunities, and threats to be able to assess the company and to determine the strategy that must be taken in the future. The following are the results of the interview regarding SWOT:

TABLE 1: SWOT Analysis

Strength	Weakness	Opportunity	Threat
Good quality	Sizing does not match	Collaboration with famous people	Competitors from abroad
Competitive price	Marketing strategy is not optimized enough	Endorsement by social media influencer	Competitors with lower prices
Can be purchased via online	The brand is not well known by many people	Improve packaging quality	Internal conflicts
Interesting design	Product variance is still lacking	Improve customer education	
		B2B marketing	
		Adding new model/type of clothing	

3.2. Key Success Factors

Key Success Factors are factors that exist in a business in order to determine the company's strategy canvas. Based on the interviews, the key success factors in this business are brand, marketing, product quality, product innovation, customer education,

quality control, price, founder, store, and after sales. These 10 things are the key aspects that are used as competitive factors in the clothing industry.

1. Brand

Brands in the convection industry are important because they can encourage customer's confidence in buying clothes.

2. Marketing

In this case, the marketing carried out by the company can more closely follow existing marketing trends, such as advertising on social media, doing endorsements, and collaborating with well-known design artists.

3. Product Quality

In terms of products, of course the products sold by companies must be of good quality so that customers do not experience disappointment.

4. Product Innovation

Product innovation must be put forward so that there is no saturation for customers who keep buying the same product.

5. Customer Education

Customer education is necessary so that customers get to know and understand that even local products have good quality.

6. Quality Control

Regarding product quality, quality control must have a standard in one aspect that should get more attention, and other aspects need not be too much attention.

7. Price

Price is a sensitive aspect for some company customers, so companies must provide competitive prices.

8. Founder

The meaning of the founder here is the person who initiated a brand. In some markets, the founder is important, but some markets pay no attention to it.

9. Store (Online & Offline)

In this current digital era, having offline and online stores is an important thing to make it easier for customers to buy an item.

10. After Sales

After sales service is a crucial aspect that a company must have to establish good relationships with existing customers.

3.3. The 4-Action Framework

From the 10 Key Success Factors, ERRC (Eliminate, Raise, Reduce, Create) is determined to see the changes that the company must implement. This framework can be called a 4-ActionFramework used to reconstruct customer elements in creating a new value curve [4].

Eliminate:

1. Founder

Wear It has a market that is dominated by the middle-low class, which causes the founder factor to be completely ignored by existing buyers.

Raise:

1. Marketing

Marketing through social media, endorsement and collaboration is something that Wear It must improve so that existing customers are more interested in buying Wear It's products.

2. Product Quality

The quality of products sold by Wear It must always be improved so that customers are not disappointed with the company because the products they buy have defects.

3. Product Innovation

Product innovation must also be improved both in terms of design and models.

4. Brand

The brand awareness must be increased so that the trust of customers also increases.

Reduce:

1. Price

The price offered by Wear It will be better if it is reduced because competitors also have cheaper prices. For the middle-low market, price is an important factor.

2. Store

Having both online and offline store is indeed a good thing. But having only one of the two is enough, because if a product is attractive, then buyers will buy it whether through online or offline stores.

3. Quality Control

In carrying out quality control, there are small things that do not need too much attention such as lengthy threads because customers do not really pay attention to things like that.

Create:

1. Customer Education

Customer education need to be created in Wear It so that customers and potential customers of Wear It believe that the products offered by Wear It are not inferior to external products.

2. After Sales

After-sales services also need to be created by Wear It to establish a good relationship between Wear It and its buyers.

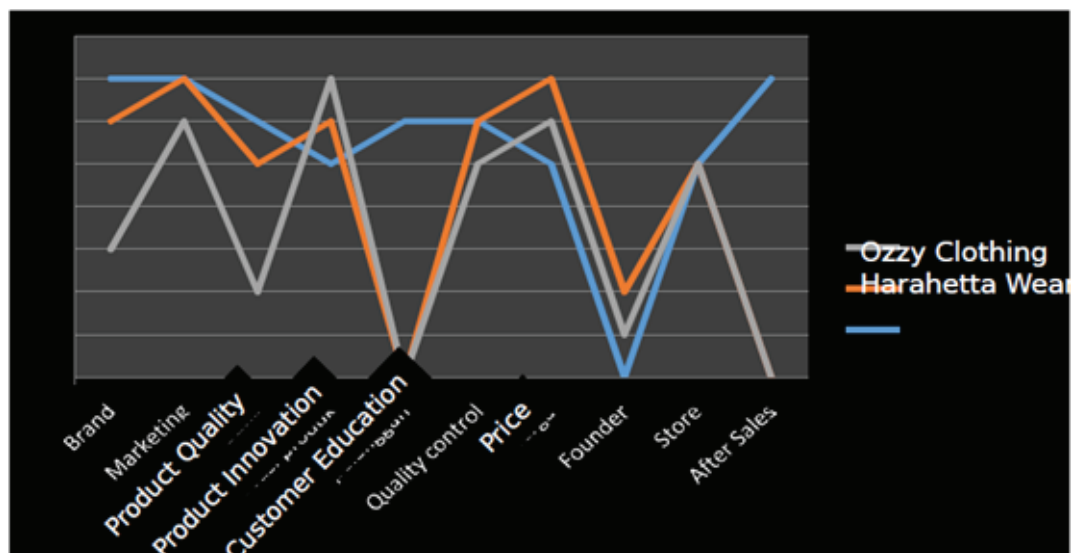


Figure 2: Strategy Canvas (Source: Data Processed)

4. Conclusion

Based on data analysis and research results, it can be concluded that the company's blue ocean strategy for Wear It is as follows:

1. Raising the factors such as product quality, marketing of the company, creating a better brand, as well as releasing innovative products. In addition, there are factors that need to be created business such as after sales service and customer education.
2. Reducing the factors such as price, store, and quality control. Lastly, the founder factor needs to be eliminated.

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