

Research Article

Strategic Decision of Medium Firm to Increase Sales with Business Innovation in Popcorn Industry (Case Study: PT Suara Matahari Trading)

¹Jaeysen Kanily, ²Sudrajati Ratnaningtyas, ³Sahat Hutajulu

¹Faculty of Master Business Administration, Institute of Technology Bandung, Jakarta, Indonesia.

Received Date: 18 May 2024

Revised Date: 29 May 2024

Accepted Date: 30 May 2024

Published Date: 15 June 2024

Abstract: The purpose of this study is to find the major cause of the decreasing trend in PT Suara Matahari Trading and find the best solution through business model innovation to overcome the problem. PT Suara Matahari Trading is a snack manufacturing and trading company, particularly in the popcorn industry. The company has significantly grown since the launch of its popcorn brand (Karmellow), but the new entrants from the big company have become an issue of Karmellow's selling activity. The survey was conducted using interviews to gain more information. The Open Coding from the transcript is developed to find the Blue Ocean Strategy business innovation for PT Suara Matahari Trading. Quantitative data is collected through an online questionnaire to determine the implementation of Blue Ocean Strategy business innovation for PT Suara Matahari Trading. To overcome the threat of new entries, PT Suara Matahari Trading was able to find an entirely new market through Blue Ocean Strategy business innovation. As the quantitative method result, the applicable Blue Ocean Strategy business innovation in PT Suara Matahari Trading received a positive response from the market and the Blue Ocean Strategy is determined for PT Suara Matahari Trading. To compete with a big FMCG manufacturer company, PT Suara Matahari Trading is able to use the Blue Ocean Strategy business innovation proposed by this research to reach an entirely new market and become the first mover again in this industry. Plastic packaging also become a global concern for sustainability, and eliminating plastic use in the new Blue Ocean Strategy business innovation has also become a competitive advantage for PT Suara Matahari Trading.

Keywords: Popcorn, Business Innovation, Blue Ocean Strategy, Strategic Decision.

I. INTRODUCTION

PT Suara Matahari Trading is a snack trading and manufacturing. Based on *UU No. 20 Tahun 2008*, PT Suara Matahari Trading is categorized as a medium firm based on the asset and sales IDR 41,7 Billion in 2022. PT Suara Matahari Trading is the pioneer of popcorn retail snacks that is significantly growing. Kindstrom et al. (2022) state that the challenges in managing SMEs are divided into 3: Leadership-oriented challenges, people-oriented challenges, and business model-oriented challenges. In the SME company, owners usually find some difficulties in building an effective team. PT Suara Matahari Trading imported a popcorn machine and also corn kernels from the USA. Their customers were cinema-like XXI, CGV (used to be Blitz Megaplex), Cinemaxx, etc. In 2019 PT Suara Matahari Trading launched a popcorn ready-to-eat product because the company had a lot of defective corn kernels, so by producing their own popcorn brand, all the defective corn kernels were not a waste anymore. The brand is "Karmellow". Karmellow was launched at the end of 2019. The price was IDR 1.000, and it was the first commercial popcorn packaging product with an expiry date of 8 months – 1 year selling in the market. PT Suara Matahari Trading is able to build such a product because PT Suara Matahari Trading controls the supply chain from upstream to downstream. The biggest cost production is from the corn kernels, which PT Suara Matahari Trading is the importer company and imports the corn kernels from the USA.

Karmellow received a good response from the people after being distributed to a few provinces through a few snack distributor companies. The sales will keep growing from 2019 – 2022. Karmellow turned from a side job at PT Suara Matahari Trading into a company's cash cow, especially when the pandemic struck in early 2020, all cinemas in Indonesia were in lockdown for months, and PT Suara Matahari Trading could not be able to doing their main business, which are supplying corn kernels, popcorn machine, and others popcorn ingredients to cinemas. Looking at the opportunity, PT Suara Matahari Trading keep increasing its production capacity to fulfill the market needs. PT Suara Matahari Trading succeeded in increasing its sales. Unfortunately, in 2022, PT Suara Matahari Trading's trend started to decline significantly and the Net Profit of PT Suara Matahari Trading also started to decrease. It is because of the threat of new entries in the popcorn sector, especially from giant company groups like Djarum, Garuda Food, Oishi, etc.



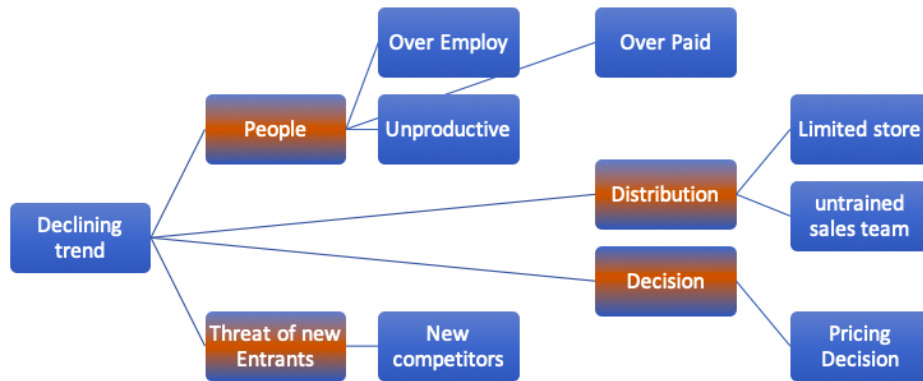


Fig. 1 Ishikawa Diagram

Through this research, we use a fishbone diagram to identify the cause of the declining trend in PT Suara Matahari Trading and also gathered information from internal PT Suara Matahari Trading. The data will then be analyzed using SWOT to define the proper business innovation strategy for PT Suara Matahari Trading.

II. LITERATURE REVIEW

A) Strategic Decision Making Process

According to Alhawamdeh et al. (2019), decision-making is a daily process that takes place in executive offices, boardrooms of corporations, homes, and political and governmental organisations. Leaders and managers at the top of the organizational hierarchy make decisions, particularly crucial ones. Managers detect organisational problems and work towards resolving them through the process of decision-making. It consists of a range of processes that are all necessary transitions from thinking to action or the building blocks of behavior.

B) Popcorn Industry

(Khajarearn, 2021) Whole-grain popcorn is a staple snack made primarily of maize. It is highly regarded in Thailand and throughout much of the world as one of the most popular snack foods. Generally speaking, it is sold in general theatres far more frequently than potato chips. In early Western civilizations, Indians developed a unique variety of flint maize that became popcorn and became a convenient food in the Western manner in Asia. Popcorn is quickly becoming the preferred movie theatre snack among Americans, even as the movie theatre industry continues to expand. For a considerable amount of time, it has made a large profit alongside the movie theatre industry. According to the movie theatre concession generates 10 million US dollars in revenue, and the theatre industry in Thailand has a market worth up to 125 million US dollars. Popcorn makes for 71.8 million of the snack food industry's total market value of 843.7 million US dollars. These days, television watchers can have microwave-cooked quick popcorn at home. Given its popularity and connection to entertainment, popcorn appears to be a promising product case for this food-emotional research study.

C) Business Model Innovation

Businesses seek business model innovation, according to Ramdani et al. (2019), by investigating new methods of defining value propositions and producing and capturing value for partners, suppliers, and customers. A substantial amount of research indicates that business model innovation is essential to a company's ability to survive, function, and gain a competitive edge. It is starting to get more and more attention due to the expanded opportunities for new business models made feasible by evolving consumer expectations, technological breakthroughs, and deregulation.

D) Blue Ocean Strategy

In 2021, Yunus and Sijabat Utilising current markets may not always result in improved performance for the organisation, even if profit and business growth show otherwise. Consequently, the industry must restructure its methods in order to identify new markets and generate superior performance compared to rivals in the current market because the Blue Ocean Strategy may create new markets and improve earnings, it can also be employed as a new business model. But putting it into practice calls for the engagement of qualified personnel who prioritise leadership. Managers' cognitive ability influences their decision-making process as well.

E) Business Model Canvas

Several business models are now the key ideas in the struggle for product marketing, claim Osterwalder & Pigneur

(2010). The Business Model Canvas includes nine straightforward and understandable building models: 1) Customer Segment, 2) Value Proposition, 3) Channels, 4) Customer Relationship, 5) Revenue Streams, 6) Key Resources, 7) Key Activities, 8) Key Partnership, and 9) Cost Structure, is one of the business models used to maintain and improve competitiveness.

F) SWOT Analysis

According to CR and KB (2023), SWOT analysis is highly well-liked and helpful in organisational management. It is just the beginning, but it offers a lot. SWOT analysis is a scenario analysis that can serve as a springboard for a more in-depth investigation. It is significant because it may guide subsequent planning stages to meet organisational goals. SWOT analysis is a summary technique that is frequently used in corporate planning, and that is helpful in any decision-making process or scenario analysis. Nevertheless, it may be a useful tool for planning in many types of organisations.

III. RESULTS AND DISCUSSION

A) Result

Data was obtained by conducting interviews with the director of operation and president director of PT Suara Matahari Trading. Interviews with the socialpreneur were also conducted to open knowledge about the sustainable economy, which become a concern, particularly for retail manufacturers who use plastic as product packaging. Information from a variety of internal aspects was gathered based on the conducted interviews, and this information might subsequently be used to suggest business innovation for PT Suara Matahari Trading. The transcript of the interviews that were conducted, which was recently translated from Indonesian to English, is provided below. Open coding will be used to evaluate the transcript and produce a descriptive qualitative evaluation of the factors that will be addressed later to assess the overall performance of the organization and to identify business innovation that aligns with the Blue Ocean Strategy.

By interviewing PT Suara Matahari Trading board of directors, the researcher gathered information about popcorn value, organizational rate, distributor change, market direction change, growth level, the biggest cost, marketing strategy, initial assessment, obstacles, failure experience, popcorn industry, blue ocean strategy, and target. Similar information was also gathered from PT Siklus. The semi-structured interview was conducted and analyzed by the researcher through open coding to be sure about the problem statement and also the best solution that can be provided to overcome the issue.



Fig. 2 Pointer Interview with Respondents from PT Suara Matahari Trading

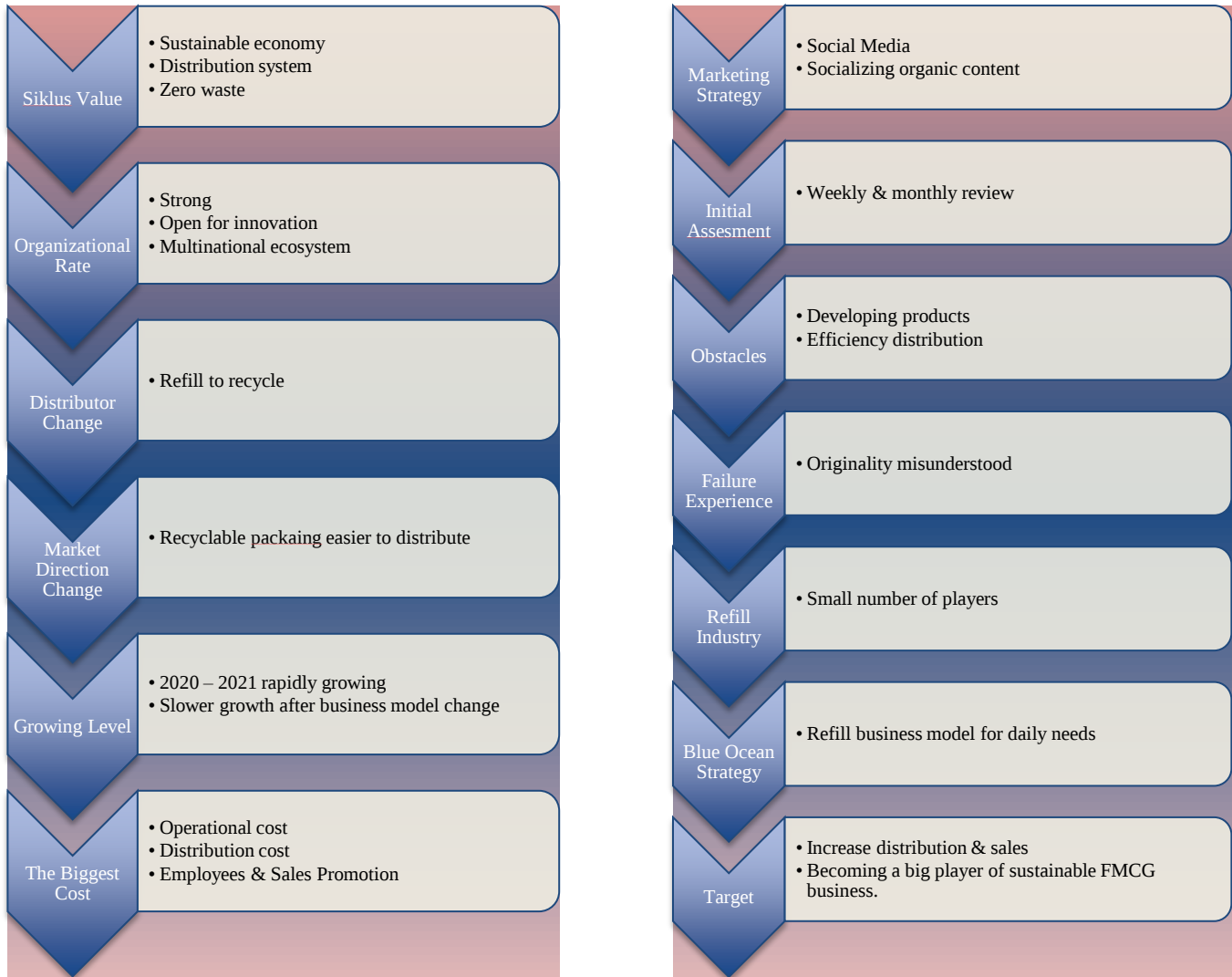


Fig. 3 Pointer Interview with Respondents from PT Siklus (Sociopreneur)

a. Blue Ocean Strategy Business Innovation

By surveying 30 respondents, we can determine the Blue Ocean Strategy business innovation implementation in PT Suara Matahari Trading. There are 4 pillars to implement the Blue Ocean Strategy, which are Eliminate, Reduce, Raise, and Create. To confirm the Blue Ocean Strategy business model implementation in PT Suara Matahari Trading, the researcher confirms the strategy through the survey to see the respond from the respondents. 76,7% of respondents agree that PT Suara Matahari Trading to eliminate the plastic used in the packaging. 83,3% of respondents agree PT Suara Matahari Trading to reduce chemical ingredients to make it a healthier corn-based snack. 53,3% of respondents disagree with PT Suara Matahari Trading's raising popcorn flavor to many variants of taste. 80% of respondents agree PT Suara Matahari Trading to create a new business model with greener packaging and closer to the neighbourhood. By the data, we can conclude that the Blue Ocean Strategy can be implemented in PT Suara Matahari Trading to overcome the new entrants' problem by creating a new business model innovation to increase sales in PT Suara Matahari Trading and increase brand awareness of Karmellow.

B) Discussion

Strength		Weakness
	Small Capital	
Downstream to upstream	Lack of brand awareness	
First mover	Fluctuative raw materials	
Top flavor	High distribution cost	
Affordable price, vast target market	Import materials	
Wider the selling channel	Ervironmental concern (plastic use)	
Flavor innovation	New snack innovation	
Modern trade market	Social impact	
Streaming service TV	A lot FMCG company giant	
Big popcorn market share	Healthier lifestyle	
Opportunity		Threat

Fig. 4 SWOT Analysis

Based on the qualitative and quantitative survey, PT Suara Matahari Trading need to do Blue Ocean Strategy Business Innovation to overcome the current issue. The threat of new entries and the capability of PT Suara Matahari Trading as a medium firm have become the reason for sales and net profit issues internally. Blue Ocean Strategy Business Innovation can be the key for PT Suara Matahari Trading to increase sales by targeting new markets and changing the business model.

The process of deleting, reducing, improving, and creating is carried out in the four-step framework analysis. These measures include eliminating unnecessary elements, reducing the impact of potentially adverse factors, improving the performance of existing factors, and creating new things that can increase competitive advantage. In addition, this analysis aims to optimize the position of the company or organization in the market, considering various relevant aspects of competition. With this approach, companies can respond more effectively to the challenges of the business environment and increase their chances of gaining a competitive advantage.

The four-step framework analysis is conducted in terms of proposing the Blue Ocean Strategy business innovation for PT Suara Matahari Trading. Eliminating the ineffective variable, reducing the unnecessary material or process, raising the current effective company's value, and creating a new business model to overcome the current problem are needed. With this analysis approach, PT Suara Matahari Trading can more effectively increase its competitive advantage in the market.

Table IV.1 Eliminate Framework Analysis

Table 1: Eliminate Framework Analysis

The aspect of the eliminated indicator	Result
Materials	Plastic use for retail packaging is a current global issue. Eliminating plastic use can be a concrete move for PT Suara Matahari Trading to support a sustainable economy.
Distribution Channel	The distribution system is too mainstream, and the new competitor from a giant FMCG company makes the current distribution model less effective, so opening a popcorn special store might be the new competitive advantage for PT Suara Matahari Trading and also improve the brand awareness of Karmellow Popcorn.

Eliminating factors in the Blue Ocean Strategy business innovation proposal is necessary to increase the competitive advantage of the company by deleting the ineffective factor. Materials and Distribution Channels in PT Suara Matahari Trading are the key factors in running the business that have to be evaluated.

Table 2: Reduce Framework Analysis

Aspect of the Reduce Indicator	Result
Component	Chemical ingredients.
Distribution Process	Direct selling to customers.

Popcorn is a 100% corn based snack that is healthy to regularly consumed by customers. The using of chemical ingredients to create synthetic sugar, extend the life-cycle, etc, is making the snack unhealthy. Reducing the chemical

ingredients can gain customer trust to eat the product regularly without any hesitation about the impact on their body.

The current distribution process is selling the product to the distributor, and then the distributor is divided into 2, which are selling to the retail market or sub-distributor. Basically, from the company to the customer, it takes 3 to 5 distribution processes. Cutting the process by reducing it into 1 process will help PT Suara Matahari Trading increase its profit.

Table 3: Raise Framework Analysis

Aspect of the Raise Indicator	Result
Product Specialty	Original flavor and a few additional flavors as an option for the customers.
Services	Connecting with the customer to hear their critiques and keep improving.

PT Suara Matahari Trading is a first mover retail distribution popcorn snack product. It might not be a leader in terms of manufacturing capacity and popcorn brand awareness due to its limited financial capital to do marketing and its factory capacity, but it claimed that its popcorn-producing technology and its taste are some of the best compared to its competitors. Raising their speciality in popcorn flavor will be very helpful in doing the new Blue Ocean Strategy business innovation by adding a few flavors to their menu. Engaging customer by listening to their critics is necessary to keep growing and upgrading their quality.

Table 4: Create Framework Analysis

Aspect of the Create Indicator	Result
Material	Greener packaging.
New Customer Segments	Customer who enjoy eating popcorn while watching the movie in their place.
Distribution Process	Creating a store near customer's neighborhood.
	Partnering with online market place to deliver the fresh popcorn to customer's place.

Creating entirely new customer segments will give PT Suara Matahari Trading a new competitive advantage to increase its brand awareness and compete with giant companies in the market. (Yunus & Sijabat, 2021) The utilization of existing markets does not necessarily lead the company to better performance if the profit and growth of the business indicate it.

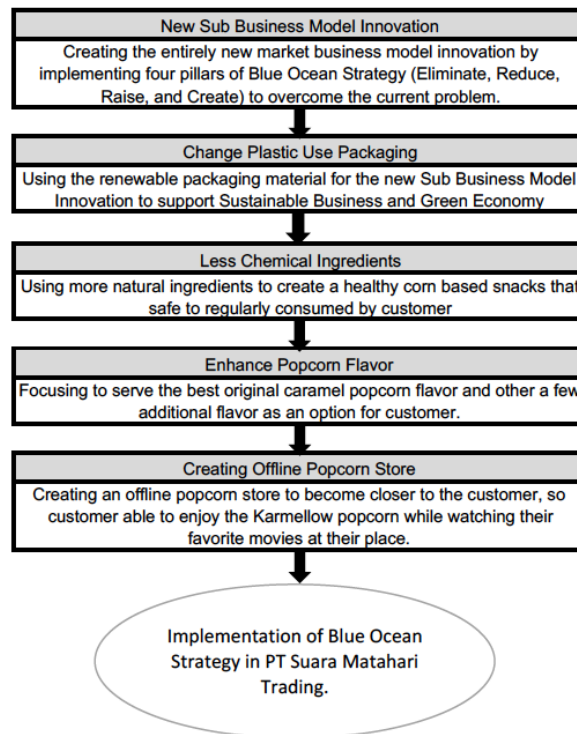


Fig. 5 The Strategy Series Diagram

IV. CONCLUSION

Based on the study's findings and analysis. Numerous conclusions were drawn, and business solutions were created as well, all of which were anticipated to be helpful in the long run for the company's business growth. Based on the answers to the initial research questions, the following conclusions can be made about this study.

RQ 1: Sales and net profit of PT Suara Matahari Trading is because of the impact of new entrants from FMCG big companies who launched a similar product to PT Suara Matahari Trading. The list of PT Suara Matahari Trading competitors:

- a. Oishi Popcorn
- b. Pop Star Popcorn from Djarum Group
- c. Garuda O'corn Popcorn
- d. Usagi Dua Kelinci Popcorn

It also answers why PT Suara Matahari Trading significantly grew at the beginning and started to decrease since 2022 because PT Suara Matahari is the first mover and also the sole player since 2019, after the new entrants joined the hype of retail popcorn, the consumers started to have option and preferences of Popcorn Brand in the market.

RQ 2: The most suitable Business Innovation Strategy for PT Suara Matahari Trading is the Blue Ocean Strategy business innovation. The BOS aims for an entirely new market to increase sales and also to gain Karmellow Brand Awareness. Suppose PT Suara Matahari Trading compete in the same market. In that case, the other FMCG company who have stronger equity will invest the big amount of money for marketing purposes. At the same time, PT Suara Matahari Trading is not able to fight in the sector due to limited capital allocation.

RQ 3: The implementation of Blue Ocean Strategy business innovation can be described by showing the four-step framework analysis:

1. Eliminate:
 - Material: Plastic use for retail packaging is a current global issue. Eliminating plastic use can be a concrete move for PT Suara Matahari Trading to support a sustainable economy.
 - Distribution Channel: The distribution system is too mainstream; the new competitor from a giant FMCG company makes the current distribution model less effective, so opening a popcorn special store might be the new competitive advantage for PT Suara Matahari Trading and also improve the brand awareness of Karmellow Popcorn
2. Reduce:
 - Component: Chemical ingredients.
 - Distribution Process: Direct selling to customers.
3. Raise:
 - Product Specialty: Original flavor and a few additional flavors as an option for the customer.
 - Service: Connecting with the customer to hear their critics and keep improving.
4. Create:
 - Material: Greener packaging.
 - New Market Segment: Customers who enjoy eating popcorn while watching a movie in their place.
 - Distribution Process: Creating a store near the customer's neighborhood and partnering with an online marketplace to deliver fresh popcorn to the customer's place.

Therefore, based on the research objectives, it can be concluded that

Business innovation is needed to overcome the current problem at PT Suara Matahari Trading. Blue Ocean Strategy is the most suitable business innovation strategy to keep growing by acquiring an entirely new market. The implementation plan also provided in this study is anticipated to be helpful for comparable business operators in this Industry in Indonesia and may be helpful for future developments.

V. REFERENCES

- [1] Kindstrom, D., Carlborg, P., & Nord, T. (2022). Challenges for Growing SMEs: A Managerial Perspective. *Journal of Small Business Management*.
- [2] Alhawamdeh, H. M., & Alsmairat, M. A. (2019, July 1). STRATEGIC DECISION MAKING AND ORGANIZATION PERFORMANCE: A LITERATURE REVIEW. *International Review of Management and Marketing*, 9(4), 95–99. <https://doi.org/10.32479/irmm.8161>
- [3] Ramdani, B., Binsaf, A., & Boukrami, E. (2019, October 14). Business model innovation: a review and research agenda. *New England Journal of Entrepreneurship*, 22(2), 89–108. <https://doi.org/10.1108/neje-06-2019-0030>
- [4] Khajarem, K. (2021, November 28). Emotional responses to different flavoured popcorns on watching different types of movies. *Food Research*, 5(6), 80–85. [https://doi.org/10.26656/fr.2017.5\(6\).377](https://doi.org/10.26656/fr.2017.5(6).377)
- [5] Yunus, M., & Sijabat, F. N. (2021, February 16). A REVIEW ON BLUE OCEAN STRATEGY EFFECT ON COMPETITIVE ADVANTAGE AND FIRM PERFORMANCE. *ResearchGate*.

https://www.researchgate.net/publication/349454288_A_REVIEW_ON_BLUE_OCEAN_STRATEGY_EFFECT_ON_COMPETITIVE_ADVANTAGE_AND_FIRM_PERFORMANCE

- [6] Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers* (Vol. 1). John Wiley & Sons.
- [7] CR, S. K., & KB, P. (2023). SWOT ANALYSIS. *International Journal of Advanced Research*, 11(09), 744–748. <https://doi.org/10.21474/ijar01/17584>