

Blue Ocean Strategy to Increase the Competitiveness of Egy Shell Craft Exports

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Abstract

In the face of intense competition, competitive strategy is very important in facing business competition. This study aims to explore how the Blue Ocean Strategy can be applied to the shellfish industry and other industries to increase export volume. The type of research used is qualitative research. Data collection through interviews. Determination of interview informants using purposive sampling technique. The validity of the data was tested using source triangulation. From the research results, the competitive strategy used by Egy Shell at this time is a focus and branding strategy. Egy Shell is becoming more focused on customer service and making the company more widely known. On the other hand, the company faces a tight competitive strategy because competitors are also targeting the same market. Improvements to the current competitive strategy are needed and it is necessary to formulate a new strategy using the Blue Ocean Strategy. From the formulation of the competitive strategy, new strategies that can be applied include: improving Product Quality by increasing the skill of craftsman, marketing by utilizing social media. In addition, it is necessary to create adequate supporting facilities, create a company website to make consumer easier get company's information, maximize the timeliness of product completion and carry out product innovations on a regular basis to increase product value.

Keywords

competitive strategy; blue ocean strategy; shell craft



I. Introduction

Economic development and globalization make a country interdependent and need each other in selling superior products in each country. In this situation, every country in the world conducts transactions of goods and services in terms of international trade (Bustami & Hidayat, 2013). International trade is a financial and business activity by establishing cooperation in the fields of export and import. Conditions where a country cannot live alone, every country needs another country to overcome its problems to obtain prosperity and harmony in a superior life and provide an opportunity for a country to represent an authority in international trade (Mankiw, 2002). In international trade that benefits a country, export activities are contrasted with imports, in accordance with Law No. 10 of 2000 which characterizes exports as the movement of sending goods from the customs area. The source of foreign exchange is one of the export activities and is part of the aggregate income.

Exports include oil and gas and non-oil and gas exports, the most affecting the country's foreign exchange today are non-oil and gas exports, given the increase in the value of oil and gas this is the motivation of the Indonesian government to try to reduce the community's economic dependence on oil and gas areas (Tambunan, 2006). Likewise, the economy in Bali Province is still closely identified with non-oil and gas activities. Bali

needs oil and gas assets, therefore its products are centered on the exchange of non-oil and gas goods which are changed according to the potential and condition of assets and human resources. With these normal commodities, Indonesia, especially the Province of Bali, gets foreign trade from abroad and can be used for repairs (Bustami & Hidayat, 2013).

One of the commonly used techniques to enter the business sector is exporting on the grounds of low hazards. Through exports, agencies can build economies of scale and reduce their production costs (Filipe Lages & Montgomery, 2004). The following is the development of Bali Province export data for 2018 - 2020 as attached in Table 1.

Table 1. Annual Export Development of Bali Province in 2018 – 2020

Foreign Trade Indicators	2018	2019	2020
Export	595,843,296	591,676,973	456,379.063

Source: Central Bureau of Statistics of Bali Province

Table 1 states that the export of the province of Bali from 2018 – to 2020 has decreased. This is due to the emergence of the virus which is currently known as Covid-19 which hit the world at the end of 2019 until now, thus hampering the export business. The decline in people's purchasing power and consumption, a decrease in labor, the threat to the banking and financial sector, and the existence of the MSME sector harm the domestic economy after the Covid-19 pandemic (Herliyani, Ayu, & Agustini, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). The biggest challenge for the creative industry is the declining market share and stagnant production productivity.

One of the shell crafts in Bali is *Egy Shell*. *Egy Shell* was founded in 2012, *Egy Shell* itself is located on Jalan Raya Andong Ubud. *Egy Shell* can stay afloat with other handicraft shops and can survive amid the current situation. *Egy Shell* sells products such as shell mirrors, various lamps, etc. *Egy Shell* is also very easy to find due to its strategic location. *Egy Shell* is still operating in producing shellfish amid this pandemic to meet consumer demand. *Egy Shell* is an art shop for shellfish that continues to market its products to foreign countries and has regular customers, it's not wrong to have sales every year. The problem of competition between craftsman shops to survive and compete in this Covid-19 situation requires *Egy Shell* to be agile about it.

No research discusses in-depth *Blue Ocean's competitive strategy* in increasing handicraft exports, especially shellfish. Thus, this study aims to fill the gap in the literature by providing empirical evidence regarding the application of the *Blue Ocean competitive strategy* in the shellfish industry, especially *Egy Shell* to compete with its competitors and increase exports of shellfish. In addition to filling the gap, this research is also useful for policymaking in the business world and can contribute to improving the world of practice. According to Ciptono and Budiarto (1997:11), international marketing is the act of growing the market from domestic or domestic marketing caused by orders from abroad or the entry of domestic markets and saturated domestic markets. The significance of the saturation of the domestic market in the section above is the point where the product has an immersion value or saturation value in the domestic market, it has the opportunity to be sent abroad which has its advantages and attractiveness in the product. Meanwhile, according to Gitosudarmo (2012: 189), international marketing is marketing activities carried out by one country with another or carried out by domestic companies with foreign companies.

Methodology or strategy is an important thing that must be planned for things to be achieved now and regularly, resource development, and company communication with markets, competitors, and other environmental factors (Simamora, 2000: 214). The main factors in this strategy are company goals, company concentration, assets and activities to be carried out to achieve goals, and opportunities to gain competitive advantage (Barros *et al.*, 2013). The main component that must be carried out ideally is the company's system or technique because focusing on the company's technique, will fulfill the company's own goals. Several ways can be done to get the opportunity to advertise goods abroad, including through exporting activities, strategic alliances, and direct investment (Kristanto, 2011: 138).

Shell craft is one of the handicrafts made in Indonesia which is produced using shell-based materials. Shellfish itself is one of the potential fishery assets that have high nutritional value and economic value (Ajim, 2015). In addition to the meat that can be consumed, shellfish waste can also be used as raw material for various beautiful and expensive crafts. The use of clamshells will generate a fairly high value for money if handled properly (Nugroho, 2015) and also helps to preserve nature (Fitri and Rusmini, 2017).

Scallops are a type of shellfish commonly used in making shell creations. Simply (Scallop) is a *bivalve mollusk* from the *Pectinidae* family that lives in oceanic waters, and can be found in all waters of the earth (*cosmopolitan*) as a source of food and craft materials (Nisra, Bahtiar, and Irawati 2019). In addition to providing benefits for traders, it also brings benefits to the people around them, including providing creativity to the surrounding community to gain insight and information, further develop individual thinking, and maintain the quality of an item (Kusumawati, 2011). In addition to local markets that are interested in shellfish handicraft products, the global market also has the same interest as European and American countries (Sonia and Sudirman, 2015). Shell craft products make these items have high economic value throughout the world (Dewi, 2010). Product marketing is also carried out through displays (*expos*) from local, national to global levels

Through a strategic approach, you can find the difference between an effective company and an ineffective company. Companies mostly use conventional methodologies and their essential reasons to be ahead of their competitors. Meanwhile, effective companies are more centered on different things outside the opposition, thus making competition insignificant (Maria Muliana, 2019). Determining opportunities from the industrial competition is not the goal of a company but to create something new that is following the company's quality (Kim and Mauborgne, 2005:31). This idea is known as the blue ocean strategy.

In a study (Sugianto, Garra, and H. Mustamu, 2013) entitled Competitive Strategy in Coffee Companies his research uses the interview method and explains that in this system coffee companies are centered on export and import deals that compete directly with competitors. The company's competitive strategy when defined using the *Blue Ocean methodology* will frame other ideas, especially *outlet treatment* and *coffee shops* such as making body scrubs and aromatherapy products. In addition, in the study (Elias, 2018) with the title Competitive Strategy research at Travel Agency Companies in Malang, the competitive strategy applied to PT Mujur Surya Malang in achieving competitive advantage was carried out by *Porter five forces* analysis and value chain analysis.

III. Research Method

The research design uses qualitative research with a case study approach that can present an accurate description and a case being studied regarding the formulation of the *Blue Ocean Strategy* in increasing the export volume of Egy Shell shellfish. This research focuses on the Egy Shell shell craft shop in Ubud Gianyar, Bali. The reason for choosing this location is because Egy Shell provides products made from shellfish that still exist amidst the many *competitors*. The type of data in this study is qualitative data obtained through various data collection techniques such as interviews, observations, and document analysis (Čirjevskis, Homenko, & Lačinova, 2011). The qualitative data in this study is the result of interviews with research informants, namely the *owner of Egy Shell*, overseas and local customers, and exporters who have been *determined*.

The source of data in this study is primary data. Primary data is data obtained and collected directly from the first source (Suliyanto, 2018). The primary data in this study is in the form of data from direct interviews with informants, namely Egy Shell owners, foreign and local *customers, and exporters*.

Data collection techniques in this study through interviews. *Interview* or interview is a data collection technique by conducting *in-depth interviews* directly with the owner of Egy Shell. The type of interview used is a semi-structured interview. To dig deeper and clearer answers to problems more fully and broadly is the aim of this technique.

Verification of the validity of the analysis results in this study uses the triangulation method which is to collect information with various strategies and methods by crossing the data obtained so that the information obtained is more complete according to its form (Saunders et al., 2009:492).

III. Results and Discussion

Strategy is key to the success of a company in business competition. The strategy used by the company certainly affects the sustainability of the company. This is in accordance with the Competitive Strategy theory popularized by Porter (2007), that determining the competitive strategy used must be in accordance with the needs of the company so that the goals to be achieved can be realized properly. From the results of interviews with the five informants, it can be seen that Egy Shell is facing competition and applies a *focus strategy* where Art Shop Egy Shell focuses more on service to customers, especially local and non-local customers. This is in line with Rossetta and Edi's (2018) research at PT. High Volt Technology where the focus strategy is used to pursue excellence in customer satisfaction. On the other hand, the implementation of the focus strategy makes Egy Shell face stiff competition because other competitors also focus on the same market so the battle for customers is more pronounced. The focus strategy is a strategy used by companies to excel in cost and differentiation which has a limited number of consumers and focuses on one particular market (Coutler, 2005).

In addition to the focus strategy, Egy Shell also uses a *branding* strategy to compete against current competitors. *Branding* strategy is an effort made by the company so that its business is recognized by consumers. Such as names, logos, brands, taglines, and slogans to the use of special colors (Chadiq, 2009). The branding strategy used by Egy Shell to compete with its competitors is in the use of special colors. For Egy Shell products, they tend to use bold colors such as red, orange, and blue. This is so that consumers remember Egy Shell which has colorful shell crafts.

The researcher analyzed, alternative industries in the shell craft industry are beachfront Café and Home Décor Company. Beachside cafes certainly need café decorations with a theme that matches the environment so that the cafe has beach *vibes*. Likewise with *home décor*, where companies sell decorations for home furnishings. This makes consumers who want to look for home interior equipment or *cafe decorations* no longer need to think about or be confused about finding the desired item because it is already available to consumers. The results of this study are supported by the results of Samrin's research (2019), where companies must take action beyond the existing market and begin to find other alternatives.

After analyzing the factors that become the arena of competition between companies, they are described horizontally to show these factors and the vertical axis to determine the level of supply obtained by buyers of all these factors as shown in Figure 1 Each offer level is categorized into high and low.

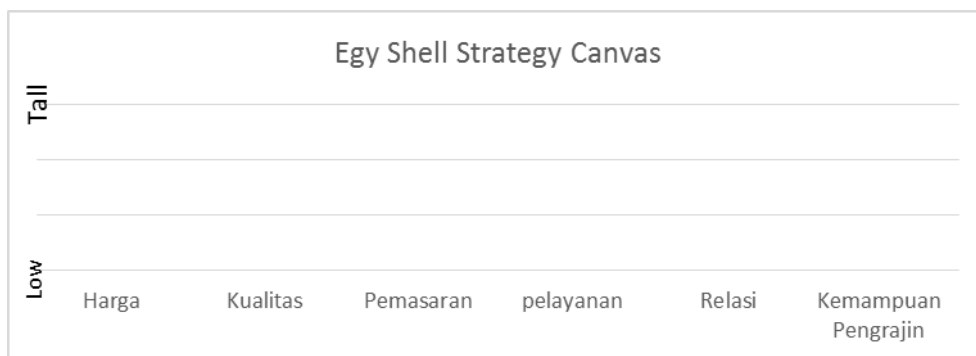


Figure 1. Vertical Axis and Horizontal Axis on the Egy Shell Strategy Canvas

From the factors that become a competition between companies and enter these factors into categories, the curve can be drawn on the company's strategy canvas according to the category. The Egy Shell value curve is shown in Figure 2 below.

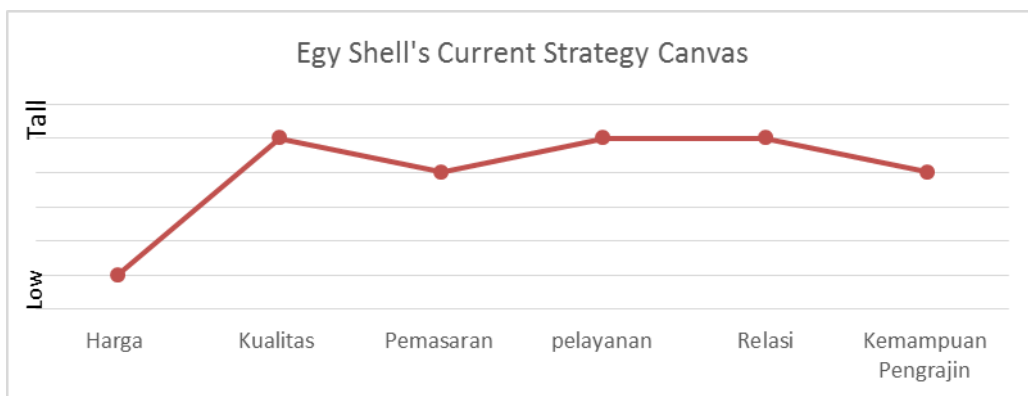


Figure 2. Egy Shell's Current Strategy Canvas

As previously explained, in marketing Egy Shell is still conventional, namely offering products directly to companies and participating in exhibitions and workshops. This is deemed less supportive of consumers at large and takes up a lot of time that should be used to get consumers. In addition, technology is now increasingly sophisticated, Egy Shell can easily get new customers by utilizing social media or posting their products on several overseas platforms. Plus there has been a lot of education about product marketing for export. To make it easier for consumers to see the quality of the product, Egy Shell can

also make videos on how the process of making these shell crafts and upload them on social media.

To make it more concise, the factors that have been analyzed, namely the factors that must be eliminated, reduced, increased, and created in a four-step framework are included in a scheme called the Eliminate, Reduce, Increase and Create (HKTC) scheme. This scheme is complementary to encouraging companies to create a new value curve. HKTC schematic on Egy Shell in table 2.

Table 2. Schematic of HKTC Egy Shell

Clear it -	Upgrade Product quality Product marketing Craftsman Ability
Subtract -	Create Supporting Facilities Website Punctuality Product Innovation

IV. Conclusion

Researchers have discussed, analyzed, and formulated Egy Shell's competitive strategy. Based on the results of the research and discussion that have been described, conclusions can be drawn that can be used as a reference for companies to develop the company. The strategy used by Egy Shell is a focus and branding strategy. Egy Shell carries out a strategy to focus on service, where the service provided by Egy Shell is that Egy Shell is fully responsible if there are goods that are damaged or not in accordance with the agreement to provide emotional closeness to customers. In addition, Egy Shell also often maintains close contact with consumers to maintain good business relationships in the long term. Egy Shell also carries out a branding strategy, where Egy Shell makes product presentations to Home Decor companies and participates in exhibitions to promote their products.

The current competitive strategy needs to be formulated into the Blue Ocean Strategy because the current strategy is included in the Red Ocean Strategy where other companies are also targeting the same market. The formulation of the Blue Ocean Strategy will increase value innovation by improving product quality, increasing product marketing to a wider market, and increasing the ability of craftsmen to create superior and international quality products. Buyer value can be increased by creating several new factors, namely supporting facilities, especially making the office more comfortable for consumers, creating a company website, creating punctuality, and creating product innovation.

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