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Enhancing Competitive Edge at SK Grocery Minimarket: A Comprehensive BMC and SWOT Analysis

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Abstract: Minimarket SK Grocery operates in the competitive retail industry but has experienced limited growth due to marketing challenges and intense competition. While prior studies have explored retail strategies broadly, there is limited research on tailored business development models for small-scale minimarkets. This study aims to examine SK Grocery's current business tactics and propose a new business model to enhance growth. Using a qualitative descriptive approach, the study applies a Business Model Canvas and SWOT analysis, collecting data through interviews with the store manager, staff, competitors, and customers. The findings indicate that SK Grocery holds a strong competitive position in a growing market. Based on these insights, assertive business strategies are recommended to improve marketing effectiveness and strengthen competitive advantage.

Keywords: Business Model Canvas, SWOT analysis, Business Development Strategy

1. Introduction

In recent years, the modern retail industry in Indonesia has seen substantial growth. This expansion is partly driven by the shifting behavior of middle and upper-class consumers, who are increasingly moving from traditional markets to modern shopping centers for their daily needs. Despite this growth, the industry faces challenges from competing retailers, such as the proliferation of malls offering convenient shopping experiences, and the rise of e-commerce businesses that attract consumers with various discounts and price cuts through online shopping services. (Hamid A, and Muttakin) [1]

Based on a statement from the CoS (Chief of Store), Minimarket SK Grocery, established in 2021, is located in Karangharjo Village, Kec. Glenmore, Kab. Banyuwangi. Engaged in the retail sector, SK Grocery offers a variety of daily necessities, including staple foods, snacks, drinks, and other essential items. The minimarket operates as a franchise under PT Sumber Alfaria Trijaya Tbk, the brand holder of Alfamart. However, SK Grocery faces several issues, such as complaints about service quality and product availability, discrepancies between the prices displayed on shelves and the actual prices at the cashier, and problems with the software system used. These issues have led to consumer dissatisfaction.

These issues impact sales turnover, product pricing, product quality, and consumer behavior, compounded by the increasing number of similar competitors. Therefore, understanding the market situation and the business competitors around SK Grocery is crucial. The table below outlines the competitors of SK Grocery Minimarket:

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Table 1. SK Grocery Minimarket Competitor Data

No.	Store Name	Address
1.	Indomaret Glenmore	Jl. Untung Suropati No.15, Karangharjo
2.	Basmalah Sidogiri	Jl. Jember, Karangharjo
3.	Store Bumi Barokah	Jl. Jember-Banyuwangi, Tulungrejo
4.	Indomaret Krikilan	Jl. Raya Krikilan, Tegalharjo

Based on Table 1, SK Grocery must compete with other stores that are already well-established and have many loyal customers. Even seemingly minor competitors can significantly impact market dynamics, particularly those retailers focused on minimarkets with similar products and competitive pricing. The intense competition among shopping centers drives companies to prioritize customer satisfaction through optimal service. A robust marketing strategy is crucial for business success, with the marketing department playing a key role in executing business plans. One way for companies to remain competitive and grow is by developing and implementing new strategies.

To determine the appropriate marketing strategy, an effective tool is necessary to maintain the company's competitiveness (Abu Adi)[2] One such tool is the Business Model Canvas (BMC). BMC is a planning framework that outlines how businesses create value and generate profits. According to Osterwalder A. [3], BMC helps businesses conceptualize the process of value creation and profit generation. Research from Maftahah R and Wijyantini [4] states that the Business Model Canvas (BMC) is a strategic tool that provides a clear overview of a current or prospective business. Through BMC, companies can simplify complex business concepts, making them easier to understand and implement.

BMC is instrumental in analyzing a business through nine key elements, both internal and external. These elements include customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. The role of BMC in a company is crucial [5]. It facilitates business model visualization, enabling companies to visually design and understand their business model. BMC aids in the easy dissemination of ideas among team members and helps identify opportunities and challenges by filling in each element of the canvas. Previous research by Kama-luddin [6] demonstrates that the Business Model Canvas can be used for evaluating and planning new, more effective, and modern business strategies.

In preparing the Business Model Canvas, SWOT analysis is also essential as it guides the formulation of long-term strategies. SWOT analysis highlights the aspects that provide advantages to the company and helps avoid those that can be detrimental. According to Armstrong and Kotler [7], SWOT analysis is a comprehensive assessment of strengths, weaknesses, opportunities, and threats. This analysis is necessary for determining various strategies within the company. The selection of strategies is adjusted to align with the capabilities of the company's internal environment and the demands of the external environment.

According to Bayu and Maheni [8] By using SWOT analysis, a lot can be known about marketing development strategies, weaknesses, and strengths of the company. This analysis helps identify internal factors that can be utilized as strengths and weaknesses that need to be improved, as well as opportunities that can be utilized and threats that need to be anticipated from the external environment. According to a statement from Wulandari [9] research, SWOT analysis is identify various factors of systematic use for formulate company strategy Previous research highlights the significance of SWOT analysis in defining optimal marketing strategies for companies, as demonstrated by Reza

and Budi [10]. Their study emphasizes that SWOT analysis outcomes can lead to the formulation of marketing strategies leveraging advanced technology.

Building on the identified challenges and business model evolution discussed earlier, this research aims to identify the business development strategies implemented by Minimarket SK Grocery and formulate a new business model. This will be achieved through SWOT Analysis applied to each element of the Business Model Canvas, facilitating comprehensive business development.

2. Materials and Methods

This research employs a qualitative method utilizing a survey approach and descriptive methodology. This method was chosen because the researchers aim to systematically describe a social phenomenon without testing or comparing specific theories. According to Arikunto [11], qualitative descriptive research aims to gather information about the current status of phenomena, such as their conditions at the time of the study. This approach focuses on describing variables, symptoms, or situations rather than testing hypotheses.

Data collection techniques include observation and in-depth interviews (depth interviews) with relevant parties involved to gather comprehensive information on the internal and external factors related to BMC and SWOT Analysis of Minimarket SK Grocery. Interviews are conducted with three key parties: Minimarket SK Grocery itself to obtain internal data, consumers/customers of Minimarket SK Grocery for their perspectives, and competitors of Minimarket SK Grocery. Additionally, documentation is gathered from various administrative documents, interviews, observations, and secondary sources in the field to supplement the data collection process.

In this study, the population consists of three main groups: consumers of SK Grocery Minimarket, totaling 10 individuals, including both regular and new customers. Additionally, there are 4 competitors of Minimarket SK Grocery located nearby. Internally, the study includes 7 individuals from Minimarket SK Grocery itself. Thus, the total population for the study amounts to 22 people. The sample specifically refers to respondents who assess the importance of internal and external factors in SWOT analysis. These respondents are crucial for providing data to weight and rate the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices.

The data analysis in this study commenced with identifying the business model employed by SK Grocery Minimarket. This model was then mapped using the BMC framework, which encompasses nine key aspects: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Subsequently, each element underwent detailed analysis using SWOT analysis to assess strengths, weaknesses, opportunities, and threats. Based on the findings from SWOT analysis, alternative strategies were developed. The final stage involved discussions with SK Grocery Minimarket to determine which development strategy the company would adopt.

3. Results and Discussion

As an initial step in developing a strategy for SK Grocery Minimarket, a mapping of the company's current business model canvas was conducted based on in-depth interviews with internal informants from SK Grocery Minimarket. The resulting picture of the current business model canvas for SK Grocery Minimarket can be seen in the following image:



Figure 1. Business Model Canvas Minimarket SK Grocey

After knowing the current BMC of SK Grocery Minimarket, then a SWOT analysis is carried out on each element. The strengths, weaknesses, opportunities and threats are as follows:

a. Customer segments

The strength in the customer segment is that it has affordable prices so that it can be reached by the community. The weakness is that it only sells basic needs and daily necessities. The opportunity is to offer low prices to attract the middle and lower middle class. However, the threat is better competitor products.

b. Value proposition

The strength of the value proposition element is the very strategic location near the highway and the relatively affordable product prices. However, the weakness is that the location is close to similar competitors. Opportunities for SK Grocery include improving service and offering attractive discounts or promos. Threats that arise are competitors who may try to imitate or rival prices.

c. Channels

The strength in this element is the existence of Instagram to collect customer information and complaints. However, the weakness is that SK Grocery does not yet have its own social media and still joins Alfamart's account. The opportunity is the growing technology, which makes it easier for companies to open delivery services. The threats faced are competitors who have the potential to market their products through social media and shopping applications.

d. Customer relationships

Strengths in customer relationships are providing membership cards to customers, providing pro-mos, and maintaining employee performance. The weakness experienced by SK Grocery is that it does not have a special community or membership for regular customers. The opportunity is the potential to improve relationships with customers. However, the threat faced is the possibility that consumers already have membership cards from other minimarkets.

e. Revenue streams

Strengths in revenue streams are revenue from product sales and ongoing revenue from repeat purchases. The weakness is that revenue can only be obtained from consumers who shop directly at minimarkets. The opportunity is to get additional revenue through product bonuses from agents or sales. The threat is that if the goods are not available, shoppers will switch to other minimarkets.

f. Key resources

Strengths in the key resource element are the use of sophisticated tools and having high potential human resources. However, the weakness lies in the availability of goods

that depend on suppliers. The opportunity is that with organized resources, the supply of goods is stable, so people tend to choose this minimarket because of the complete availability of goods. The threat faced is the limitation of key re-sources.

g. Key activities

SK Grocery's strength in the key activity element is maximizing customer shopping convenience to increase consumer loyalty. However, its weakness is that it often faces customer complaints. The opportunity is to provide training for employees. The threat is that key activities are easily copied by competitors.

h. Key partnerships

The strength in SK Grocery's key partnerships is that it has partners from well-known and trusted companies. However, its weakness is that it has limited economies of scale. The opportunity is that it can provide trusted branded goods that attract many buyers. Threats are business partners who collaborate with competitors.

i. Cost structure

The strength of the cost structure element is the purchase of goods in accordance with market needs and predictable cost expenditures. The weakness of SK Grocery lies in the inappropriate cost structure. The opportunity is to improve operational cost efficiency to reduce costs in running this retail business. However, the threat is that SK Grocery cannot reduce these costs.

After assessing the internal (strengths, weaknesses) and external (opportunities, threats) factors across each BMC element, the weight and rating are combined by multiplying them to derive a score for each factor. Subsequently, these scores are aggregated to produce subtotal scores for each factor. Based on this process, the weighted score for internal factors is 3.02 and for external factors is 2.82. The detailed score values for each factor are as follows: Strengths, 1.80; Weaknesses, 1.22; Opportunities, 1.64; and Threats, 1.19. These identified factors are typically illustrated in the SWOT diagram below:

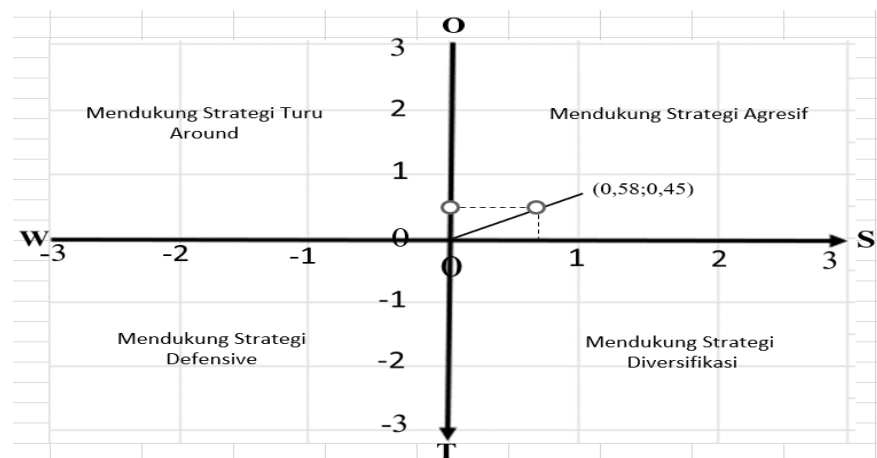


Figure 2. Diagram SWOT

Based on Figure 2. above, it is concluded that the SWOT matrix is in quadrant I, or OS (Opportunity, Strength), where each positive value represents a strong position for internal factors and good opportunities for external factors. This supports the company in implementing a Growth or Aggressive Strategy (Growth-Oriented Strategy). The strategies that can be applied here include market penetration, market development, product development, and diversification strategies. The graph shows that the strength position is at S, which is the result of the difference between strengths and weaknesses, with a score of 0.58. Meanwhile, the opportunity position is at O, which is the difference between opportunities and threats, with a score of 0.45. Minimarket SK Grocery needs to

implement this strategic plan by adopting the S-O Strategy (Strength, Opportunity), which involves leveraging the company's internal strengths to capitalize on opportunities.

From the chosen alternative strategies for Minimarket SK Grocery, researchers and company representatives discussed to determine the most suitable marketing strategy for Minimarket SK Grocery, taking into account the current situation, conditions, and objectives. The discussion resulted in three aggressive strategies as follows:

1. Channels, Through Market Penetration Strategy

According to Osterwalder and Pigneur [3] Channels describe how a company communicates with its customer segments. Currently, SK Grocery Minimarket interacts with its customers primarily through direct sales, where customers purchase products/goods at the retail premises. In addition, SK Grocery also utilizes online promotions through Alfamart's social media such as Instagram. However, according to the SK Grocery Store Head, communication/promotion through direct sales is more often done because SK Grocery does not have its own social media account, this is considered less effective because it is one of the obstacles to the promotion process.

According to Osterwalder and Pigneur [3], Channels can be done through direct selling and indirect selling. Currently, SK Grocery Minimarket has implemented both, but not optimally. In direct sales, usually only done by distributing brochures and making banners, in this case SK Grocery has problems in conducting intensive follow-up due to limited customer time. Meanwhile, in indirect sales, promotions are carried out through global social media accounts managed by Alfamart, because SK Grocery does not yet have its own social media accounts so that it cannot be carried out on an ongoing basis.

Market penetration strategy according to Kotler and Keller [12] can be used as a form of aggressive strategy. Based on data analysis and discussions with SK Grocery Minimarket, an alternative strategy was chosen to reach consumers through the creation of social media accounts on behalf of SK Grocery itself, utilizing technological developments as a development of the previous strategy. With this strategy, SK Grocery can establish more intensive communication with customers. The existence of social media accounts makes it easier for customers to get information and shop. This is in line with Hamid and Fitriani's [1] which suggests using social media such as Instagram, Facebook, and TikTok to expand channels in developing businesses. Meanwhile, according to research (Muktarom & Hendrawan,) [13], reaching customers via social media can increase purchases and become a promising promotional alternative.

2. Customer Relationships, Through Service Diversification Strategy

According to Osterwalder. A [3] Defines the type of relationship a company wants to build with customers, such as personal support, automated services, or customer communities. The results of the interview with the SK Grocery Store Head revealed that there were several complaints from customers regarding employee performance. These complaints are often related to the mismatch of product prices listed on the display rack and the attitude of employees who are considered less friendly. To overcome this problem, it is necessary to implement a service diversification strategy by improving service quality that will focus on retaining existing customers and reducing customer switching to competitors.

This strategy includes efforts to increase customer satisfaction, loyalty, and address complaints or problems faced by customers. This form of strategy can be realized through specific actions such as improving the quality of service to customers. Therefore, SK Grocery Minimarket needs to conduct employee training and job evaluation to create quality human resources, so as to maximize service and interaction with customers. In addition, customer loyalty programs can be implemented by offering membership cards that provide special discounts or points that can be collected and exchanged for prizes.

The development of strategies on customer relations is in line with research conducted by Kammaludin [6], which resulted in a new strategy for customer relations. The research suggests CV. Hakhenbik to communicate frequently with customers, create member cards for customers, provide discounts and promos, and improve the quality of service to customers. And according to research (Wijaya & Adib Sultan) [14], establishing good relationships with customers through quality service can attract new customers (acquisition), maintain the loyalty of old customers (retention), as well as offer existing and new products or services to customer.

3. Value Propositions, Through Market Penetration

Value Propositions, according to Osterwalder & Pigneur,[3] are the values or benefits provided to customers and why the company's products or services are unique. Currently, the sales process at SK Grocery Minimarket is highly dependent on distributors for product availability. This often leads to customer disappointment when the products they need are empty, which results in them switching to competitors.

In addition, intense price competition from competitors is a serious challenge because it can make customers switch, causing potential losses. So SK Grocery needs to maintain prices by offering affordable prices to customers. This shows that SK Grocery provides added value to customers by providing products or services at competitive prices, thereby attracting the buying interest of price-sensitive customers. And SK Grocery Minimarket also needs to maintain product availability to maintain its business continuity. It can be said that products are also an important value offer. Customers expect that the products or services they need are available when they need them. Good product availability can increase customer satisfaction and build loyalty.

Based on discussions with SK Grocery to overcome these obstacles, an alternative strategy was chosen, namely a market penetration strategy. This strategy aims to increase growth and market dominance through innovative actions, such as market expansion by offering competitive prices that are acceptable to the public, in order to attract customer buying interest and also be able to maintain product availability.

This is in line with research conducted by Reza F and Budi Santoso [10] which states that price information is very important in consumer purchasing decisions, because price information can influence consumer behavior. Therefore, Mutiara Mart must maintain the availability of its products and prices, because the prices offered are still relatively cheap and can be reached by the public. And the results of research from Dyah & Hasan [15] which state that the strategy of maintaining competitive prices and ensuring consistent product availability are crucial factors for maintaining customer loyalty, retaining old customers, and attracting new customers. By keeping prices affordable and products always available, stores can create a satisfying shopping experience and attract more customers.

4. Conclusion

Based on the analysis, several alternative business development strategies for SK Grocery Minimarket have been identified through the BMC approach, which were analyzed using SWOT analysis and discussed with SK Grocery. These strategies include improving Channels through effective promotions by utilizing modern technology, improving Customer Relations by improving service quality, and maintaining Value Propositions by ensuring competitive prices and product availability. Future research should aim to enhance and broaden similar studies by incorporating additional analytical tools like Analytic Hierarchy Process (AHP) or Blue Ocean Strategy. It is also recommended to refine the study by modifying the number of informants and research subjects to facilitate deeper insights and development. Furthermore, future studies could explore each element of the BMC in greater depth to formulate more effective alternative business development strategies than those previously examined.

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