

Post COVID-19 Business Recovery Strategy: A Case Study of Kaika Licious Tanjungpinang

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Abstract. The declining number of SARS-CoV-2 virus infections caused the business environment to change yet again. Businesses such as Kaika Licious, a Micro, Small, and Medium Enterprises (MSMEs) need to adapt to gain a competitive advantage. This study aims to identify the strengths, weaknesses, opportunities, and threats faced by Kaika Licious Tanjungpinang and formulate strategies that can be implemented post COVID-19 pandemic. Semi-structured interviews and observation were used to collect data. The result of this study shows that Kaika Licious's internal and external positions are relatively strong. The SWOT analysis conducted resulted in SO, ST, WO, and WT strategies that can be adopted by Kaika Licious in post COVID-19 pandemic.

Keywords: MSMEs-1; Strategy-2; SWOT Analysis-3

1 Introduction

The COVID-19 pandemic that was caused by the SARS-Cov-2 virus caused a significant disruption in the workforce and how work is done [1]. To adapt to the pandemic, businesses should increase their operational resilience, accelerate the digitization of the entire value chain, embrace remote work, reimagine sustainable operations, and ensure competitive advantage in order to maintain and position themselves in the industry[2]. However, with the declining numbers of infections towards the end of 2022, government and society will no longer have to take extraordinary measures to control SARS-CoV-2 transmission[3]. In Indonesia, the number of nationally confirmed SARS-Cov-2 cases decreased sharply from 64,718 daily cases on February 16th, 2022 daily to 2,390 on October 19th, 2022[4]. This decrease may again cause the business environment to experience another change and force businesses to adapt yet again.

The continuously changing environment also impacted Micro, Small, and Medium Enterprises (MSMEs). In Indonesia, many MSMEs were forced to adopt defensive strategies such as laying off their employees to be able to survive during COVID-19 pandemic[5]. However, MSMEs now need to prepare to compete again with different strategies to gain a competitive advantage. Kaika Licious, one of the MSMEs in Tanjungpinang, Indonesia, is no exception to the need to adapt.

Kaika Licious was founded in 2019 and engaged in the culinary (food & beverages) industry that sells various kinds of donuts and traditional cakes in Tanjungpinang. Kaika Licious' case was unique because during COVID-19 pandemic Kaika Licious experienced an increase in daily revenue. However, with COVID-19 situation is getting better, external business environment is changing rapidly, and competition will be getting tougher again. Thus,

this research was carried out with the aim to identify the strengths, weaknesses, opportunities, and threats faced by Kaika Licious Tanjungpinang and formulate new strategies that can be applied when operating post COVID-19 pandemic to maintain its growth.

2 Literature Review

A small business is a business with growth potential that is smaller than large companies in its industry, operates in a geographically localized area, is funded by a small number of people, and has small management [6]. In Indonesia, small business is a part of the categorization of micro, small and medium enterprises (MSMEs) that are divided based on capital and sales [7].

COVID-19 pandemic changed the business environment for MSMEs and forced the business actor to adjust to the pandemic[8]. One of the forced changes in business environment is the business digitalization, e-commerce, and automation[1]. During COVID-19 pandemic, many of MSMEs independently adopt digital business applications[9]. It is expected that every MSME will keep using the technologies they have learned in operating post COVID-19 era.

Sector-wise, different MSMEs in different sectors may have to adapt and apply different strategies due to the difference in business environment. MSMEs in food and beverage sector can adopt several strategies in post COVID-19 pandemic including expanding market share, using e-commerce technology for sales, adding more qualified employees, implementing good financial management, adding online promotional activities, increasing product variety[10], utilizing government grants, and customer service improvements[11].

3 Methodology

This research adopted qualitative research method. Semi-structured interview and observation were chosen as data collection methods. The object of this research was Kaika Licious Tanjungpinang, a Micro, Small, and Medium Enterprise (MSME) engaged in the culinary (food & beverages) industry in Tanjungpinang. There were a total of 6 informants interviewed which consist of 1 owner, 2 staff, and 3 customers of Kaika Licious Tanjungpinang.

Data collected were first classified into strengths and weaknesses which represent internal factors and into opportunities and threats which represent external factors[12]. Afterwards, the internal factors were analyzed by using Internal Factor Evaluation (IFE) Matrix and the external factors were analyzed by using External Factor Evaluation (EFE) Matrix to gain insight on internal and external business environment[13]. Finally, the data of the internal and external environment were analyzed by using SWOT Matrix to develop strategies. SWOT analysis was used to create strategies that can be implemented depending on a business's resources[13].

4 Results and Discussion

Based on the interviews and observation, it was found out that there are a total of 15 internal factors consisting of 9 strengths and 6 weaknesses and a total of 8 external factors which consist of 4 opportunities and 4 threats of Kaika Licious Tanjungpinang. The internal factors were then listed in IFE Matrix to be analyzed as can be seen in table 1 below.

Table 1. IFE Matrix

No	Internal factors	Weight	Rating	Weighted Score
Strengths				
1	Produce variety of products from potato donuts, pizza, to hampers that are sold ahead of Eid Festives	0.10	4	0.40
2	Products can be adjusted according to trends	0.06	4	0.24
3	Quality, hygiene, and neat packaging at no additional cost	0.08	4	0.32
4	Product prices are competitive	0.05	3	0.15
5	Provides ordering via WhatsApp, Instagram and GoFood	0.07	4	0.28
6	Delivery can be done via courier, GoSend, or private pick-up	0.07	4	0.28
7	Skilled human resources in terms of production as well as marketing and finance	0.06	3	0.18
8	Have good social relations with employees and surrounding	0.05	3	0.15
9	Have good and consistent branding on social media in terms of design, and customer service	0.07	4	0.28
Weaknesses				
1	Small production site to accommodate production activities	0.10	1	0.10
2	Lack of manpower to increase production efficiency	0.07	1	0.07
3	Tools and machines that sometimes cannot back up the number of orders	0.07	1	0.07
4	A less strategic physical place of business	0.05	2	0.10
5	Unorganized scope and work flow	0.05	2	0.10
6	Some product variants such as cakes are better if they are directly picked up by consumers	0.05	2	0.10
Total		1,00		2,82

Based on table 1, the total weighted score for IFE Matrix is 2,82, which is above average industry number of 2,50[13]. This means that internally, Kaika Licious Tanjungpinang has a relatively strong position in the industry.

Meanwhile, the external factors were analyzed in EFE Matrix and can be seen in table 2.

Table 2. EFE Matrix

No	External factors	Weight	Rating	Weighted Score
Opportunities				
1	Working women age 25 and above has a relatively high level of food and beverages consumption in Tanjungpinang	0.15	3	0,45
2	Trends that can change so that product variants can increase	0.13	3	0,39
3	Influencers are available to review businesses and products	0.11	2	0,22
4	The reduced level of the COVID-19 pandemic can also increase sales and improve economic activity	0.14	4	0,56
Threats				
1	Raw ingredients such as flour with certain brands are sometimes not sold in Tanjungpinang	0.12	3	0,36
2	Unstable raw ingredients prices	0.10	2	0,20
3	The number of orders on a daily basis is not fixed	0.10	2	0,20
4	There are several competitors in Donut business	0.15	3	0,45
Total		1,00		2,83

Based on Table 2, the total weighted score for EFE Matrix is 2,83, which is above the average number of 2,5[13]. This score means that Kaika Licious Tanjungpinang has been relatively able to capitalize the opportunities while minimizing the threats it is facing.

To establish strategies that Kaika Licious Tanjungpinang can adopt, the strengths, weaknesses, opportunities, and threats that were identified were analyzed using SWOT Matrix.

Table 3. SWOT Matrix

SWOT MATRIX	Opportunities	Threats
	<ol style="list-style-type: none"> Working women age 25 and above has a relatively high level of food and beverages consumption in Tanjungpinang Trends that can change so that product variants and innovations can increase Influencers are available to review businesses and products The reduced level of the COVID-19 pandemic can also increase sales and improve economic activity 	<ol style="list-style-type: none"> Raw ingredients such as flour with certain brands are sometimes not sold in Tanjungpinang Unstable raw ingredients prices The number of orders on a daily basis is not fixed There are several competitors regarding Donut business
Strengths	SO Strategy	ST Strategy
<ol style="list-style-type: none"> Produce variety of products from potato donuts, pizza, to hampers that are sold ahead of Eid Festives Products can be adjusted according to trends Quality, hygiene, and neat packaging at no additional cost Product prices are competitive Provides ordering via WhatsApp, Instagram and GoFood Delivery can be done via courier, GoSend, or private pick-up Skilled human resources in terms of production as well as marketing and finance Have good social relations with employees and surrounding Have good and consistent branding on social media in terms of design, and customer service 	<p>S1,S2,S7-O1,O2 – Add variety of products with a wider scope of target audience and introducing new product to target different segment</p> <p>S3,S4,S9-O3,O4 – Promoting Kaika Licious Tanjungpinang, its products, and its strengths by hiring influencers to attract more potential customers</p> <p>S5-O1,O4 – Organize shipping promotions and maximizing collaboration with GoJek to attract more online customers</p> <p>S7,S8,S9-O1,O3 – Organize a marketing campaign involving a local influencer and Kaika Licious Tanjungpinang’s customers via Instagram or Tiktok</p>	<p>S1,S2-T4 - Consistent in innovating and improving products’ quality</p> <p>S1,S5,S6-T3 - Organize shipping promotions and maximizing collaboration with GoJek to attract more online customers</p> <p>S8-T1,T2 – cooperate with local and outside the city raw ingredients supplier which provides a minimum price</p> <p>S7,S8,S9-T4 - Organize a marketing campaign involving a local influencer and Kaika Licious Tanjungpinang’s customers via Instagram or Tiktok</p>
Weaknesses	WO Strategy	WT Strategy
<ol style="list-style-type: none"> Small production site to accommodate production activities Lack of manpower to increase production efficiency 	<p>W1-O1,O4 - Expanding or moving production sites that support production activities and the number of orders</p>	<p>W4-T3,T4 - Promoting Kaika Licious Tanjungpinang, its products, and its strengths by hiring influencers to</p>

3. Tools and machines that sometimes cannot back up the number of orders	W2-O1,O4 – Hiring either part-time or full-time workers to help in production if needed	attract more potential customers
4. A less strategic physical place of business	W3-O1,O4 – Adding tools and machines that may help increase production efficiency	W5-T4 – Making a clear standard operational procedures so that the products produced are standardized and consistent although order quantity is high
5. Unorganized scope and work flow	W4-O3 - Promoting Kaika Licious Tanjungpinang, its products, and its strengths by hiring influencers to attract more potential customers	
6. Some product variants such as cakes are better if they are directly picked up by consumers	W6-O2,O4 - Introducing new packaging for delivery safety	

Based on table 3 above, it can be inferred that there are several SO, ST, WO, and WT strategies that can be adopted by Kaika Licious Tanjungpinang to help sustain the business and gaining competitive advantage. SO strategies are strategies that utilizes internal strengths to exploit external opportunities, ST strategies are strategies that utilize internal strengths to reduce external threats' impact, WO strategies are strategies that help to reduce internal weaknesses to be able to take advantage of external opportunities, while WT strategies are strategies that try to reduce internal weaknesses to help minimize external threats[13].

Several strategies are similar with what past researches have suggested. For example, strategy to promote Kaika Licious Tanjungpinang, its products, and its strengths by hiring influencers to attract more potential customers, and strategy to organize a marketing campaign involving a local influencer are strategies that are related to the needs to digitalize business, using e-commerce[1], and the suggestions to perform online promotional activities[10]. Another example is strategy to add variety of products with a wider scope of target audience and introducing new product to target different segment is part of efforts to expand market share[10].

Meanwhile, several other strategies are unique to Kaika Licious. For example, strategies to expand or moving production sites that support production activities and the number of orders and cooperate with local and outside of the city raw ingredients supplier was suggested because of the current size of the production site and the geographical location of Kaika Licious.

5 Conclusion

Based on IFE matrix and EFE Matrix, it can be concluded that Kaika Licious Tanjungpinang has a relatively strong internally, while relatively able to utilize the opportunities and minimize the threats it faced. SWOT analysis conducted produces several strategic recommendations that can be categorized into SO, ST, WO, and WT strategies. Kaika Licious may choose which strategy to implement based on its resources and capabilities.

Future studies may look into other objects in different industries such as tourism, fashion, and agribusiness since the business environment will be different from the culinary sector to gain perspectives on how MSMEs in various sector cope post COVID-19 pandemic.

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