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Business Development Strategy for 86 Thai Tea Using SWOT Analysis

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ABSTRACT

SME beverage businesses, including 86 Thai Tea, are growing rapidly and need effective strategies to attract consumers and expand the market. Founded in 2020 with 20 branches and 13 flavor variants, 86 Thai Tea faces digital marketing challenges and financial instability. The SWOT analysis shows strengths in unique products, low costs, efficient franchising, and strategic partnerships, but there are weaknesses in product variety and brand awareness. Opportunities include product popularity and expansion, while threats include rising raw material costs and an unstable economy. This study uses SWOT analysis and Business Model Canvas (BMC) to formulate development strategies. Data were collected through observations, interviews, and questionnaires. As a result, 86 Thai Tea needs to improve product variety, packaging, and marketing efforts to capitalize on strengths and opportunities and address weaknesses and threats, in order to achieve sustainable growth.

Keywords: ***Business Development Strategy, SWOT Analysis***

INTRODUCTION

The beverage sector within the Micro, Small, and Medium Enterprises (MSME) framework is experiencing significant expansion as consumer inclinations shift towards beverages that are both pragmatic and aesthetically pleasing. The competitive landscape is becoming increasingly formidable, necessitating that business operators exercise caution in market penetration, broaden their outreach, and formulate effective sales strategies (Dunan et al., 2020). In the Indonesian context, the advancement of the culinary industry increasingly hinges upon innovation, the establishment of a brand image, and the deployment of digital technologies within sales and marketing

frameworks (Susilo, 2020). Consequently, mere product superiority is insufficient; the efficacy of digital channels, the overall experience from ordering to delivery, alongside meticulous financial management, serves as critical differentiators in performance.

86 Thai Tea, which commenced operations in 2020, currently maintains 20 outlets in Lubuklinggau and offers 13 distinct flavor variants. The unique attributes of the product, coupled with the comparatively low production costs, constitute significant assets, further bolstered by the strategic positioning of the outlets and partnerships with aggregator platforms for online transactions (National). Nonetheless, the practices surrounding digital marketing remain constrained to a singular primary platform, and the execution of digital promotional activities has not exhibited consistency across various channels, resulting in challenges related to cash flow stability due to platform fees, deposit discrepancies, and returns/refunds. Prior research underscores that product differentiation has the potential to garner attention; however, sustainable performance within the contemporary culinary market is contingent upon the diversification of digital channels, quantifiable online promotional efforts, and dependable ordering and delivery services (Nurjannah, 2022; Rawat et al., 2022; Haque, 2021).

The assessment of internal and external factors reveals a profile that is congruent with the growth strategy. On the advantageous side, factors such as competitive pricing, minimal production costs, a diverse array of flavor variants (exceeding ten), strategic outlet locations, and affiliations with delivery platforms serve as principal drivers. Conversely, limitations are evident in the variety of toppings and seasonal innovations, the aesthetic appeal of packaging and outlet design, and a relatively low level of brand awareness; furthermore, dependence on a singular digital channel constrains outreach. Opportunities are present in the increasing popularity of the Thai tea segment, a loyal customer base, menu innovation, and geographic expansion; while threats arise from escalating raw material costs, volatile economic conditions, health-related concerns, and heightened competition in the ready-to-drink beverage sector.

From a methodological perspective, SWOT analysis proves effective in diagnosing internal strengths and external threats (Cahyani, 2020), which are subsequently translated into actionable alternatives through TOWS, thereby enabling the leveraging of strengths to capitalize on opportunities and mitigate threats while addressing weaknesses (Rangkuti, 2016; Pearce, 2019). Concurrently, the Business Model Canvas

(BMC) facilitates the alignment of customer segments, value propositions, channels, and revenue streams within a digital context, ensuring that resultant strategies extend beyond tactical considerations to integrate into the overarching design of the business model (Osterwalder & Pigneur, 2017).

In contrast to this context, the discerned research gap pertains to the paucity of investigations into beverage SMEs situated in secondary cities, such as Lubuklinggau, that amalgamate SWOT—TOWS analysis with a pronounced focus on digital marketing and digital finance within the aggregator ecosystem. Numerous scholarly investigations conclude with broad suggestions pertaining to aspects such as product diversity and retail layout; however, crucial elements encompassing multi-platform digital acquisition, marketplace optimization, social media engagement, customer relationship management (CRM)/loyalty-based referral systems, in addition to the oversight of cash flow and platform-related expenditures, have not been delineated as fundamental components of the strategic framework.

Consequently, the objective of this research is to devise a growth-oriented (aggressive) TOWS-based developmental strategy, positioning digital marketing as the primary catalyst (including platform diversification, optimization of listings and promotions, activation of succinct content, and partnerships with content creators, along with streamlined CRM/loyalty mechanisms), bolstered by the management of digital financial resources (encompassing multi-e-wallet/QR code acceptance, daily reconciliation of platform revenues, and promotion control based on margins). Enhancements in product assortment, packaging, and outlet aesthetics are strategically situated as advocates for digital merchandising, aligning with the objectives of amplifying outreach, conversion rates, customer retention, and the stability of cash flow. Thus, this strategic formulation is aligned with the internal-external profile of 86 Thai Tea, providing a robust argumentative foundation for the implementation of strategies within the operational domain.

LITERATURE REVIEW

Contemporary drinks like Thai Tea have high business potential, with variants such as the original Thai Tea, Milo, and Green Tea. Thai Tea originally came from England, was consumed by the upper class, and then was given dyes and milk in Thailand. Thai Tea is beneficial for health, but it also has drawbacks such as insomnia

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and dehydration (Halma, 2021).

A strategy is a long-term plan that is crafted to improve the quality of a company's business, playing a crucial role in business success. Marketing strategies are innovative steps to achieve the company's goals.

SWOT analysis identifies strengths, weaknesses, opportunities, and threats to formulate an optimal strategy (Putra, 2017; Mashuri, 2020). The Business Model Canvas, according to Osterwalder and Yves Pigneur (2017), is a nine-element framework that describes how organizations create value and benefit from customers. These elements include Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, and Cost Structures.

METHODS

This study uses qualitative and quantitative approach methods. This research aims to analyze and formulate a business development strategy of 86 Thai Tea. The data collection techniques in this study are observation, interviews, and documentation, and questionnaires. Data analysis uses SWOT analysis where IFAS and EFAS analysis are required.

RESULTS AND DISCUSSION

SWOT Analysis Results

After observations were made in the neighborhood around 86 Thai Tea, interviews with 86 Thai Tea business owners, and the distribution of questionnaires to business owners and employees of 86 Thai Tea, the results of two parts of the analysis were obtained, namely internal factors (IFAS) and external factors (EFAS). In internal factors (IFAS), the analysis is divided into strength indicators and weakness indicators. External factors (EFAS) are divided into opportunity indicators and threat indicators .

The analysis of the IFAS and EFAS matrix was carried out by distributing questionnaires to business owners and several employees of 86 Thai Tea so that a recapitulation of IFAS factors and EFAS. Here are the IFAS and EFAS recapitulation data:

Table 2

No	Uraian	Nilai

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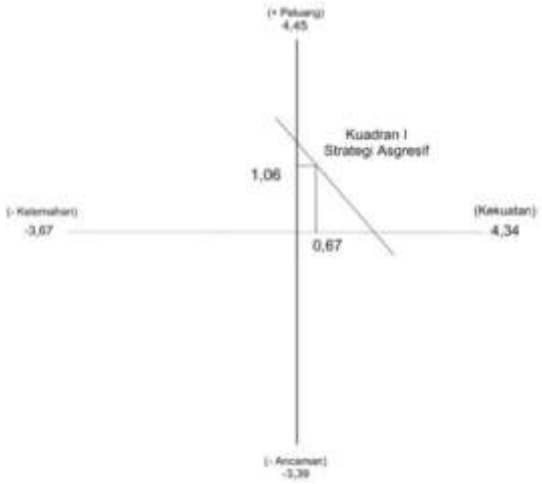
1	Faktor Internal		
	a.	Kekuatan (Strength)	4,34
	b.	Kelemahan (Weakness)	-3,67
	Total		4,34+(-3,67)=0,67
2	Faktor Eksternal		
	a.	Peluang (opportunities)	4,45
	b.	Ancaman (Threats)	-3,39
	Total		**4,45+(-3,39)=1,06**

Determine the cut-off point in the SWOT matrix by adding up the total score of the two internal factors (strengths and weaknesses) of 0.67 and the total score of the two external factors (opportunities and threats) of 1.06. The SWOT analysis diagram can be seen in the following image:

Figure 1



The diagram above is the result of a SWOT analysis that maps strengths, weaknesses, opportunities, and threats into the strategy quadrant. Axis

The vertical represents the opportunities at the top and the threat at the bottom, while the horizontal axis represents the strengths on the right and the weaknesses on the left.

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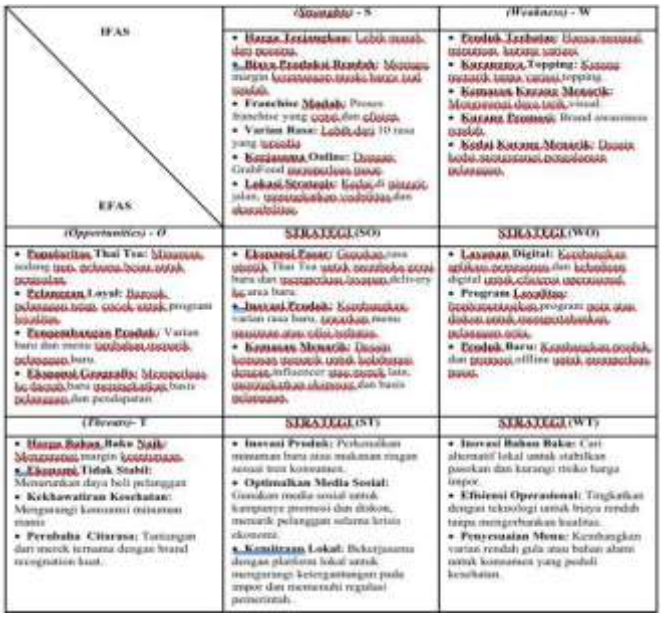
The coordinate point (1.06; 0.67) is in Quadrant I, known as the aggressive strategy quadrant. This quadrant shows that the organization has significant strength and faces great opportunities. Values on the vertical axis (4.45 and -3.39) and values on the horizontal axis (4,34 and -3.67) describes the score from the SWOT analysis that reflects the level of strengths, weaknesses, opportunities, and threats faced. Overall, a strong organizational position with many available opportunities leads to the implementation of an aggressive strategy, where the organization must leverage its internal strengths to maximize external opportunities. This strategy can be in the form of market expansion, product innovation, marketing improvement, and other measures to strengthen the organization's position and growth.

After knowing the strengths, weaknesses, opportunities, and threats in the 86 Thai Tea venture, the next step is to conduct a strategy analysis that must be carried out using a SWOT matrix. This SWOT matrix provides insight into how

Opportunities and threats faced can be aligned with internal strengths and weaknesses, resulting in an effective business development strategy. Here is the analysis matrix of SWOT 86 Thai Tea:

Figure 2



Matrix SWOT at Top identifies strengths such as affordable prices, low production costs, more than 10 flavor variants, and strategic locations, as well as weaknesses such as limited products, lack of topping variety, and low brand awareness. The opportunities available include Thai Tea's popularity, loyal customers, and geographic

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expansion, while the threats include rising raw material prices, an unstable economy, and health concerns. Based on this analysis, the strategies formulated include market expansion, product innovation, digital services, loyalty programs, local partnerships, efficiency

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operational, and menu adjustments to capitalize on strengths and opportunities and address weaknesses and threats.

Meanwhile, some informants stated the fundamental assumption that informed newspaper double standard. According to Informant Y17, “Newspapers sometimes take side with a group that is linked to the publisher. So, others feel cheated and decide to react”. Also, Informant Y15, argued that:

Media do show open support to any ethnic group which is not too good where there are multi-ethnic groups…ethnic group that is not within the interest of newspapers is usually tagged negatively and exposed on every atrocity. While an ethnic group that is close to the newspapers is usually protected and cover up on any incident (Informant Y15).

In what seems to be a new twist to the issue, some of the informants directly accused some national newspapers that are based in the South-West of double standard, which implies that the location of a newspaper has impact on its coverage and that one of the Yoruba ethnic group, Oodua People’s Congress, based in the South-West, is being treated as a sacred cow.

CONCLUSION

Kedai 86 Thai Tea's development strategy research shows that their main strengths are unique products, low production costs, efficient franchise processes, product variety, partnership with GrabFood, and strategic location. Weaknesses that need to be fixed include limited product variety and toppings, unattractive store packaging and design, and low brand awareness. Their great opportunities include product popularity, repeat customers, menu development, and geographic expansion, while the main threats are rising raw material prices, economic instability, health concerns, and intense competition. With a "Hold & Maintain" position (IFAS value of 0.8 and EFAS 1.0), 86 Thai Tea must focus on improving product variety, packaging, store design, as well as online promotions and partnerships to strengthen the

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