

**BLUE OCEAN STRATEGY ANALYSIS OF WASTE PROCESSING
ENTREPRENEURS AT THE PANCADAYA GARBAGE BANK OF PADANG CITY**

Sepris Yonaldi, Veronica Wulantri

Universitas Tamansiswa Padang

E-mail : sepris.y@dataku.id

ABSTRACT

This study aims to analyze the blue ocean strategy in waste processing entrepreneurs of Pancadaya waste bank in Padang city. This research method is a mix method. The population of this research is the Pancadaya waste bank perpetrators in Padang city. The sampling technique in this study was purposive sampling. The number of samples studied in the study was 127 respondents. The analytical tool used is SPSS 20.0, Cochran test analysis, strategy canvas before the blue ocean strategy, six-way framework, erase-reduce-enhance-create scheme, new strategy canvas after the blue ocean strategy. The result of the Cochran test analysis is to find nine factors that influence the right blue ocean strategy in Padang's Pancadaya waste bank. The result of the strategy canvas before the blue ocean strategy is to summarize nine factors of the current situation in the existing Padang Bank Pancadaya waste bank market space. The result of the analysis of the six-road framework is to reshape market boundaries. The results of the write-off-reduce-enhance-create scheme are to eliminate and reduce to increase the cost structure, while increasing and creating to provide knowledge in increasing buyer value and creating new demand. The results of the analysis of the new blue ocean strategy canvas are found nine factors that can build the strategy in the direction that is said to be sufficient and identified that there are 2 criteria of focus and divergence / distance away while the interesting motto criteria cannot be met.

Keywords: *Blue Ocean Strategy, Cochran Test Analysis, Strategy Canvas, Six-Way Framework, Eliminate Less Improve Elimination Scheme*

INTRODUCTION

One of the business sectors that play a very large role in Indonesia's economic development is the small and medium enterprise (SME) sector. This sector contributes greatly to employment, so that economic growth is stable. Some time ago in our country there was an economic crisis, where there was stagnation and even the cessation of business activities in large-scale companies, but the SME business sector was still able to survive and support the Indonesian economy at that time. As time goes by and public awareness about the environment, indirectly has an influence on the SME business sector, where the business model that is built is not only for profit, but also carries a social mission, which is to have a positive impact on the environment. This business model is known as social business. One of the businesses in this sector that is currently trending is the Waste Bank business.

(Utamil, 2013) stated that the waste bank can be used as a medium for saving waste that has economic value for the community. The waste bank is one of the innovative solutions to invite people to use waste as an item of economic value, so that the waste is worth the same amount of money that people usually save. Of course, the benefit of this waste bank activity is to provide an understanding to the public to appreciate waste.

Small and Medium Enterprises (SMEs) waste banks can be one of the technopreneur social-based businesses. Waste bank SMEs are able to solve social problems by developing technology-based businesses such as waste recycling. Until now there are 205 waste banks that already have a micro and small business license (UMK). Waste management is the right solution to overcome environmental problems.

The concept of technology-based social business (social technopreneur) is a form of entrepreneurial creativity and innovation in realizing superior competitiveness by increasing

added value for products offered to the community, and ultimately providing economic benefits for the welfare of business actors. Entrepreneurs made from waste are a form of creativity and innovation by entrepreneurs in producing high-value products for the community or consumers.

The creative industry of recycling plastic waste in the form of sandals, bags, wallets and other crafts based on technopreneurs produced by SMEs in the waste bank is still unable to compete with creative industries that do not use waste and waste as raw materials. The low product competitiveness causes the difficulty of SME products to compete in the market. Judging from the pricing of handicraft products in the market.

In addition, there are causes for the distribution of goods and the lack of channels in distributing SME products. Not many SMEs are aware of the importance of branding for products so that products will be difficult to introduce to the wider community. Another most basic cause is the absence of an official business license which hinders the pace of business to grow bigger. To increase the competitiveness of these businesses, it is necessary to formulate appropriate competitive strategies so that the creative waste bank industry has competitiveness by offering products that are of value to consumers (Gray & Windari, 2020).

Marketing (marketing) is a total system of business activities designed to plan, determine prices, promote, and distribute goods that can satisfy wants and services to both these consumers and potential consumers (Abdullah at all 2012).

“Blue ocean strategy merupakan ruang pasar yang belum dimanfaatkan, penciptaan permintaan dan peluang pertumbuhan yang sangat menguntungkan. Dalam samudra biru, kompetisi itu tidak relevan karena aturan-aturan permainan baru akan dibentuk. Kerangka Kerja dan Alat Analisis Blue Ocean Startegy Merumuskan 3 kerangka kerja analitis yang penting bagi inovasi nilai dan penciptaan blue ocean strategy yaitu kanvas strategi, kerangka kerja empat langkah dan skema hapuskan-kurangi-tingkatkan- ciptakan” (Kim, W. C., & Mauborgne, 2015).

Canvas stragey To determine the right blue ocean strategy begins with the analysis and framework that is a form of the Strategy Canvas.

1. To construct a new value curve in solving the problem of difference and low cost, a four-step framework is needed, including; a) removing factors that have been unwittingly carried out by the industry, b) reducing factors to below industry standards, c) increasing factors so that they exceed industry standards, d) creating factors that have not been implemented by other parties. industry.
2. The Eliminate-Reduce-Increase-Create Scheme. In generating a new value curve, it is equipped with a delete-subtract-increase-create step.

The formulation of the eliminate-reduce-increase-create scheme must be supported by the three criteria below, which if executed will produce a good strategy. Where these three things are characteristics of a good strategy as follows; a) Focus, Divergence/Movement, Captivating Motto.”

According to (Kim, W. C., & Mauborgne, 2015 p. 45), currently the red ocean has a fairly effective impact in creating competitiveness, but it is not effective enough for the blue ocean. An existing strategy in a market space that exists in many industries is a red ocean. In the Red Ocean, marketing strategies are known and used by all existing industries, so that companies compete with each other to gain market share or greater demand. Of course, this competition will have an impact on the smaller market share so that the opportunity to make a profit will also decrease.

The blue ocean is in contrast to the red ocean, where this strategy is not aimed at competing with the same industry, but emphasizes the value received by consumers from the benefits and prices offered by the company and the value for the company comes from the cost and price structure.

Producers have the opportunity to offer various types of goods or services and at the same time produce larger-scale products with technological advances. Judging from the association of waste banks, they produce products based on processing from waste. The waste bank association creates its own market space and uses products that have value, especially a market

that cares about the environment is the strategy of the waste bank in marketing the product. Therefore, the waste bank association has used the blue ocean strategy.

The marketing strategy for the Padang city waste bank association, in the publication of the creative industry, has not yet developed a blue ocean strategy. Creative industries, especially waste products, have not been able to compete with other differentiating products. For this reason, the blue ocean strategy is considered to be able and suitable to create a special market segment and leave competition no longer relevant if examined at the waste bank association.

The discovery of a new thing that there are problems that occur for the marketing strategy of products created from the waste. Because of this, researchers are interested in conducting a study entitled "Analysis of Blue Ocean Strategy on Waste Processing Entrepreneurs (Case Study of the Pancadaya Garbage Bank Association of Padang City)". The objectives of this research are as follows: a) To find out the portrait of entrepreneurs based on processed waste products at the Pancadaya waste bank association of Padang city, b) To identify the blue ocean strategy factors in the Pancadaya waste bank association Padang city, c) To identify the blue ocean strategy factors in the Pancadaya waste bank association Padang city, d) To knowing the blue ocean strategy formulation at the Pancadaya waste bank association, Padang city.

RESEARCH METHODS

Research Design

The research methodology used in this research is quantitative and qualitative research (mix method). Quantitative research methods are called positivistic methods because they are based on the philosophy of positivism. Qualitative descriptive research method, namely research methodology based on postpositivism/interpretive philosophy, is used to examine the condition of natural objects, qualitative data analysis and qualitative results rather than generalizations (Sugiyono, 2016).

Population and Sampling

The population in this study is the Pancadaya waste bank association of Padang city as many as 187 waste bank actors. The first sampling technique is purposive sampling, this technique is used by the author to complete the analysis of the six-way framework and the analysis of the reduce-remove-increase-create schema. The second sampling technique is simple random sampling, the sample used to find the Cochran test analysis, the analysis of the old strategy canvas and the new strategy canvas, a sample of 127 respondents was set.

Data Gathering Tool and Data Gathering Tool

Cochran Test Analysis. The Cochran Test is used to analyze indicators or factors that can explain the Blue Ocean strategy in the Pancadaya Waste Bank Association of Padang City. In the Cochran test analysis, the data collected from key informants are grouped into two categories or dichotomies such as yes or no. This Cochran test is used to determine the significance of each variable starting with testing all variables” (Sumarwan, 2012).

Strategy Canvas. “The strategy canvas is a framework for action as well as a diagnosis to build a good blue ocean strategy (Kim, W. C., & Mauborgne, 2015). To map a business competition strategy, a blueprint for a strategic canvas is needed that analyzes the factors of competition. The company will be in a blue ocean, when the company's value curve is on three criteria that can explain the strategy, which consists of; strategy of focus, divergence, and an alluring motto.

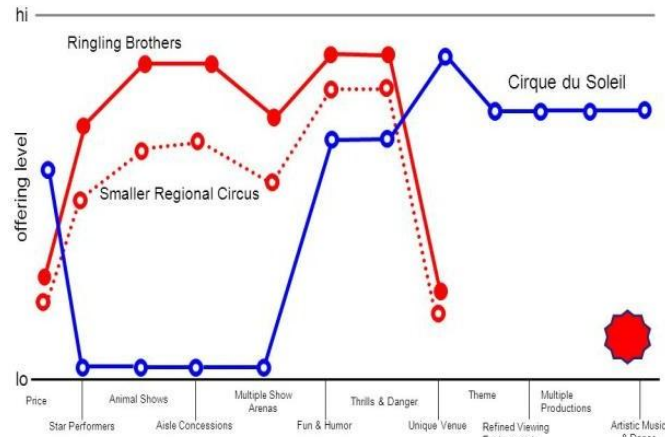


Figure 1. Canvas Strategi Cirque du Solueil. (Kim, W. C., & Mauborgne, 2015)

RESULTS AND DISCUSSION

Analisis Cochran Test

In the 15th Cochran test, table 1 shows that the Cochran count test is 0 while the X2 table value is 15.51. In this process the calculated cochran value > X2 table or 0 > 15.51, this means that the cochran process can be stopped because the calculated cochran < X2 table, then meeting the variables can meet the blue ocean strategy factors in the Pancadaya waste bank. So, through the Cochran test analysis, these nine factors are analyzed to influence the marketing strategy of the Pancadaya waste bank in Padang city. Meanwhile, these fourteen factors were eliminated through the Cochran test analysis tool process and were considered not optimal because no value was found that was considered to reach the right strategy in marketing processed waste products at the Pancadaya waste bank in Padang city.

Tabel 1. 15th Cochran Test Process

Variabel	Jumlah	
	Ya	Ya ²
Processed waste products are unique (X1)	127	16.129
Sources of raw materials are easy to find in the production process (X7)	127	16.129
Employees have been provided with skills in the manufacture of processed waste products (X15)	127	16.129
Employees use their skills in the manufacture of processed waste products (X16)	120	14.400
Processed waste products according to consumer needs and desires (X17)	127	16.129
Consumers like the design of the processed waste products (X18)	127	16.129
the price of processed waste products according to the quality of the product (X20)	93	8.649
Products can be known through social media (X21)	95	9.025
There are intermediaries for processed waste products to reach consumers (X23)	127	16.129
Total	1.143	145.161
Number of Variables	9	
Cochran	0	
X2 Table	15,51	

Source: Processed primary data (2020)

As for the nine blue ocean strategy factors at the Pancadaya waste bank, namely processed waste products are unique, sources of raw materials are easy to find in the production process, employees can innovate waste processed products that already exist, employees can

create unique waste processed products, employees have provided with skills in the manufacture of processed waste products, employees use their skills in the manufacture of processed waste products, processed waste products according to consumer needs and desires, consumers like the design of processed waste products according to the quality of the product, products can be identified through social media, there are intermediaries for processed products waste to reach consumers. These nine factors encourage Pancadaya waste bank to achieve the right marketing strategy so as to open up new market space.

Analysis of Old Strategy Canvas Before Blue Ocean Strategy

The strategy canvas has the function of summarizing the current situation in a familiar market space. This makes it possible to understand the current competition is pouring out, understand what factors are being competitive in products, services and delivery, and understand what consumers are getting from competitive offerings in the market. For the old strategy canvas before the blue ocean strategy, questionnaire data was generated using a Likert scale. From this data, the values obtained in the form of a strategy canvas graphic are as follows:

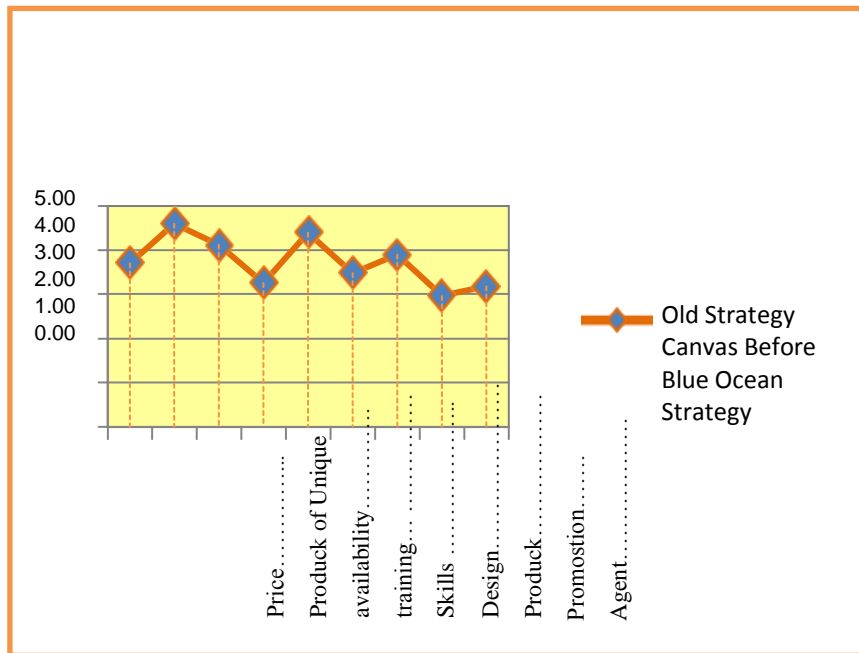


Figure 2. Old Strategy Canvas Before Blue Ocean Strategy
 Source: *Processed Primary Data (2020)*

The chart is on a divergence/moving away strategy, then the strategy will lose its uniqueness. Thus, the Pancadaya waste bank will implement a four-step framework, namely eliminating, enhancing, and creating to distinguish the profile of the Pancadaya waste bank in Padang City from the general industry profile.

Analysis of the Six Paths Framework

The six-way framework provides clear patterns for creating blue oceans. These frameworks are six basic approaches to reshaping market boundaries (Kim & Mauborgne, 2015, p. 93). The blue ocean strategy is intended for companies that will get out of the red zone competition. The six-step framework is aimed at reconstructing the relevant sections across the industry, so as to be able to reorganize market conditions in new fundamentals. Based on this, the Pancadaya waste bank is still in the process of directing and anticipating the risks of searching for a blue ocean strategy.

Schema Analysis Eliminate-Reduce-Increase-Create

The findings of the delete-reduce-increase-create scheme were obtained by interviewing the author with Mrs. Dewi as the head of the Pancadaya waste bank in Padang City, as well as validating the data to informants 1 and 2. The results of these findings can be observed in table 4.24 as follows:

Table 2. Erase-Reduce-Increase-Create Scheme

Create	increase
1. Online marketing 2. Find a designer to design waste products	1. Improve unique waste products 2. Increasing sources of raw materials that have little economic value 3. Improving the design of processed waste products 4. Increase promotion through social media 5. Increase prices according to the quality of processed waste products
Reduce	Remove
Reducing orders for processed waste products on a small scale	Eliminate distribution

Source: Validation by Informants 1 and 2 (2020)

Table 2 provides an overview of the implementation of the Blue Ocean Strategy search. In an effort to improve, the Pancadaya waste bank is encouraged to improve unique processed waste products, sources of raw materials that have little economic value, product designs and models, promotions through social media, prices according to product quality. In an effort to create, Pancadaya waste bank is expected to create online marketing and find designers to design products according to the tastes of consumers. In an effort to reduce it is analyzed that to reduce orders for processed waste products on a small scale. Pancadaya waste bank is encouraged to get product orders on a large scale to reduce costs so as to get maximum profit. While the effort to eliminate the analysis is to eliminate the distribution agent. Pancadaya waste bank is still doing marketing through individuals without agents, this is done to reduce costs and increase profits.

From the value curve in the comparison of the old strategy canvas before the blue ocean strategy and the new strategy canvas shows several factors to be created, increased, reduced, eliminated, it can be seen in Figure 3.

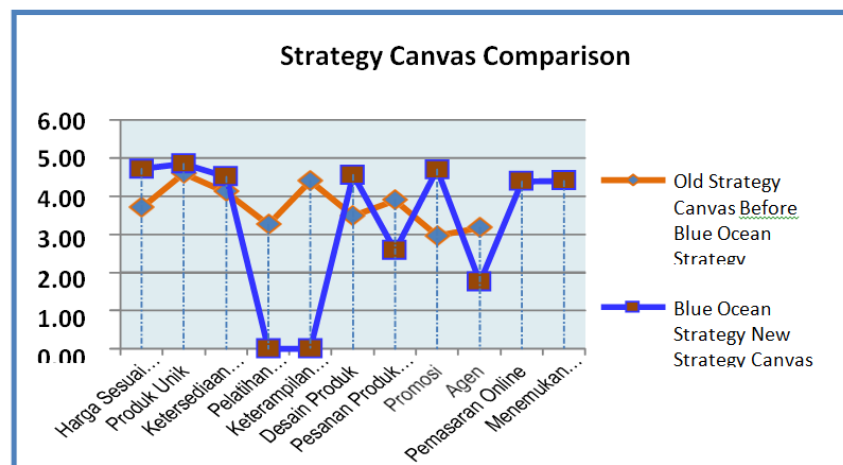


Figure 3. Comparison of Old & New Strategy Canvas Blue Ocean Strategy

Source: Processed Primary Data (2020)

So, based on the graph above, it can be concluded that the Pancadaya waste bank is in focus and divergence/moving away criteria, so the Pancadaya waste bank has met 2 blue ocean strategy criteria, where the focus criteria are only focused on online marketing and finding designers. Meanwhile, the criteria for divergence are seen, where the waste bank is reactively formed an attractive motto because the Pancadaya waste bank has difficulty getting an impressive motto from offering processed waste products.

From the eliminate-reduce-increase-create scheme, 9 factors became the canvas for the new Blue Ocean Strategy at the Pancadaya waste bank in Padang city as follows: By improving the quality of processed waste products, prices can adjust. This will have implications for the Pancadaya waste bank in the city of Padang to always be able to improve product quality, so that it will increase product sales and will build a sense of trust and consumer loyalty. Although the product price range is above between Rp 3,500 – Rp 750,000 with variants of processed waste products such as brooches, plastic bags, tissue boxes, flower vases, plastic chairs.

By increasing the unique processed waste products, the demand for processed waste products to the Pancadaya of the city of Padang will also increase. This will have an impact on income and profits. By increasing the availability of raw material sources that have little economic value, it will have implications for the waste bank to create more product variants that suit consumer tastes in the market. By improving the design of processed waste products, it will have implications for waste banks to create new products that are fresher and will increase the number of new requests. By reducing product orders on a small scale, it will have implications for waste banks to sort orders and encourage consumers to place product orders on a large scale.

By increasing promotion through social media, it will have implications for waste banks, namely processed waste products are increasingly recognized by the market and can expand the scope of product marketing. By eliminating distribution agents, it will have implications for waste banks to reduce and cut distribution channel costs. Waste bank entrepreneurs are encouraged to do marketing to end consumers so that they will build good relationships and can increase consumer loyalty. By creating online marketing, it will have implications for waste banks to expand market share and products can be recognized in a short time to make it easier to order processed waste products. By finding a designer, it will have implications for the waste bank to make it easier to design more creative and innovative product forms so as to increase the attractiveness of consumers in buying products.

CONCLUSION

The entrepreneurial portrait of the Pancadaya waste bank in the city of Padang has entrepreneurial characteristics, namely age around 39-48 years, female gender, the last education level is High School (SMA), who has a married status, the occupation belongs to other criteria such as housewives, farmers, collectors, do not have a job, income ranges from Rp 2,289,228, and has been a waste bank player for 1-2 years.

By using the Cochran test analysis tool from 23 factors, 9 factors were obtained through 15 stages of elimination. The nine factors are that processed waste products are unique, sources of raw materials are easy to find in the production process, employees can innovate existing waste processed products, employees can create unique waste products, employees have been given skills in making processed waste products, employees use their skills in making processed waste products, processed waste products according to consumer needs and desires, consumers like the design of processed waste products according to product quality, products can be known through social media, there are intermediaries for processed waste products to reach consumers. These nine factors encourage Pancadaya waste bank to achieve the right marketing strategy so as to be able to open up new market space.

The results from the old strategy canvas before the blue ocean strategy summarize the nine current factors analyzed from the Cochran test analysis in the Pancadaya waste bank market space, Padang city. The strategy canvas before the blue ocean strategy at Pancadaya tends to be reactive so it has the same strategic profile because the graph is on the divergence/away criteria.

The reconstruction of the Pancadaya waste bank market elements in Padang city through a six-way framework can be analyzed, among others, by looking at alternative industries, strategic groups, buyer groups, complementary product and service offerings, emotional functional orientation of an industry, and time. Strategic steps that change general conditions outside of competitors' habits into market boundaries and create a blue ocean strategy.

Using the work tools of the eliminate-reduce-increase-create scheme obtained 9 factors which are described, namely increasing prices according to the quality of processed waste products, increasing unique processed waste products, increasing the availability of raw material sources that have little economic value, improving the design of processed waste products, reduce orders on a small scale, increase promotion through social media, eliminate distribution agencies, create online marketing, and find designers. These nine factors are considered capable of encouraging the Pancadaya waste bank to open up new market spaces and eliminate relevant competition.

The results of the strategy canvas after the blue ocean strategy concluded that the Pancadaya waste bank was in focus and divergence/moving away criteria. The Pancadaya waste bank had met 2 blue ocean strategy criteria. While the criteria that have not been fulfilled optimally are in the criteria of an attractive motto or catchy slogan.

REFERENCES

- [1] Abdullah, Thambrin; Tantri, F. (2012). *Marketing Management*. Jakarta: Raja Grafindo Persada.
- [2] Gray, C., & Windari, J. (2020). Increasing Handicraft Exports. Retrieved from <https://news.detik.com/kolom/d-4676540/meningkatkan-eksport-kerajinan-tangan>
- [3] Kim, W. C., & Mauborgne, R. (2015). *Blue Ocean Strategy. Blue Ocean Strategy Creates Market Space Without Competitors and Makes Competition No Longer Relevant*. Jakarta: Noura Books.
- [4] Sugiyono. (2016). *Quantitative, Qualitative and R&D Research Methods*. Bandung: Alfabeta.
- [5] Sumarwan. (2012). *Marketing and Consumer Research*. Bogor: : IPB Press.
- [6] Utamil, E. (2013). *waste bank system manual, 10 success stories*. (S. tirawaty et al., Ed.) (1st ed.). Jakarta: Unilever Indonesia Foundation.